SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

Agenda Item Summary

Meeting Date: January 18, 2017

Purpose: ☐ Report Only ☐ Recognition ☒ Discussion/ Possible Action

Presenter(s):
Dr. Abelardo Saavedra, Superintendent
Ruperto Becerra Jr., Interim Chief Financial Officer
Jesse Martinez, Executive Director for Budget/Fiscal Services
Nathan Krupke, CPA, Belt Harris Pechacek, LLP

Item Title:

Discussion and possible action to approve and accept the 2015-2016 District Annual Financial Report Submitted by Nathan Krupke, CPA, Belt Harris Pechacek, LLP.

Description:

This agenda item presents the Board's approval for the 2015-2016 District Annual Financial Report and Management Letter.

District Goal:

Goal 5 We will prioritize district revenues to guide student future choices.

Funding Budget Code and Amount:

CFO Approval

APPROVAL ROUTE	SIGNATURE	DATE
Principal/Director:		
Executive Director:	[signature]	
Chief Administrator:		
Superintendent:		

SOUTH SAN ANTONIO
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2016

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South San Antonio Independent School District
Annual Financial Report
For The Year Ended August 31, 2016

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Introductory Section

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CERTIFICATE OF BOARD

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 (check one) _______approved _______disapproved for the year ended August 31, 2016, at a meeting of the board of trustees of such school district on the ____ day of ______________, _______.

Signature of Board Secretary

Signature of Board President

If the board of trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):
(attach list as necessary)

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Financial Section

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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, 2016, 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.

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, 2016, 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 District's 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 addtional 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 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.

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, 2017 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.

Respectfully submitted,

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Bellville, Texas
January 9, 2017

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Management's Discussion and Analysis

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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, 2016. It should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at August 31, 2016 was $10,822,600.
- For the fiscal year ended August 31, 2016, the District's general fund reported a total fund balance of $17,801,689, of which $279,872 is non spendable, $1,744,395 is restricted for food service, $4,255,795 is committed for self-insurance, and $11,521,627 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 $24,180,157.

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.
- *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.

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 how it has changed. Net position is the difference between the District's assets and liabilities and 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 *governmental activities.* Locally assessed property taxes, together with State foundation program entitlements, which are based upon student enrollment and attendance, finance most of the governmental 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.

The District has the following 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 at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was $10,822,600 at August 31, 2016. *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, 2016. The District reported a decrease of $4,212,525 in net position from the prior year. This change can be attributed to an increase in pension expense.

Table 1
Net Position

Description	Governmental Activities 2016	Governmental Activities 2015	Total Change 2016-2015
Current assets	$ 38,783,611	$ 38,413,910	$ 369,701
Capital assets	184,867,449	188,677,369	(3,809,920)
Total Assets	223,651,060	227,091,279	(3,440,219)
Deferred charge on refunding	8,332,684	7,931,256	401,428
Deferred outflows - pension	8,032,880	2,783,720	5,249,160
Total Deferred Outflows of Resources	16,365,564	10,714,976	5,650,588
Current liabilities	13,989,156	12,908,995	1,080,161
Long-term liabilities	213,677,682	206,189,385	7,488,297
Total Liabilities	227,666,838	219,098,380	8,568,458
Deferred inflows - pension	1,527,186	3,672,750	(2,145,564)
Total Deferred Inflows of Resources	1,527,186	3,672,750	(2,145,564)
Net Position:			
Net investment in capital assets	2,302,857	5,666,451	(3,363,594)
Restricted	6,378,468	5,331,534	1,046,934
Unrestricted	2,141,275	4,037,140	(1,895,865)
Total Net Position	$ 10,822,600	$ 15,035,125	$ (4,212,525)

Table 2
Changes in Net Position

	Governmental Activities		Total Change
	2016	**2015**	**2016-2015**
Revenues			
Program revenues:			
Charges for services	$ 1,176,683	$ 636,209	$ 540,474
Operating grants and contributions	28,411,015	23,642,738	4,768,277
General revenues:			
Property taxes	19,928,657	20,537,757	(609,100)
Grants and contributions not restricted	62,195,767	61,396,806	798,961
Investment earnings	159,938	42,266	117,672
Miscellaneous	5,960,040	451,093	5,508,947
Total Revenue	117,832,100	106,706,869	11,125,231
Expenses			
Instruction	60,795,743	55,902,076	4,893,667
Instructional resources and media services	1,300,523	1,141,715	158,808
Curriculum and staff development	2,292,323	1,385,257	907,066
Instructional leadership	3,949,259	3,303,878	645,381
School leadership	6,176,690	5,722,294	454,396
Guidance, counseling, and evaluation services	2,791,148	2,494,301	296,847
Social work services	469,585	331,895	137,690
Health services	1,614,823	1,412,073	202,750
Student transportation	2,064,732	2,072,886	(8,154)
Food services	7,956,055	7,641,884	314,171
Co-curricular/extracurricular activities	2,265,267	2,075,976	189,291
General administration	4,300,703	3,824,171	476,532
Plant maintenance and operations	10,175,309	9,664,087	511,222
Security and monitoring	1,592,330	1,426,391	165,939
Data processing services	2,732,698	1,315,912	1,416,786
Community services	161,363	101,532	59,831
Interest on long-term debt	11,259,244	7,332,869	3,926,375
Bond issuance costs and fees	28,790	353,023	(324,233)
Payments to juvenile justice alternative education program	7,171	18,883	(11,712)
Other intergovernmental charges	110,869	104,825	6,044
Total Expenses	122,044,625	107,625,928	14,418,697
Change in Net Position	(4,212,525)	(919,059)	(3,293,466)
Beginning net position	15,035,125	19,454,184	(4,419,059)
Extraordinary item - legal judgement	-	(3,500,000)	3,500,000
Ending Net Position	$ 10,822,600	$ 15,035,125	$ (4,212,525)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending August 31, 2016, the District's governmental funds reported a combined fund balance of $24,180,157. This compares to a combined fund balance of $24,300,077 at August 31, 2015. The fund balance in the general fund decreased $467,052 due to an increase in overall expenditures. The debt service fund increased $638,878 due to an increase 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, 2016, 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 $683,758 and the budgeted expenditures exceeded actual expenditures by $4,739,246.

CAPITAL ASSETS

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost or value (if donated) of an amount determined by the Board. During the fiscal year ended August 31, 2016, the District used a capitalization threshold of $5,000, which means that all capital type assets, including library books, with a cost or initial value of less than $5,000 were not included in the capital assets inventory.

At August 31, 2016, the District had a total of $298,141,620 invested in capital assets such as land, buildings, and District equipment. This total includes $2,199,016 invested during the fiscal year ended August 31, 2016.

More detailed information about the District's capital assets can be found in the notes to the financial statements.

LONG-TERM DEBT

At year end, the District had $169,946,899 in general obligation bonds outstanding versus $174,379,857 last year. The decrease of $4,432,958 is due to the principal payments paid during the year.

More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

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 $80,039,153 and expenditures of $80,026,794 for a slight increase of $12,359 in the general fund balance. Department budgets were reduced in order to achieve this, while campus budgets remained the same so that there was no impact to the services that students are being provided at the campus level.

- 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 $1.46 billion to $1.59 billion, but because of the hold harmless formulas established by the state, the District will not realize additional revenue. Increased property values in essence will allow the District to collect more revenues locally (5700), but it reduces the state's funding (5800) responsibility to the District.

- The District will continue to monitor staffing ratios and spending in order to achieve the anticipated positive impact to the District's fund balance.

It is important to note that although the District had a negative impact on fund balance for the 2015-16 fiscal year, we were able to absorb the cost of the $3.2 million renovation of the high school auditorium. The District would have otherwise added about $2.8 million to the fund balance, an indication that the cost savings measures that continue to be in place at South San I.S.D. are being managed effectively.

The District will continue to monitor staffing ratios, implement cost saving measures, and continue budget reductions and/or realignments as necessary to achieve minimal negative impact to the District's fund balance, while continuing to provide the needed resources for our students.

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 78242 or by calling (210) 977-7025.

