

**MOUNT PLEASANT
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED**

AUGUST 31, 2016

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2016

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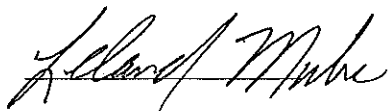
CERTIFICATE OF BOARD

Mount Pleasant Independent School District
Name of School District

Titus
County

225-902
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 25 day of October, 2016.



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)



ARNOLD, WALKER, ARNOLD, & Co., P.C.
Certified Public Accountants and Consultants

Bob J. Arnold, C.P.A., P.F.S.
Lanny G. Walker, C.P.A., P.F.S.
Kris Arnold, C.P.A., P.F.S.
Andrew T. Arnold, C.P.A.
Melissa J. Godfrey, C.P.A.

MEMBER
American Institute Of
Certified Public Accountants
Texas State Society Of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Mount Pleasant Independent School District
Mount Pleasant, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mount Pleasant Independent School 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2016, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and net pension liability and contributions to TRS on pages 4 through 12 and pages 51 and 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. The information is in Exhibits identified in the Table of Contents as J-1, J-4, and J-5. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the District's internal control over financial reporting and compliance.

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.
October 17, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the MOUNT PLEASANT Independent School District we offer readers of the MOUNT PLEASANT Independent School District's financial statements this narrative overview and analysis of the financial activities of the MOUNT PLEASANT Independent School District for the year ended August 31, 2016. The information presented here should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's total combined net position was \$22.5 million at August 31, 2016. During the year, the District's total revenues exceeded expenses by \$3.2 million. Total expenses of the District were \$53.9 million for the year. Total revenues were \$57.2 million. Revenues were up about 5%, or \$2.9 million, compared to the prior year and expenses were up \$609 thousand or about 1% compared to the prior year. State aid and operating grant revenue increased. Property tax values decreased by 3.5%. Depreciation expense of \$3 million is included in the total expenses.

The District reported fund balance in the general fund of \$16 million at August 31, 2016, which is an increase of approximately \$150 thousand. The District set aside fund balance to be restricted for debt service of \$526 thousand for future payments on the 2012 QZAM tax notes. The unassigned fund balance decreased \$46 thousand. Total revenue in the general fund decreased \$559 thousand. State revenue increased \$1.8 million. Property tax revenues decreased \$2.4 million because the largest taxpayer, Luminant, did not pay its current year taxes as they have filed suit over the values of its electricity generating plant. Expenditures in the general fund decreased \$1.85 million or 4.5%. The previous year, \$2.2 million of buses were purchased. Most other expenditure functions were similar to the prior year except for debt principal. Debt principal payments were about \$700 thousand more than the previous year as two of the obligations were paid off early.

Approximately \$277 thousand of fixed assets were added.

Approximately 99% of the taxes levied for 2015-16 were collected by fiscal year end other than the amount Luminant owed. Luminant owed the District \$3.53 million on 2015 taxes. Approximately \$3 million of this is general fund revenue and \$500 thousand is debt service revenue.

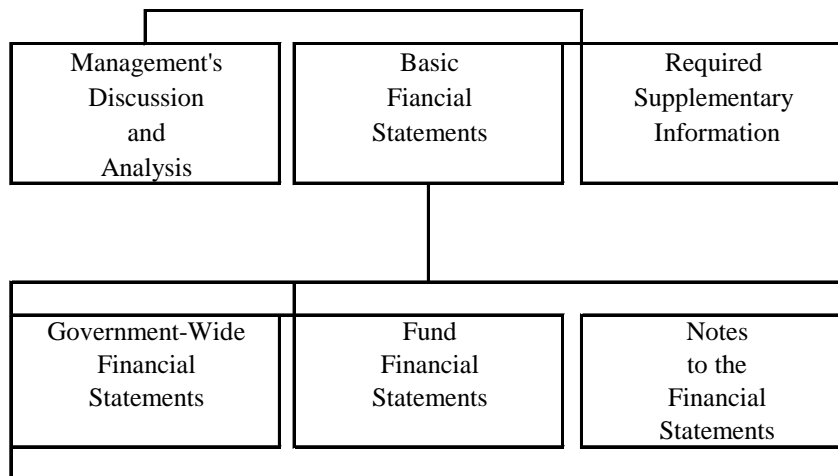
Under new accounting standards as per GASB 68 that began in the prior year, the District's portion of the net position liability has been recorded in the government-wide statements. The District's portion of this liability is \$11.3 million. A deferred outflow related to this is \$6.8 million and a related deferred inflow is \$2.1 million. These two net to a liability of \$6.6 million which is an increase of about \$470 thousand to the net liability over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts--*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