Basic Financial Statements

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SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2016

Data Control Codes		1 Governmental Activities
	ASSETS:	
1110	*Cash and Cash Equivalents*	$ 33,171,513
1120	*Current Investments*	1,612
1220	*Property Taxes Receivable*	1,741,149
1230	*Allowance for Uncollectible Taxes*	(675,955)
1240	*Due from Other Governments*	3,546,156
1250	*Accrued Interest*	2,349
1260	*Internal Balances*	(1,690)
1267	*Due from Fiduciary*	1,704
1290	*Other Receivables (Net)*	652,039
1300	*Inventories*	279,873
1410	*Unrealized Expenses*	64,852
	Capital Assets:	
1510	*Land*	2,796,840
1520	*Buildings and Improvements, Net*	175,462,379
1530	*Furniture and Equipment, Net*	3,176,816
1580	*Construction in Progress*	3,431,414
1000	Total Assets	223,651,[illegible]8
	DEFERRED OUTFLOWS OF RESOURCES:	
1700	*Deferred Charges on Refunding*	8,332,684
1705	*Deferred Outflows Related to Pensions*	8,032,880
1700	Total Deferred Outflows of Resources	16,365,564
	LIABILITIES:	
2110	*Accounts Payable*	1,172,157
2140	*Interest Payable*	281,032
2165	*Accrued Liabilities*	12,534,329
2177	*Due to Fiduciary*	1,627
	Noncurrent Liabilities:	
2501	*Due Within One Year*	6,947,409
2502	*Due in More Than One Year*	186,157,595
2540	*Net Pension Liability*	20,572,678
2000	Total Liabilities	227,666,827
	DEFERRED INFLOWS OF RESOURCES:	
2605	*Deferred Inflows Related to Pensions*	1,527,186
2600	Total Deferred Inflows of Resources	1,527,186
	NET POSITION:	
3200	Net Investment in Capital Assets	2,302,857
	Restricted For:	
3820	Federal and State Programs	687,603
3850	Debt Service	4,991,060
3860	Capital Projects	699,805
3900	Unrestricted	2,141,275
3000	Total Net Position	$ 10,822,600

The accompanying notes are an integral part of this statement.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues 3 Charges for Services	 4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
	Governmental Activities:				
11	*Instruction*	$ 60,795,743	$ 632,358	$ 7,537,318	$ (52,626,067)
12	*Instructional Resources and Media Services*	1,300,523	--	31,091	(1,269,432)
13	*Curriculum and Staff Development*	2,292,323	--	1,590,265	(702,058)
21	*Instructional Leadership*	3,949,259	--	2,359,158	(1,590,101)
23	*School Leadership*	6,176,690	--	423,900	(5,752,790)
31	*Guidance, Counseling, & Evaluation Services*	2,791,148	--	298,867	(2,492,281)
32	*Social Work Services*	469,585	--	87,991	(381,594)
33	*Health Services*	1,614,823	--	343,577	(1,271,246)
34	*Student Transportation*	2,064,732	--	174,366	(1,890,366)
35	*Food Service*	7,956,055	390,045	6,641,936	(924,074)
36	*Cocurricular/Extracurricular Activities*	2,265,267	154,280	31,173	(2,079,814)
41	*General Administration*	4,300,703	--	354,508	(3,946,195)
51	*Facilities Maintenance and Operations*	10,175,309	--	383,326	(9,791,983)
52	*Security and Monitoring Services*	1,592,330	--	33,130	(1,559,200)
53	*Data Processing Services*	2,732,698	--	46,081	(2,686,617)
61	*Community Services*	161,363	--	35,438	(125,925)
72	*Interest on Long-term Debt*	11,259,244	--	8,038,890	(3,220,354)
73	*Bond Issuance Costs and Fees*	28,790	--	--	(28,790)
95	*Payments to Juvenile Justice Alternative Ed. Programs*	7,171	--	--	(7,171)
99	*Other Intergovernmental Charges*	110,869	--	--	(110,869)
TG	Total Governmental Activities	122,044,625	1,176,683	28,411,015	(92,456,927)
TP	Total Primary Government	$ 122,044,625	$ 1,176,683	$ 28,411,015	(92,456,927)
	General Revenues:				
MT	*Property Taxes, Levied for General Purposes*				14,230,377
DT	*Property Taxes, Levied for Debt Service*				5,698,280
IE	*Investment Earnings*				159,938
GC	*Grants and Contributions Not Restricted to Specific Programs*				62,195,767
MI	*Miscellaneous*				5,955,922
TR	Total General Revenues				88,240,284
CN	Change in Net Position				(4,216,643)
NB	Net Position - Beginning				15,039,243
NE	Net Position - Ending				$ 10,822,600

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2016

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
	ASSETS:				
1110	*Cash and Cash Equivalents*	$ 31,141,853	$ 384,895	$ 1,644,765	$ 33,171,513
1120	*Current Investments*	1,612	--	--	1,612
1220	*Property Taxes Receivable*	1,249,234	491,914	--	1,741,149
1230	*Allowance for Uncollectible Taxes*	(486,011)	(189,945)	--	(675,955)
1240	*Due from Other Governments*	2,105,022	--	1,441,134	3,546,156
1250	*Accrued Interest*	2,349	--	--	2,349
1260	*Due from Other Funds*	8,874,668	7,472,423	853,614	17,200,705
1290	*Other Receivables*	652,039	--	--	652,039
1300	*Inventories*	279,873	--	--	279,873
1410	*Prepaid Items*	64,852	--	--	64,852
1000	Total Assets	43,885,491	8,159,287	3,939,513	55,984,291
	LIABILITIES:				
	Current Liabilities:				
2110	*Accounts Payable*	$ 1,152,122	$ 4,400	$ 15,635	$ 1,172,157
2120	*Short-Term Debt Payable*	148,026	--	11,000	159,026
2150	*Payroll Deductions & Withholdings*	1,599,440	--	--	1,599,440
2160	*Accrued Wages Payable*	1,601,124	--	--	1,601,124
2170	*Due to Other Funds*	11,766,895	2,909,953	2,525,470	17,202,318
2200	*Accrued Expenditures*	9,174,739	--	--	9,174,739
2000	Total Liabilities	25,442,346	2,914,353	2,552,105	30,908,804
	DEFERRED INFLOWS OF RESOURCES:				
2600	*Unavailable Revenue for Property Taxes*	641,456	253,874	--	895,330
2600	Total Deferred Inflows of Resources	641,456	253,874	--	895,330
	FUND BALANCES:				
	Nonspendable Fund Balances:				
3410	*Inventories*	279,872	--	--	279,872
3430	*Prepaid Items*	64,582	--	--	64,582
	Restricted Fund Balances:				
3450	*Federal/State Funds Grant Restrictions*	1,744,395	--	--	1,744,395
3470	*Capital Acquisitions & Contractual Obligations*	--	--	699,805	699,805
3480	*Retirement of Long-Term Debt*	--	4,991,060	--	4,991,060
3490	*Other Restrictions of Fund Balance*	--	--	687,603	687,603
	Committed Fund Balances:				
3540	*Self-Insurance*	4,255,795	--	--	4,255,795
3600	Unassigned	11,457,045	--	--	11,457,045
3000	Total Fund Balances	17,801,689	4,991,060	1,387,408	24,180,157
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 43,885,491	$ 8,159,287	$ 3,939,513	$ 55,984,291

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2016

Total fund balances - governmental funds balance sheet	$ 24,180,157
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	184,867,451
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	895,330
Payables for bond principal which are not due in the current period are not reported in the funds.	(184,772,319)
Payables for bond interest which are not due in the current period are not reported in the funds.	(281,032)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(20,572,678)
Deferred inflows of resources related to Teacher Retirement System of Texas (TRS) are not reported in the funds.	(1,527,187)
Deferred outflows resources related to TRS are not reported in the funds.	8,032,879
Net position of governmental activities - Statement of Net Position	$ 10,822,600

The accompanying notes are an integral part of this statement.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 16,489,020	$ 5,839,097	$ 554,016	$ 22,882,133
5800	*State Program Revenues*	62,236,521	8,038,890	232,783	70,508,194
5900	*Federal Program Revenues*	9,571,875	--	10,526,714	20,098,589
5020	Total Revenues	88,297,416	13,877,987	11,313,513	113,488,916
	EXPENDITURES:				
	Current:				
0011	*Instruction*	43,055,312	--	7,296,829	50,352,141
0012	*Instructional Resources and Media Services*	1,053,815	--	5,747	1,059,562
0013	*Curriculum and Staff Development*	425,768	--	1,575,229	2,000,997
0021	*Instructional Leadership*	1,724,640	--	1,779,648	3,504,288
0023	*School Leadership*	4,758,738	--	437,318	5,196,056
0031	*Guidance, Counseling, & Evaluation Services*	2,177,958	--	116,697	2,294,655
0032	*Social Work Services*	365,595	--	68,300	433,895
0033	*Health Services*	1,406,495	--	10,390	1,416,885
0034	*Student Transportation*	1,690,533	--	134,534	1,825,067
0035	*Food Service*	7,903,998	--	13,225	7,917,223
0036	*Cocurricular/Extracurricular Activities*	1,942,222	--	74,790	2,017,012
0041	*General Administration*	3,700,147	--	86,132	3,786,279
0051	*Facilities Maintenance and Operations*	9,464,071	--	20,104	9,484,175
0052	*Security and Monitoring Services*	1,715,252	--	--	1,715,252
0053	*Data Processing Services*	3,059,376	--	--	3,059,376
0061	*Community Services*	124,726	--	31,316	156,042
0071	*Principal on Long-term Debt*	--	4,432,958	--	4,432,958
0072	*Interest on Long-term Debt*	--	8,732,361	--	8,732,361
0073	*Bond Issuance Costs and Fees*	--	28,790		28,790
0081	*Capital Outlay*	3,625,916	--	--	3,625,916
0095	*Payments to Juvenile Justice Alternative*				
0095	*Education Programs*	7,171	--	--	7,171
0099	*Other Intergovernmental Charges*	110,869	--	--	110,869
6030	Total Expenditures	88,312,602	13,194,109	11,650,259	113,156,970
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(15,186)	683,878	(336,746)	331,946
	Other Financing Sources and (Uses):				
7915	*Transfers In*	--	--	--	--
8911	*Transfers Out*	--	--	--	--
8949	*Other Uses*	(451,866)	--	--	(451,866)
7080	Total Other Financing Sources and (Uses)	(451,866)	--	--	(451,866)
1200	Net Change in Fund Balances	(467,052)	683,878	(336,746)	(119,920)
0100	Fund Balances - Beginning	18,268,741	4,307,182	1,724,154	24,300,077
3000	Fund Balances - Ending	$ 17,801,689	$ 4,991,060	$ 1,387,408	$ 24,180,157

The accompanying notes are an integral part of this statement.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2016

Net change in fund balances - total governmental funds	$	(119,920)
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:		
Capital outlays are not reported as expenses in the SOA.		5,517,206
The depreciation of capital assets used in governmental activities is not reported in the funds.		(9,327,127)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(646,738)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		4,432,958
Deferred charges and similar items are amortized in the SOA but not in the funds.		401,429
The accretion of interest on capital appreciation bonds is not reported in the funds.		(1,148,821)
(Increase) decrease in accrued interest from beginning of period to end of period.		52,081
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(374,443)
Bond premiums are reported in the funds but not in the SOA.		(1,831,572)
Implementing GASB 68 required certain expenditures to be de-expended and recorded as deferred outflows of resources.		4,985,805
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.		(6,157,500)
Change in net position of governmental activities - Statement of Activities	$	(4,216,643)

The accompanying notes are an integral part of this statement.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2016

Data Control Codes		Agency Fund Student Activity
	ASSETS:	
1110	*Cash and Cash Equivalents*	$ 308,847
1000	Total Assets	308,847
	LIABILITIES:	
	Current Liabilities:	
2190	*Due to Student Groups*	$ 308,847
2000	Total Liabilities	308,847
	NET POSITION:	
3000	Total Net Position	$ --

The accompanying notes are an integral part of this statement.

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A. Summary of Significant Accounting Policies

The basic financial statements of South San Antonio Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees (the "Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state, and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. 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. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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.

Debt Service Fund: This fund is used to account for tax revenues and for the repayment of principal, interest, and related costs on long-term debt for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.

In addition, the District reports the following fund types:

Special Revenue Funds: These funds are used to account for revenues and expenditures related to grant awards and entitlements from federal, state, and local agencies. These funds are primarily on a reimbursement basis. Nearly all of these funds cannot carry a fund balance and, other than the food service fund, none of these are legally required to have an adopted budget.

Capital Projects Fund: These funds are used to account for revenues and expenditures related to projects financed by the proceeds of bond issues or for capital projects otherwise mandated to be accounted for in these funds. These funds are not required to have an adopted budget.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

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.

b. Measurement Focus and Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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 an 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 have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. **Financial Statement Amounts**

a. **Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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 or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

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 Human 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 Human 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.

c. **Capital Assets**

Purchased or constructed capital assets are reported at 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 assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

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

Asset Class	Estimated Useful Lives
Building Improvements	15-30
Furniture & Equipment	3-7

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement, *deferred outflows of resources,* represents a consumption of net position that applies to one or more future periods and so will *not* be recognized as an outflow of resources (expenses/expenditures) until then. The District has four items that qualify in this category on the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience and for the changes in actuarial assumptions related to the District's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to one or more future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category in the government-wide statement of net position. Deferred inflows of resources are recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. Another deferral is recognized for the changes in proportion and difference between the employer's contributions and the proportionate share of contributions related to the District's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the District only has one type of item, which arises only under modified accrual accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Compensated Absences

On retirement or death of certain employees, the District pays any accrued sick leave and vacation leave in a lump-sum payment to such employee or his/her estate after they have been employed with the District for 10 years.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

k. Net Position Flow Assumption

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

l. Fund Balance Flow Assumptions

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

m. Program Revenues

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

4. Pensions

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

5. New Accounting Standards Adopted

In fiscal year 2016, the District adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

-- Statement No. 72, *Fair Value Measurement and Application*
-- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
-- Statement No. 77, *Tax Abatement Disclosures*

a. Statement No. 72 requires state and local governments to measure investments at fair value using a consistent definition and valuation techniques. It also defines what assets and liabilities governments should measure at fair value and expands fair value disclosures in financial disclosure notes. While the Statement generally requires restatement of prior period balances in the year of implementation, the nature of the District's investments was such that their carrying amount was not affected.

b. The GAAP hierarchy prioritizes guidance governments follow when preparing U.S. GAAP financial statements. Statement No. 76 reduces authoritative GAAP hierarchy from four categories to two and lists the order of priority for pronouncements to which a government should look for guidance.

c. Statement No. 77 requires governments granting tax abatements to individuals and businesses to disclose program information in the notes to the financial statements through the agreement's duration and also requires disclosures about tax abatements entered into by other governments that reduce the reporting government's tax revenue. Prior year balances were not restated because there are no tax abatements associated with the District or any other government which affect the District's tax revenue.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
Expenditures exceeded appropriations in function 33 in the General Fund.	The District will amend the budget during the year in anticipation of final expenditures.

2. 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	Remarks
None reported	Not applicable	Not applicable

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

1. Cash Deposits:

At August 31, 2016, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $8,592,589 and the bank balance was $12,558,370. The District's cash deposits at August 31, 2016, and during the year ended August 31, 2016, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (the "Act"), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers' acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at August 31, 2016 are shown below.

Investment or Investment Type	Maturity	Fair Value
TexClass Investment Pool	N/A	$ 21,954
TexPool Investment Pool	N/A	491,756
Texas Term Investment Pool	N/A	1,752,368
TexStar Investment Pool	N/A	139,880
Lonestar Investment Pool	N/A	10,675,059
Wells Fargo Securities	N/A	6,758,387
Money Market Savings Account	N/A	1,918,350
Total Investments		$ 21,757,754

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2016, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

Investment or Investment Type	Adminsitrator	Rating
TexasClass Investment Pool	Public Trust Advisors, LLC	AAAm*
TexPool Investment Pool	Federated Investors, Inc	AAAm*
Texas Term Investment Pool	PFM Asset Management, LLC	AAAf*
TexStar Investment Pool	First Southwest & JPMorgan Investor	AAAm*
Lone Star Investment Pool	First Public, LLC	AAA*
Wells Fargo Securities	Wells Fargo Securities, LLC	AA-/A-1+*
Money Market Savings Account	Wells Fargo Securities, LLC	AA-/A-1+*

*Rated by Standard & Poor's Investor Services

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than 'AAA' or 'AAA-m' or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like Pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

TexSTAR

The District invests in the Texas Short Term Asset Reserve Program (TexSTAR), which has been 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. TexSTAR is managed by a five-member board of directors ("Board"). In accordance with the Public Funds Investment Act, TexSTAR maintains an advisory board composed of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR. Advisory board members are appointed and serve at the will of the Board of Directors. J. P. Morgan Investment Management, Inc. (JPMIM) and First Southwest Company (FSC) serve as co-administrators for TexSTAR under an agreement with the Board. JPMIM provides investment management services and FSC provides participant services and marketing. Custodial, fund accounting, and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary, J.P. Morgan Investor Services Co. Transfer agency services are provided by Boston Financial Data Services, Inc. The business affairs of TexSTAR are managed by the Board in accordance with its bylaws. The bylaws set forth procedures governing the selection procedures governing the selection of, and action taken by, the Board. Board oversight of TexSTAR is maintained through various reporting requirements. TexSTAR is rated 'AAAm' by Standard and Poor's and is not operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which generally approximates the market value of the securities. The stated objective of TexSTAR is to maintain a stable $1.00 per unit net asset value; however, the $1.00 net asset value is not guaranteed or insured.

Lone Star

The Lone Star Investment Pool ("Lone Star") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated 'AAA' by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of $1.00. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government and Corporate Overnight maintain a net asset value of $1.00 and the Corporate Overnight Plus maintains a net asset value of $0.50.

TexPool

The District invests in the Texas Local Government Investment Pool ("TexPool"), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board (the "Board") to advise with respect to TexPool. The Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool and are qualified to advise in respect to TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool is rated 'AAAm' by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average $1.00 per unit net asset value; however, the $1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

TexasTERM

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 TexasDAILY, 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.

Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust - Texas (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Codes, as amended (the "Act"). CLASS is created and under the Sixth Amended and Restated Trust Agreement, dated August 16, 2013 (the "Agreement"), among certain Texas governmental entities investing in the pool (the "Participants"), with Public Trust Advisors, LLC, (PTA) as Program Administrator and Wells Fargo Bank Texas, N.A. as Custodian. CLASS is not SEC registered and is not subject to regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustess (the "Board"), whose members are elected by the Participants for two-year staggered terms. In the Agreement and resolution of the Board, CLASS has contracted with Public Investor Advisors, LLC to provide for the investment, management, and marketing of the public funds of CLASS. Separate financial statements for Texas CLASS may be obtained from CLASS' website www.texasclass.com. Texas CLASS is rated 'AAAm' by Standard & Poor's Investor Services and invests only in securities allowed by the Act.

Texas CLASS operates in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. Texas CLASS uses amortized costs rather than the market value to report net position to computer share prices. Accordingly, the fair value of the net position in Texas CLASS is the same as the value of Texas CLASS shares.

D. Capital Assets

Capital asset activity for the year ended August 31, 2016 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 2,796,842	$ –	$ –	$ 2,796,842
Construction in progress	113,224	3,431,414	113,224	3,431,414
Total capital assets not being depreciated	2,910,066	3,431,414	113,224	6,228,256
Capital assets being depreciated:				
Buildings and improvements	275,128,583	664,702	–	275,793,285
Equipment and vehicles	14,585,765	1,534,314	–	16,120,079
Total capital assets being depreciated	289,714,348	2,199,016	–	291,913,364
Less accumulated depreciation for:				
Buildings and improvements	(91,766,660)	(8,564,247)	–	(100,330,907)
Equipment and vehicles	(12,180,385)	(762,879)	–	(12,943,264)
Total accumulated depreciation	(106,647,044)	(9,327,127)	–	(113,274,171)
Total capital assets being depreciated, net	183,067,304	(7,128,111)	–	178,639,193
Governmental activities capital assets, net	$ 185,977,370	$ (996,697)	$ 113,224	$ 184,867,449

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Depreciation was charged to functions as follows:

Instruction	$ 6,130,903
Instructional Resources and Media Services	169,932
Curriculum and Staff Development	21,340
Instructional Leadership	162,393
School Leadership	630,271
Guidance, Counseling, & Evaluation Services	326,481
Health Services	116,496
Student Transportation	354,663
Food Services	229,471
Extracurricular Activities	152,052
General Administration	210,666
Plant Maintenance and Operations	726,312
Security and Monitoring Services	22,606
Data Processing Services	69,761
Community Services	3,780
	$ 9,327,127

E. Interfund Balances and Activities

Due To and From Other Funds

Balances due to and due from other funds at August 31, 2016 consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	$ 8,874,668	Short-term loans
Capital Projects Fund	General Fund	34,670	Short-term loans
Debt Service Fund	General Fund	7,472,423	Short-term loans
Other Governmental Funds	General Fund	818,944	Short-term loans
	Total	$ 17,200,705	

All amounts due are scheduled to be repaid within one year.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2016 are as follows:

	Original Issue	Beginning Balance	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Refunding, Series 1994	$ 9,229,968	$ 137,958	$ (137,958)	$ --	$ --
Building, Series 2005	40,500,000	7,510,000	--	7,510,000	--
Building, Series 2007	37,130,000	1,765,000	(865,000)	900,000	900,000
Refunding, Series 2010	23,475,000	20,005,000	(2,085,000)	17,920,000	2,175,000
QSCB 2010	9,785,000	9,785,000	--	9,785,000	--
Building, Series 2010	22,116,909	22,116,909	--	22,116,909	--
Build America, Series 2010	26,095,000	26,095,000	--	26,095,000	--
Refunding, Series 2011	8,684,990	8,684,990	(105,000)	8,579,990	125,000
Refunding, Series 2012	8,390,000	8,390,000	--	8,390,000	--
Refunding, Series 2012A	24,815,000	21,670,000	(1,240,000)	20,430,000	1,275,000
Refunding, Series 2012B	4,245,000	4,245,000	--	4,245,000	2,080,000
Refunding, Series 2013	18,465,000	18,465,000	--	18,465,000	--
Refunding, Series 2014	25,835,000	25,510,000	--	25,510,000	--
Total bonds	$ 258,766,867	$ 174,379,857	$ (4,432,958)	$ 169,946,899	$ 6,555,000
Other liabilities:					
Net issuance premiums (discounts)	$ --	$ 10,786,121	$ 1,831,572	$ 12,617,693	--
Accreted interest	--	7,429,544	1,148,821	8,578,365	--
Compensated absences *	--	1,587,604	374,443	1,962,047	392,409
Net pension liability	--	12,006,259	8,566,419	20,572,678	--
Total governmental activities	$ 258,766,867	$ 206,189,385	$ 7,488,297	$ 213,677,682	$ 6,947,409

Long-term liabilities due in more than one year $ 206,730,273

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

Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. These bonds were issued as school building bonds, qualified school construction bonds (QSCB), and refunding bonds. Interest rates on these bonds are 1.55% to 6.60%. Interest expense was $8,732,361 for the year ended August 31, 2016.

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

Liability	Activity Type	Fund
Compensated absences*	Governmental	General Fund

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2016, are as follows:

	Governmental Activities		
Year Ending August 31,	Principal	Interest	Total
2017	$ 6,555,000	$ 6,603,001	$ 13,158,001
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	6,490,947	13,372,462
2022-2026	38,756,619	29,499,406	68,256,025
2027-2031	42,148,863	26,640,914	68,789,777
2032-2036	45,572,846	25,078,254	70,651,100
2037-2041	9,960,000	533,338	10,493,338
Totals	$ 169,946,899	$ 114,468,774	$ 284,415,673

G. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2016 are as follows:

Year Ending August 31,	
Rental Expenditures in 2016	$ 428,548

H. 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 2016, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

I. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

Detailed information about the TRS' 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 www.trs.state.tx.us/about/documents/cafr.pdf#CAFR; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

3. **Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the 5 highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the 3 highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature, as noted in the plan description in (1.) above.

4. **Contributions**

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution, which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. 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 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

		2015	2016
Member		6.7%	7.2%
Non-Employer Contributing Entity (NECE - State)		6.8%	6.8%
Employers		6.8%	6.8%
District's 2015 Employer Contributions	$	1,723,307	
District's 2015 Member Contributions	$	1,499,228	
NECE 2015 On-Behalf Contributions to District	$	2,932,040	

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

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

— On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

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

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

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

5. Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
Long-term Expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the Year	None
Ad hoc Post-Employment Benefit Changes	None

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

6. 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 System's target asset allocation as of August 31, 2015 are summarized below:

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2015

	Target Allocation	Long-term Expected Geometric Real Rate of Return	Expected Contribution to Long-term Portfolio Returns *
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%	-
Hedge Funds (Stable Value)	4%	3.0%	0.1%
Cash	1%	-0.2%	-
Real Return			
Global Inflat. Linked Bonds	3%	0.9%	-
Real Assets	16%	5.1%	1.1%
Energy & Natural Resources	3%	6.6%	0.2%
Commodities	-	1.2%	-
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.

7. 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 2015 net pension liability.

	1% Decrease in Discount Rate 7%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	$ 32,233,522	$ 20,572,678	$ 10,859,935

8. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At August 31, 2016, the District reported a liability of $20,572,678 for its proportionate share of the TRS' 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	$ 20,572,678
State's proportionate share of the net pension liability associated with the District	34,992,059
Total	$ 55,564,737

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 through August 31, 2015.

At August 31, 2015, the District's proportion of the collective net pension liability was 0.0581993%, which was an increase of 0.0132512% from its proportion measured as of August 31, 2014.

Changes Since the Prior Actuarial Valuationb - The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

a. The inflation assumption was decreased from 3.00% to 2.50%.

b. The ultimate merit assumption for long service employees was decreased from 1.25% to 1.00%.

c. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.

d. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

e. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

f. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

g. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

h. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities and, therefore, these 10% are no longer being counted as active members.

i. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.

j. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.

k. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.

l. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

m. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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, 2016, the District recognized pension expense of $4,985,805 and revenue of $4,985,805 for support provided by the State.

At August 31, 2016, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 154,425	$ (790,626)
Changes in actuarial assumptions	649,049	(733,943)
Difference between projected and actual investment earnings	2,314,390	--
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	3,025,339	(2,617)
District contributions paid to TRS subsequent to the measurement date	1,889,677	-
Total	$ 8,032,880	$ (1,527,186)

The 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 Ended August 31		Pension Expense
2017	$	765,586
2018		765,586
2019		765,586
2020		1,682,987
2021		406,710
Thereafter		229,560
Total	$	4,616,016

J. 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 2016, 2015, and 2014. 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 2016, 2015, and 2014. For the years ended August 31, 2016, 2015, and 2014, the State's contributions to TRS-Care were $39,020, $569,128, and $575,777, respectively; the active member contributions were $390,613, $369,933, and $374,255, respectively; and the District's contributions were $330,519, $313,020, and $316,678, respectively; which equaled the required contributions each year.