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

Figure A-1. Required Components of the District's Annual Financial Report



Summary ⇌ Detail

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide Fund Financial Statements

<i>Type of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	*Statement of net position	*Balance sheet	*Statement of net position	*Statement of fiduciary net position
	*Statement of activities	*Statement of revenues, Expenditures & changes in fund balances	*Statement of revenues, expenses and changes in fund net position *Statement of cash flows	*Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	all assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon after	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

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

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

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, consideration should be given to additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities. Also included are business-type activities. The District charges a fee to "customers" to help cover the costs of services provided.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has three kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps 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, additional information is provided that explains the relationship (or differences) between them.
- *Proprietary funds*-Services for which the District charges customers a fee are generally reported in enterprise funds. Enterprise funds, like the government-wide statements, provide both long-term and short-term financial information. *Internal service funds* are used to report activities that provide supplies and services for the District's other programs and activities-such as the District's Self Insurance Fund for worker's compensation.
- *Fiduciary funds*-The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was approximately \$22.5 million at August 31, 2016.

Table A-1
The District's Net Position
(in thousands of dollars)

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	24,610	20,429	37	35	24,647	20,464
Capital and non-current assets	53,016	55,777	4	5	53,020	55,782
TOTAL ASSETS	77,626	76,206	41	40	77,667	76,246
Deferred outflow related to TRS	6,841	1,207	-	-	6,841	1,207
TOTAL DEFERRED OUTFLOW OF RESOURCES	6,841	1,207	-	-	6,841	1,207
Long-term liabilities	56,465	53,959	-	-	56,465	53,959
Other liabilities	3,018	2,516	-	-	3,018	2,516
TOTAL LIABILITIES	59,483	56,475	-	-	59,483	56,475
Unavailable revenue-property taxes	355	-	-	-	355	-
Deferred inflow related to TRS	2,136	1,725	-	-	2,136	1,725
TOTAL DEFERRED INFLOWS OF RESOURCES	2,491	1,725	-	-	2,491	1,725
Net position						
Net investment in capital assets	7,881	7,458	-	-	7,881	7,458
Restricted	2,732	2,304	-	-	2,732	2,304
Unrestricted	11,879	9,451	41	40	11,920	9,491
TOTAL NET POSITION	22,492	19,213	41	40	22,533	19,253

Net investment in capital assets reflects the book value of the District's capital assets in excess of the debt which financed those assets. The \$11.9 million of unrestricted net position represents resources available to fund the programs of the District for the next fiscal year.

The \$2.73 million is restricted as follows:

	Restricted for food service	724			
	Restricted for debt service	1,907			
	Restricted for other purposes	101			
		<u>2,732</u>			

Net position of the District's governmental activities increased from \$19.2 million to \$22.5 million, or \$3.3 million. The increase was the result of four main factors. First, the District's revenues exceeded expenditures by \$52 thousand. Second, the District acquired capital assets through purchase or construction of approximately \$276 thousand and paid debt principal of \$3.1 million. Third, the District recorded depreciation of \$3 million. Fourth, an additional \$3.3 million of property taxes receivable are estimated to be collected on the government wide statements.

Changes in net position.

The District's total revenues were \$57.2 million. 32% of this comes from taxes, 41% was from state aid formula grants and 23% came from operating grants and contributions.

The total cost of all programs was \$53.9 million. Approximately 75% of this was for instructional and student services.

Net position increased by \$3.2 million from the excess of revenues over expenses.