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, 2016, 2015, and 2014, the subsidy payments received by TRS-Care on behalf of the District were $233,776, $235,147, and $150,117, respectively.

K. Employee Health Care Coverage

During the year ended August 31, 2016, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of $331 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, 2016, and terms of coverage and premium costs are included in the contractual provisions.

L. 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 collectibility 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

No reportable litigation was pending against the District at August 31, 2016.

M. 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
Devine ISD	$ 23,452
Harlandale ISD	122,500
Lytle ISD	18,238
Natalia ISD	11,000
Pleasanton ISD	79,632
Somerset ISD	102,737
Southside ISD	146,100
Southwest ISD	127,610
Total	$ 631,268

N. 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 commerical 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 for less than $1 million. 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 occured and the amount of that loss can be reasonably estimated.Those losses include an estimate of claims that have bveen incurred but not reported. At year end, the amount of the liability is $738,927. This liability is the District's best estimate based on available information. The District has designated $4.2 million of the General Fund's fund balance for payment of future claim liabilities.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		1 Budgeted Amounts Original	2 Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 16,564,978	$ 16,760,397	$ 16,489,020	$ (271,377)
5800	*State Program Revenues*	62,021,604	61,530,950	62,236,521	705,571
5900	*Federal Program Revenues*	9,295,187	9,322,311	9,571,875	249,564
5020	Total Revenues	87,881,769	87,613,658	88,297,416	683,758
	EXPENDITURES:				
	Current:				
	Instruction & Instructional Related Services:				
0011	*Instruction*	44,439,869	44,870,315	43,055,312	1,815,003
0012	*Instructional Resources and Media Services*	1,108,750	1,085,692	1,053,815	31,877
0013	*Curriculum and Staff Development*	379,334	467,767	425,768	41,999
	Total Instruction & Instr. Related Services	45,927,953	46,423,774	44,534,895	1,888,879
	Instructional and School Leadership:				
0021	*Instructional Leadership*	1,969,397	1,826,200	1,724,640	101,560
0023	*School Leadership*	4,817,580	4,832,560	4,758,738	73,822
	Total Instructional & School Leadership	6,786,977	6,658,760	6,483,378	175,382
	Support Services - Student (Pupil):				
0031	*Guidance, Counseling, and Evaluation Services*	2,564,509	2,409,259	2,177,958	231,301
0032	*Social Work Services*	373,283	392,673	365,595	27,078
0033	*Health Services*	1,376,447	1,395,837	1,406,495	(10,658)
0034	*Student (Pupil) Transportation*	1,757,705	1,777,095	1,690,533	86,562
0035	*Food Services*	7,875,082	8,617,472	7,903,998	905,474
0036	*Cocurricular/Extracurricular Activities*	2,119,899	2,191,295	1,942,222	249,073
	Total Support Services - Student (Pupil)	16,066,925	16,783,631	15,486,801	1,488,830
	Administrative Support Services:				
0041	*General Administration*	3,545,638	4,235,758	3,700,147	535,611
	Total Administrative Support Services	3,545,638	4,235,758	3,700,147	535,611
	Support Services - Nonstudent Based:				
0051	*Plant Maintenance and Operations*	10,186,783	9,486,783	9,464,071	22,712
0052	*Security and Monitoring Services*	1,791,442	1,762,240	1,715,252	46,988
0053	*Data Processing Services*	2,337,872	3,187,262	3,059,376	127,886
	Total Support Services - Nonstudent Based	14,316,097	14,436,285	14,238,699	197,586
	Ancillary Services:				
0061	*Community Services*	79,812	133,479	124,726	8,753
	Total Ancillary Services	79,812	133,479	124,726	8,753
	Capital Outlay:				
0081	*Capital Outlay*	988,122	4,055,132	3,625,916	429,216
	Total Capital Outlay	988,122	4,055,132	3,625,916	429,216
	Intergovernmental Charges:				
0095	*Payments to Juvenile Justice Alternative*				
0095	*Education Programs*	20,309	20,309	7,171	13,138
0099	*Other Intergovernmental Charges*	112,920	112,920	110,869	2,051
	Total Intergovernmental Charges	133,229	133,229	118,040	15,189
6030	Total Expenditures	87,844,753	92,860,048	88,312,602	4,547,446

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	37,016	(5,246,390)	(15,186)	5,231,204
	Other Financing Sources (Uses):				
7915	*Transfers In*	--	--	--	--
8911	*Transfers Out*	--	--	--	--
8949	*Other Uses*	--	(452,133)	(451,866)	267
7080	Total Other Financing Sources and (Uses)	--	(452,133)	(451,866)	267
1200	Net Change in Fund Balance	37,016	(5,698,523)	(467,052)	5,231,471
0100	Fund Balance - Beginning	18,268,741	18,268,741	18,268,741	--
3000	Fund Balance - Ending	$ 18,305,757	$ 12,570,218	$ 17,801,689	$ 5,231,471

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accpeted accounting principles (GAAP).

*2. Expenditures exceeded appropriations at the legal level of control.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-2

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)
LAST TEN FISCAL YEARS

	Measurement Year*	
	2015	2014
District's proportion of the net pension liability (asset)	0.0581993%	0.0449481%
District's proportionate share of the net pension liability (asset)	$ 20,572,678	$ 12,006,259
State's proportionate share of the net pension liability (asset) associated with the District	34,992,059	30,308,470
Total	$ 55,564,737	$ 42,314,729
District's covered employee payroll**	$ 60,094,300	$ 56,912,759
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	34.23%	21.10%
Plan fiduciary net position as a percentage of the total the total pension liability	78.43%	83.25%

*Only two years' worth of information is currently available.
**As of the measurement date.

Draft

Notes to Required Supplementary Infromation:

Changes in Assumptions:

See notes to the financial statements (Defined Benefit Pension Plan, Teacher Retirement System disclosure) for changes.

Changes in Benefits:

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

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-3

SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)
LAST TEN FISCAL YEARS

	Fiscal Year* 2016	Fiscal Year* 2015
Contractually required contribution	$ 1,889,677	$ 1,817,619
Contributions in relation to the contractually required contribution	1,889,677	1,817,619
Contribution deficiency (excess)	$ 3,779,354	$ 3,635,238
District's covered employee payroll	$ 60,094,300	$ 56,912,759
Contributions as a percentage of covered employee payroll	3.14%	3.19%

*'Only two years' worth of information is currently available.

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Combining Statements as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2016

Data Control Codes		Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-1)
	ASSETS:			
1110	*Cash and Cash Equivalents*	$ 977,963	$ 666,802	$ 1,644,765
1240	*Due from Other Governments*	1,441,134	--	1,441,134
1260	*Due from Other Funds*	818,944	34,670	853,614
1000	Total Assets	3,238,041	701,472	3,939,513
	LIABILITIES:			
	Current Liabilities:			
2110	*Accounts Payable*	$ 15,635	$ --	$ 15,635
2120	*Short-Term Debt Payable*	11,000	--	11,000
2170	*Due to Other Funds*	2,525,470	--	2,525,470
2000	Total Liabilities	2,552,105	--	2,552,105
	FUND BALANCES:			
	Restricted Fund Balances:			
3470	*Capital Acquisitions & Contractual Obligations*	--	699,805	699,805
3490	*Other Restrictions of Fund Balance*	685,936	1,667	687,603
3000	Total Fund Balances	685,936	701,472	1,387,408
4000	Total Liabilities and Fund Balances	$ 3,238,041	$ 701,472	$ 3,939,513

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, 2016

Data Control Codes		Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-2)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 552,349	$ 1,667	$ 554,016
5800	*State Program Revenues*	232,783	--	232,783
5900	*Federal Program Revenues*	10,526,714	--	10,526,714
5020	Total Revenues	11,311,846	1,667	11,313,513
	EXPENDITURES:			
	Current:			
0011	*Instruction*	7,296,829	--	7,296,829
0012	*Instructional Resources and Media Services*	5,747	--	5,747
0013	*Curriculum and Staff Development*	1,575,229	--	1,575,229
0021	*Instructional Leadership*	1,779,648	--	1,779,648
0023	*School Leadership*	437,318	--	437,318
0031	*Guidance, Counseling, & Evaluation Services*	116,697	--	116,697
0032	*Social Work Services*	68,300	--	68,300
0033	*Health Services*	10,390	--	10,390
0034	*Student Transportation*	134,534	--	134,534
0035	*Food Service*	13,225	--	13,225
0036	*Cocurricular/Extracurricular Activities*	74,790	--	74,790
0041	*General Administration*	86,132	--	86,132
0051	*Facilities Maintenance and Operations*	20,104	--	20,104
0061	*Community Services*	31,316	--	31,316
6030	Total Expenditures	11,650,259	--	11,650,259
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(338,413)	1,667	(336,746)
1200	Net Change in Fund Balances	(338,413)	1,667	(336,746)
0100	Fund Balances - Beginning	1,024,349	699,805	1,724,154
3000	Fund Balances - Ending	$ 685,936	$ 701,472	$ 1,387,408