Table A-2
The District's Changes in Net Position
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
<u>Program Revenues</u>						
Charges for Services	1,344	1,517	82	78	1,426	1,595
Operating Grants and Contributions	12,994	11,940	-	-	12,994	11,940
<u>General Revenues</u>						
Property Taxes	18,530	18,625	-	-	18,530	18,625
State aid - formula	23,354	21,680	-	-	23,354	21,680
Investment earnings	111	100	-	-	111	100
Other	835	391	-	-	835	391
Total Revenues	<u>57,168</u>	<u>54,253</u>	<u>82</u>	<u>78</u>	<u>57,250</u>	<u>54,331</u>
Expenses						
Instruction and instructional related	32,489	31,679	-	-	32,489	31,679
Instructional leadership/school administration	3,739	3,377	-	-	3,739	3,377
Guidance, social work, health, transportation	4,298	4,040	-	-	4,298	4,040
Food services	3,574	3,415	-	-	3,574	3,415
Extracurricular activities	1,385	1,511	-	-	1,385	1,511
General Administration	1,100	1,091	-	-	1,100	1,091
Plant maintenance and security	4,551	4,694	-	-	4,551	4,694
Data processing services	476	476	-	-	476	476
Community services	236	197	81	87	317	284
Debt service	1,240	1,779	-	-	1,240	1,779
Facilities acquisition and construction	-	-	-	-	-	-
Pmts to fiscal agent/member districts - shared service	561	773	-	-	561	773
Other intergovernmental charges	271	279	-	-	271	279
Total Expenses	<u>53,920</u>	<u>53,311</u>	<u>81</u>	<u>87</u>	<u>54,001</u>	<u>53,398</u>
Transfers	-	-	-	-	-	-
Increase (Decrease) in Net Position	3,248	942	1	(9)	3,249	933
Beginning Net Position	19,213	24,661	40	49	19,253	24,710
Prior Period Adjustment	31	(6,390)	-	-	31	(6,390)
Ending Net Position	<u>22,492</u>	<u>19,213</u>	<u>41</u>	<u>40</u>	<u>22,533</u>	<u>19,253</u>

Table A-3 presents the cost of each of the District's largest functions as well as each function's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$53.9 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$18.5 million.
- Some of the cost was paid by those who directly benefited from the programs (\$1.3 million), or by grants and contributions (\$13 million).

Table A-3
Net Cost of Selected District Functions
(in thousands of dollars)

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Instruction	32,489	31,679	24,674	24,306
School administration	3,739	3,377	2,807	2,583
Plant Maintenance & Operations	4,551	4,694	4,214	4,444
Debt Service-Interest & Fiscal Charges	1,240	1,788	1,240	1,788

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District reported fund balance in its governmental funds of approximately \$17.2 million reflecting a net increase of \$52 thousand. The general fund balance increased \$150 thousand. Reasons for the change are explained above on page 4. The food service fund balance increased by \$28 thousand to a balance of \$724 thousand at August 31, 2016. The debt service fund balance decreased by \$169 thousand to a balance of \$331 thousand at August 31, 2016. The reason for this decrease is because of the debt service portion of property taxes owed to the District by Luminant has not been collected.

General Fund Budgetary Highlights

Several budget amendments were made during the year. Even with these amendments, actual expenditures varied approximately 1.5% from the final amended budget. Expenditures were \$629 thousand less than budgeted. Revenues exceeded budgeted amounts by \$279 thousand or less than 1%. A decrease of \$800 thousand was budgeted to fund balance and actually there was an increase of \$150 thousand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table A-4
District's Capital Assets
(in thousands of dollars)

	Governmental Activities	
	2016	2015
Land	1,867	1,867
Buildings and improvements	95,718	95,678
Furniture and equipment	13,126	13,116
Construction in progress	143	-
Totals at historical cost	<u>110,854</u>	<u>110,661</u>
Total accumulated depreciation	<u>(57,837)</u>	<u>(54,884)</u>
Net capital assets	<u><u>53,017</u></u>	<u><u>55,777</u></u>

Long-Term Debt

Table A-5
District's Long-Term Debt
(in thousands of dollars)