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2016

Data Control Codes		205 Head Start	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula
	ASSETS:				
1110	*Cash and Cash Equivalents*	$ --	$ 41,353	$ 16,747	$ --
1240	*Due from Other Governments*	164,917	273,634	20,665	715,103
1260	*Due from Other Funds*	(29,888)	58,240	--	450,418
1000	Total Assets	135,029	373,227	37,412	1,165,521
	LIABILITIES:				
	Current Liabilities:				
2110	*Accounts Payable*	$ 862	$ 9,812	$ 1,231	$ --
2120	*Short-Term Debt Payable*	--	--	--	--
2170	*Due to Other Funds*	134,167	363,415	36,181	1,165,521
2000	Total Liabilities	135,029	373,227	37,412	1,165,521
	FUND BALANCES:				
	Restricted Fund Balances:				
3490	*Other Restrictions of Fund Balance*	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	$ 135,029	$ 373,227	$ 37,412	$ 1,165,521

225 IDEA B Preschool Grant	244 Carl D. Perkins Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	289 School Climate Transformation Project
$ 6,484	$ 2	$ 53,622	$ 16,302	$ 42,539
846	978	50,432	13,967	161,206
--	--	--	--	--
7,330	980	104,054	30,269	203,745
$ --	$ 406	$ --	$ 439	$ 2,046
--	--	--	--	--
7,330	574	104,054	29,830	201,699
7,330	980	104,054	30,269	203,745
--	--	--	--	--
--	--	--	--	--
$ 7,330	$ 980	$ 104,054	$ 30,269	$ 203,745

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2016

Data Control Codes		315 IDEA B Discretionary Deaf	316 IDEA B Formula Deaf	317 IDEA-B Preschool Deaf	340 IDEA-C Deaf
	ASSETS:				
1110	*Cash and Cash Equivalents*	$ 8,360	$ 2,837	$ --	$ 9
1240	*Due from Other Governments*	23,700	4,104	--	--
1260	*Due from Other Funds*	--	250	3,782	--
1000	Total Assets	32,060	7,191	3,782	9
	LIABILITIES:				
	Current Liabilities:				
2110	*Accounts Payable*	$ --	$ --	$ --	$ --
2120	*Short-Term Debt Payable*	--	--	--	--
2170	*Due to Other Funds*	32,060	7,191	3,782	--
2000	Total Liabilities	32,060	7,191	3,782	--
	FUND BALANCES:				
	Restricted Fund Balances:				
3490	*Other Restrictions of Fund Balance*	--	--	--	9
3000	Total Fund Balances	--	--	--	9
4000	Total Liabilities and Fund Balances	$ 32,060	$ 7,191	$ 3,782	$ 9

385 Supplemental Visually Impaired	393 Texas Successful Schools	394 Life Skills Program	410 State Textbook Fund	429 State Funded Special Revenue Fund
$ (1,140)	$ 6,470	$ --	$ 276,906	$ 26
--	--	--	--	--
--	316	19,997	186,629	24,349
(1,140)	6,786	19,997	463,535	24,375
$ --	$ --	$ --	$ --	$ --
--	--	--	--	--
(1,140)	6,450	--	152,734	--
(1,140)	6,450	--	152,734	--
--	336	19,997	310,801	24,375
--	336	19,997	310,801	24,375
$ (1,140)	$ 6,786	$ 19,997	$ 463,535	$ 24,375

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2016

Data Control Codes		435 Regional Day School for the Deaf	461 Campus Activity Funds	480 Five Palms Citicorp Grant	482 Education Foundation Grant
	ASSETS:				
1110	*Cash and Cash Equivalents*	$ 219,954	$ 160,084	$ 7,085	$ 12,551
1240	*Due from Other Governments*	11,582	--	--	--
1260	*Due from Other Funds*	96,310	8,541	--	--
1000	Total Assets	327,846	168,625	7,085	12,551
	LIABILITIES:				
	Current Liabilities:				
2110	*Accounts Payable*	$ --	$ 189	$ --	$ --
2120	*Short-Term Debt Payable*	--	--	--	--
2170	*Due to Other Funds*	231,536	32,742	3,095	--
2000	Total Liabilities	231,536	32,931	3,095	--
	FUND BALANCES:				
	Restricted Fund Balances:				
3490	*Other Restrictions of Fund Balance*	96,310	135,694	3,990	12,551
3000	Total Fund Balances	96,310	135,694	3,990	12,551
4000	Total Liabilities and Fund Balances	$ 327,846	$ 168,625	$ 7,085	$ 12,551

483 Fiesta De Los Nino	484 Lowe's Grant Madla	485 Coalition of Essential Schools	486 Texas State CSI Project	487 San Antonio Sports Foundation
$ (1,030)	$ 11,728	$ 13,820	$ 11,000	$ 63,268
--	--	--	--	--
--	--	--	--	--
(1,030)	11,728	13,820	11,000	63,268
$ --	$ --	$ --	$ --	$ --
--	--	--	11,000	--
1,029	--	9,054	--	3,969
1,029	--	9,054	11,000	3,969
(2,059)	11,728	4,766	--	59,299
(2,059)	11,728	4,766	--	59,299
$ (1,030)	$ 11,728	$ 13,820	$ 11,000	$ 63,268

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2016

Data Control Codes		489 Asia Society	490 HEB Rotary Rackspace	492 Dwight Grant	493 South San High School Grant
	ASSETS:				
1110	*Cash and Cash Equivalents*	$ 28	$ 700	$ 4,131	$ 650
1240	*Due from Other Governments*	--	--	--	--
1260	*Due from Other Funds*	--	--	--	--
1000	Total Assets	28	700	4,131	650
	LIABILITIES:				
	Current Liabilities:				
2110	*Accounts Payable*	$ --	$ --	$ --	$ 650
2120	*Short-Term Debt Payable*	--	--	--	--
2170	*Due to Other Funds*	--	--	--	--
2000	Total Liabilities	--	--	--	650
	FUND BALANCES:				
	Restricted Fund Balances:				
3490	*Other Restrictions of Fund Balance*	28	700	4,131	--
3000	Total Fund Balances	28	700	4,131	--
4000	Total Liabilities and Fund Balances	$ 28	$ 700	$ 4,131	$ 650

494 Palo Alto Grant	495 Athens Grant	496 Five Palms Grant	498 Wal-Mart Donation	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
$ 79	$ 10	$ 3,134	$ 254	$ 977,963
--	--	--	--	1,441,134
--	--	--	--	818,944
79	10	3,134	254	3,238,041
$ --	$ --	$ --	$ --	$ 15,635
--	--	--	--	11,000
--	--	--	197	2,525,470
--	--	--	197	2,552,105
79	10	3,134	57	685,936
79	10	3,134	57	685,936
$ 79	$ 10	$ 3,134	$ 254	$ 3,238,041

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		205 Head Start	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula
	REVENUES:				
5700	*Local and Intermediate Sources*	$ --	$ --	$ --	$ --
5800	*State Program Revenues*	--	--	--	--
5900	*Federal Program Revenues*	2,584,313	3,656,476	118,431	2,328,894
5020	Total Revenues	2,584,313	3,656,476	118,431	2,328,894
	EXPENDITURES:				
	Current:				
0011	*Instruction*	1,457,251	2,293,440	22,267	1,901,518
0012	*Instructional Resources and Media Services*	3,484	--	--	--
0013	*Curriculum and Staff Development*	10,827	1,079,247	86,171	26,302
0021	*Instructional Leadership*	956,912	111,877	4,644	221,518
0023	*School Leadership*	--	116,542	--	--
0031	*Guidance, Counseling, & Evaluation Services*	--	--	--	44,868
0032	*Social Work Services*	68,300	--	--	--
0033	*Health Services*	10,390	--	--	--
0034	*Student Transportation*	--	--	--	134,534
0035	*Food Service*	13,225	--	--	--
0036	*Cocurricular/Extracurricular Activities*	--	--	--	--
0041	*General Administration*	32,641	37,445	5,349	--
0051	*Facilities Maintenance and Operations*	20,004	--	--	--
0061	*Community Services*	11,279	17,925	--	154
6030	Total Expenditures	2,584,313	3,656,476	118,431	2,328,894
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	$ --	$ --	$ --	$ --

225 IDEA B Preschool Grant	244 Carl D. Perkins Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	289 School Climate Transformation Project
$ --	$ --	$ --	$ --	$ --
--	--	--	--	--
26,326	135,350	566,359	225,136	832,564
26,326	135,350	566,359	225,136	832,564
26,326	126,407	529,096	91,854	74,357
--	--	--	--	--
--	8,943	34,589	122,567	198,408
--	--	--	2,173	482,524
--	--	--	519	4,105
--	--	--	--	71,829
--	--	--	--	--
--	--	--	--	--
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--	--	--	--	--
--	--	--	--	--
--	--	2,674	8,023	--
--	--	--	--	--
--	--	--	--	1,341
26,326	135,350	566,359	225,136	832,564
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
$ --	$ --	$ --	$ --	$ --

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		315 IDEA B Discretionary Deaf	316 IDEA B Formula Deaf	317 IDEA-B Preschool Deaf	340 IDEA-C Deaf
	REVENUES:				
5700	*Local and Intermediate Sources*	$ --	$ --	$ --	$ --
5800	*State Program Revenues*	--	--	--	--
5900	*Federal Program Revenues*	26,481	24,544	1,840	--
5020	Total Revenues	26,481	24,544	1,840	--
	EXPENDITURES:				
	Current:				
0011	*Instruction*	26,481	24,544	1,840	--
0012	*Instructional Resources and Media Services*	--	--	--	--
0013	*Curriculum and Staff Development*	--	--	--	--
0021	*Instructional Leadership*	--	--	--	--
0023	*School Leadership*	--	--	--	--
0031	*Guidance, Counseling, & Evaluation Services*	--	--	--	--
0032	*Social Work Services*	--	--	--	--
0033	*Health Services*	--	--	--	--
0034	*Student Transportation*	--	--	--	--
0035	*Food Service*	--	--	--	--
0036	*Cocurricular/Extracurricular Activities*	--	--	--	--
0041	*General Administration*	--	--	--	--
0051	*Facilities Maintenance and Operations*	--	--	--	--
0061	*Community Services*	--	--	--	--
6030	Total Expenditures	26,481	24,544	1,840	--
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	9
3000	Fund Balances - Ending	$ --	$ --	$ --	$ 9

385 Supplemental Visually Impaired	393 Texas Successful Schools	394 Life Skills Program	404 Student Success Initiative	409 Texas High School Project
$ --	$ 17	$ --	$ --	$ --
6,969	--	--	--	--
--	--	--	--	--
6,969	17	--	--	--
6,969	--	--	265,558	16,975
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
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--	--	--	--	--
--	--	--	--	--
6,969	--	--	265,558	16,975
--	17	--	(265,558)	(16,975)
--	17	--	(265,558)	(16,975)
--	319	19,997	265,558	16,975
$ --	$ 336	$ 19,997	$ --	$ --

Draft

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		410 State Textbook Fund	429 State Funded Special Revenue Fund	435 Regional Day School for the Deaf	461 Campus Activity Funds
	REVENUES:				
5700	*Local and Intermediate Sources*	$ --	$ --	$ --	$ 516,111
5800	*State Program Revenues*	--	--	225,814	--
5900	*Federal Program Revenues*	--	--	--	--
5020	Total Revenues	--	--	225,814	516,111
	EXPENDITURES:				
	Current:				
0011	*Instruction*	--	--	217,769	198,243
0012	*Instructional Resources and Media Services*	--	--	--	2,263
0013	*Curriculum and Staff Development*	--	--	8,045	130
0021	*Instructional Leadership*	--	--	--	--
0023	*School Leadership*	--	--	--	316,152
0031	*Guidance, Counseling, & Evaluation Services*	--	--	--	--
0032	*Social Work Services*	--	--	--	--
0033	*Health Services*	--	--	--	--
0034	*Student Transportation*	--	--	--	--
0035	*Food Service*	--	--	--	--
0036	*Cocurricular/Extracurricular Activities*	--	--	--	72,845
0041	*General Administration*	--	--	--	--
0051	*Facilities Maintenance and Operations*	--	--	--	--
0061	*Community Services*	--	--	--	617
6030	Total Expenditures	--	--	225,814	590,250
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	--	--	--	(74,139)
1200	Net Change in Fund Balances	--	--	--	(74,139)
0100	Fund Balances - Beginning	310,801	24,375	96,310	209,833
3000	Fund Balances - Ending	$ 310,801	$ 24,375	$ 96,310	$ 135,694

480 Five Palms Citicorp Grant	482 Education Foundation Grant	483 Fiesta De Los Nino	484 Lowe's Grant Madla	485 Coalition of Essential Schools
$ --	$ --	$ (1,030)	$ --	$ --
--	--	--	--	--
--	--	--	--	--
--	--	(1,030)	--	--
3,095	--	1,029	--	9,054
--	--	--	--	--
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--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
3,095	--	1,029	--	9,054
(3,095)	--	(2,059)	--	(9,054)
(3,095)	--	(2,059)	--	(9,054)
7,085	12,551	--	11,728	13,820
$ 3,990	$ 12,551	$ (2,059)	$ 11,728	$ 4,766

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		487 San Antonio Sports Foundation	488 South San ISD Education Foundation	489 Asia Society
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 35,001	$ 1,600	$ --
5800	*State Program Revenues*	--	--	--
5900	*Federal Program Revenues*	--	--	--
5020	Total Revenues	35,001	1,600	--
	EXPENDITURES:			
	Current:			
0011	*Instruction*	--	1,600	--
0012	*Instructional Resources and Media Services*	--	--	--
0013	*Curriculum and Staff Development*	--	--	--
0021	*Instructional Leadership*	--	--	--
0023	*School Leadership*	--	--	--
0031	*Guidance, Counseling, & Evaluation Services*	--	--	--
0032	*Social Work Services*	--	--	--
0033	*Health Services*	--	--	--
0034	*Student Transportation*	--	--	--
0035	*Food Service*	--		--
0036	*Cocurricular/Extracurricular Activities*	1,945		--
0041	*General Administration*	--	--	--
0051	*Facilities Maintenance and Operations*	100		--
0061	*Community Services*	--	--	--
6030	Total Expenditures	2,045	1,600	--
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	32,956	--	--
1200	Net Change in Fund Balances	32,956	--	--
0100	Fund Balances - Beginning	26,343	--	28
3000	Fund Balances - Ending	$ 59,299	$ --	$ 28

490 HEB Rotary Rackspace	492 Dwight Grant	493 South San High School Grant	494 Palo Alto Grant	495 Athens Grant
$ --	$ --	$ 650	$ --	$ --
--	--	--	--	--
--	--	--	--	--
--	--	650	--	--
--	--	650	--	309
--	--	--	--	--
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--	--	--	--	--
--	--	--	--	--
--	--	650	--	309
--	--	--	--	(309)
--	--	--	--	(309)
700	4,131	--	79	319
$ 700	$ 4,131	$ --	$ 79	$ 10

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016*

Data Control Codes		496 Five Palms Grant	498 Wal-Mart Donation	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ --	$ --	$ 552,349
5800	*State Program Revenues*	--	--	232,783
5900	*Federal Program Revenues*	--	--	10,526,714
5020	Total Revenues	--	--	11,311,846
	EXPENDITURES:			
	Current:			
0011	*Instruction*	--	197	7,296,829
0012	*Instructional Resources and Media Services*	--	--	5,747
0013	*Curriculum and Staff Development*	--	--	1,575,229
0021	*Instructional Leadership*	--	--	1,779,648
0023	*School Leadership*	--	--	437,318
0031	*Guidance, Counseling, & Evaluation Services*	--	--	116,697
0032	*Social Work Services*	--	--	68,300
0033	*Health Services*	--	--	10,390
0034	*Student Transportation*	--	--	134,534
0035	*Food Service*	--	--	13,225
0036	*Cocurricular/Extracurricular Activities*	--	--	74,790
0041	*General Administration*	--	--	86,132
0051	*Facilities Maintenance and Operations*	--	--	20,104
0061	*Community Services*	--	--	31,316
6030	Total Expenditures	--	197	11,650,259
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	(197)	(338,413)
1200	Net Change in Fund Balances	--	(197)	(338,413)
0100	Fund Balances - Beginning	3,134	254	1,024,349
3000	Fund Balances - Ending	$ 3,134	$ 57	$ 685,936

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2016

	1	2	3
	Tax Rates		Assessed/Appraised Value For School Tax Purposes
Year Ended August 31	Maintenance	Debt Service	
2007 and Prior Years	$ Various	$ Various	$ Various
2008	$ 1.04	$ .4050	$ 1,108,752,803
2009	$ 1.04	$ .4000	$ 1,214,462,708
2010	$ 1.04	$ .3938	$ 1,215,559,183
2011	$ 1.04	$ .4149	$ 1,190,427,314
2012	$ 1.04	$ .4149	$ 1,207,596,467
2013	$ 1.04	$ .4149	$ 1,311,710,609
2014	$ 1.04	$ .4115	$ 1,334,190,093
2015	$ 1.04	$ .4115	$ 1,398,872,137
2016 (School Year Under Audit)	$ 1.04	$ .4115	$ 1,435,618,939
1000 Totals			
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code			

EXHIBIT J-1

10 Beginning Balance 9/1/15	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/16
$ 434,772	$ --	$ 5,556	$ --	$ (20,584)	$ 408,632
61,457	--	2,971	--	(119)	58,368
65,998	--	3,259	--	(432)	62,307
76,458	--	3,873	--	(512)	72,073
167,186	--	(80,544)	--	(162,563)	85,167
182,787	--	(73,989)	--	(150,117)	106,659
192,489	--	(55,757)	--	(149,754)	98,492
298,043	--	(17,551)	(6,945)	(170,918)	151,621
700,016	--	89,432	35,386	(368,647)	206,550
--	20,838,009	14,578,434	5,768,294	--	491,281
$ 2,179,205	$ 20,838,009	$ 14,455,684	$ 5,796,735	$ (1,023,647)	$ 1,741,149
$ --	$ --	$ --	$ --	$ --	$ --

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		1 Budget	2 Actual	3 Variance Positive (Negative)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 6,644,389	$ 5,839,097	$ (805,292)
5800	*State Program Revenues*	7,208,428	8,038,890	830,462
5020	Total Revenues	13,852,817	13,877,987	25,170
	EXPENDITURES:			
	Debt Service:			
0071	*Principal on Long-Term Debt*	4,608,710	4,432,958	175,752
0072	*Interest on Long-Term Debt*	8,866,419	8,732,361	98,958
0073	*Bond Issuance Costs and Fees*	28,790	28,790	--
	Total Debt Service	13,503,919	13,194,109	309,810
6030	Total Expenditures	13,503,919	13,194,109	309,810
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	348,898	683,878	334,980
1200	Net Change in Fund Balance	348,898	683,878	334,980
0100	Fund Balance - Beginning	4,307,182	4,307,182	--
3000	Fund Balance - Ending	$ 4,656,080	$ 4,991,060	$ 334,980

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, 2017.

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.

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.

Respectfully submitted,

Belt Harris Pechacek, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Bellville, Texas
January 9, 2017

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.

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.

Respectfully submitted,

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Bellville, Texas
January 9, 2017

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2016

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
One or more material weaknesses identified?	___ Yes	X No
One or more significant deficiencies identified that are not considered to be material weaknesses?	___ Yes	X None Reported
Noncompliance material to financial statements noted?	___ Yes	X No

2. Federal Awards

Internal control over major programs:		
One or more material weaknesses identified?	___ Yes	X No
One or more significant deficiencies identified that are not considered to be material weaknesses?	___ Yes	X None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?	___ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.600	Head Start
84.010	Title I, Part A
84.367	Title II, Part A
84.184	School Climate Transportation Project

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	___ Yes	X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2016

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
Finding 2015-01 - Teacher Stipends Type of Finding - Non-Compliance CFDA No 84.010 ESEA Title I Part A Estimated Questioned Costs: $72,000		
Recommendation: We recommended the District notify the Texas Education Agency of the questioned costs to obtain guidance on how to rectify the unallowable charges. In addition, the District should implement policies and procedures on reviewing payroll charges to Federal and State restricted funds to verify that those individual are allowed to be charged to those programs.	Implemented	

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

(1) Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
CHILD NUTRITION CLUSTER:			
U. S. Department of Agriculture			
Passed Through State Department of Education:			
School Breakfast Program	10.553	71401601	$ 1,844,493
National School Lunch Program	10.555	71301601	4,400,943
Total Passed Through State Department of Education			6,245,436
Total U. S. Department of Agriculture			6,245,436
Total Child Nutrition Cluster			6,245,436
FOOD DISTRIBUTION CLUSTER:			
U. S. Department of Agriculture			
Passed Through State Department of Education:			
USDA Donated Commodities	10.565	815-908	479,881
Total U. S. Department of Agriculture			479,881
Total Food Distribution Cluster			479,881
SPECIAL EDUCATION (IDEA) CLUSTER:			
U. S. Department of Education			
Passed Through State Department of Education:			
IDEA-B Formula	84.027	166600010159086600	2,328,894
SSA IDEA-B Deaf	84.027	166600010159086601	24,544
SSA IDEA-B Discretionary	84.027	166600110159086673	26,481
Total CFDA Number 84.027			2,379,919
IDEA-B Preschool	84.173	166610010159086610	26,326
SSA IDEA-B Preschool Deaf	84.173	166610010159086611	1,840
Total CFDA Number 84.173			28,166
Total Passed Through State Department of Education			2,408,085
Total U. S. Department of Education			2,408,085
Total Special Education (IDEA) Cluster			2,408,085
OTHER PROGRAMS:			
U. S. Department of Health and Human Services			
Passed Through State Department of Education:			
Head Start	93.600	06CH7069-04-00	2,584,313
Total U. S. Department of Health and Human Services			2,584,313
U. S. Department of Education			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010	16610101015908	3,656,476
ESEA Title I Part C - Education of Migratory Children	84.011	16615001015908	118,431
Career and Technical - Basic Grant	84.048	16420006015908	135,350
School Climate Transformation Project	84.184	S184G140167-15	832,564

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

(1) Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
Title III Part A English Language Acquisition & Language Enhancement	84.365	16671001015908	225,136
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	16694501015908	566,359
Summer School LEP	84.369	015-908	4,452
Total Passed Through State Department of Education			5,538,768
Total U. S. Department of Education			5,538,768
U. S. Department of Defense			
Passed Through State Department of Education:			
R.O.T.C.	12.357	015-908	67,988
Total U. S. Department of Defense			67,988
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 17,324,470

Reconciliation of Federal Revenue:

Federal Revenue per SEFA	$ 17,324,470
SHARS in General Fund	1,306,593
Medicaid in General Fund	34,041
E-Rate in General Fund	1,246,753
Indirect Cost in General Fund	186,731
Total Federal Reconciliation per C-2	$ 20,098,589

The accompanying notes are an integral part of this schedule.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of South San Antonio Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The District has elected not to use the De Minimis Indirect Cost Rate.

SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2016

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	$ 8,578,365
SF11	Net pension assets (object 1920) at fiscal year-end	$ -
SF12	Net pension liabilities (object 2540) at fiscal year-end	$ 20,572,678
SF13	Pension expense (object 6147) at fiscal year-end	$ 1,077,383

Management Letter

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

The American Institute of Certified Public Accountants Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit* (SAS 115), provides guidance to auditors on communicating internal control matters to management and the governing body, board of directors, or equivalent body.

It is important to note when reviewing findings reported within this letter that classification of the findings is based on the definitions required by SAS 115 as further discussed below. Please note that these classifications are based on the potential impact to the financial statements, not necessarily the likelihood of actual loss to the District. Accordingly, the District's assessment of the "significance" or ranking of severity will likely be substantially different based on a number of factors including, but not limited to, its assessment of risk and the cost benefit of making the change.

Our report is as follows:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South San Antonio Independent School District (the "District") as of and for the year ended August 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be other matters.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our findings and additional comments are as follows:

CURRENT YEAR MATTERS:

Other Matters:

2016-001. EXPENDITURES IN EXCESS OF APPROPRIATIONS

Condition

As of August 31, 2016, the budget had not been amended.

Effect

The District's general fund budget was over expended in function 33.

Cause

The District did not ensure that the budget was amended.

Critera

The general fund budget should be amended at the end of the year.

Recommendation

The District should review the budget to actual reports for expenditures of the District and amend the budget when appropriate In addition, the District should amend the budget at year end in anticipation of final expenditures.

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

We would like to thank the Board of Trustees and the District's management for their cooperation during the course of our audit. Please feel free to contact us at your convenience to discuss this report or any other concerns that you may have.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Bellville, Texas

Required Auditor Disclosure Letter

January 9, 2017

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South San Antonio Independent School District (the "District"), as of and for the year ended August 31, 2016, and have issued our report thereon dated January 9, 2017. Professional standards require that we provide the Board of Trustees (the "governing body") with the information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and time of our audit.

I. Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 27, 2016, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with the governing body's oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve the governing body or management of its responsibilities.

II. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the governing body in our engagement letter dated May 27, 2016.

III. Significant Audit Findings

1. Qualitative Aspects of Accounting Practices

A. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

B. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

   Management's estimate of the useful lives of capital assets as based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

   Estimates are used in the calculation of the pension liability and the required annual contribution. The Teacher Retirement System of Texas (TRS) hires a licensed actuary to make key assumptions and to perform calculations, as well as an independent auditor to review those assumptions and calculations. We evaluated the reasonableness of the employee data provided by the District to TRS.

   Estimates are used in the calculation of the health care liability for other post-employment benefits. The District hires a licensed actuary to perform the calculation. We evaluated the key factors and assumptions used to develop the liability in relation to the financial statements taken as a whole.

C. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

   The disclosure of long-term debt in the financial statements is significant to financial statement users because it discloses the District's long-term financial obligations.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes both material and immaterial misstatements detected as a result of our audit procedures.

4. Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter January 9, 2017.

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

IV. Other Matters

We applied certain limited procedures to the Required Supplementary Information (RSI), as identified on the table of contents, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other supplementary information, which accompanies the financial statements but is not RSI. Such information 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.

V. Restrictions on Use

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

Belt Harris Pechacek, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Bellville, Texas