	Governmental	
	2016	2015
Bonds payable	35,950	37,786
Notes payable	9,185	9,454
Capital lease payable	-	1,000
Total bonds and notes payable	<u><u>45,135</u></u>	<u><u>48,240</u></u>

\$3.1 million of debt was paid off this year. Two obligations were paid off early. An additional \$700 thousand was expended to pay these off early.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District battled significant declines to the property value of the Luminant power plant as well as decreases in enrollment for the 2015-2016 school year. Luminant filed suit disputing its appraised property value for 2015 to approximately a \$300 million decline. Despite the suit and potential loss of tax revenues, the Board chose to adopt the same tax rate as the year before at \$1.212. In 2015-2016, the Board also voted to repeal its 20% optional homestead exemption in an effort to further offset lost revenue from the Luminant lawsuit. This decision was based upon Section 11.13 (n) of the Property Tax Code that said a governing body had until July 1 to take action to grant or repeal a local optional exemption. These actions resulted in an actual general budget deficit of approximately \$400,000 and interest and sinking budget deficit of just over \$168,000 in the 2015-2016 school year.

Again, in 2016-2017, Luminant filed suit disputing its appraised property value for 2016 to approximately a \$300 million decline. Knowing that once this suit is settled, that the District will either receive payment from Luminant or the state once Comptroller's values are adjusted, the Board chose to move forward with a new compensation strategy and plans to build a new practice gym and perform major renovations. In order to retain quality teachers and administrators to educate a population of around 83% economically disadvantaged children, the Board felt it was critical to provide salary increases. As well, a decision to replace recently paid off debt with an equitable payment in order to perform major renovations primarily at the intermediate school was made. Finally, the District determined to use \$2 million from its healthy fund balance to fund a much needed practice gym. All of these items resulted in the adoption of a \$3.9 million deficit budget for 2016-2017. Of this amount, \$1.9 is expected to be regained once the Luminant suit is settled. As well, the Board chose utilize interest & sinking fund balance to offset the lack of tax revenues from Luminant rather than to increase the interest & sinking tax rate. The Board acted knowing that a tax rate increase in 2017-2018 could be inevitable.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the MOUNT PLEASANT Independent School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the District's Central Business Office.

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2016

EXHIBIT A-1

Data Control Codes	1	2	3
	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 13,624,503	\$ 37,096	\$ 13,661,599
1120 Current Investments	5,303,962	-	5,303,962
1210 Property Taxes - Current	4,252,967	-	4,252,967
1230 Allowance for Uncollectible Taxes	(433,502)	-	(433,502)
1240 Due from Other Governments	1,329,852	-	1,329,852
1300 Inventories	350,650	-	350,650
1410 Prepayments	181,525	-	181,525
Capital Assets:			
1510 Land	1,867,685	-	1,867,685
1520 Buildings, Net	46,820,885	-	46,820,885
1530 Furniture and Equipment, Net	4,184,567	3,521	4,188,088
1580 Construction in Progress	143,127	-	143,127
1000 Total Assets	<u>77,626,221</u>	<u>40,617</u>	<u>77,666,838</u>
DEFERRED OUTFLOWS OF RESOURCES			
1705 Deferred Outflow Related to TRS	6,840,929	-	6,840,929
1700 Total Deferred Outflows of Resources	<u>6,840,929</u>	<u>-</u>	<u>6,840,929</u>
LIABILITIES			
2110 Accounts Payable	709,240	277	709,517
2177 Accrued Wages	1,531,829	-	1,531,829
2180 Due to Other Governments	457,033	-	457,033
2300 Unearned Revenue	320,269	-	320,269
Noncurrent Liabilities			
2501 Due Within One Year	1,017,340	-	1,017,340
2502 Due in More Than One Year	44,117,687	-	44,117,687
2540 Net Pension Liability (District's Share)	11,330,026	-	11,330,026
2000 Total Liabilities	<u>59,483,424</u>	<u>277</u>	<u>59,483,701</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	355,238	-	355,238
2605 Deferred Inflow Related to TRS	2,135,951	-	2,135,951
2600 Total Deferred Inflows of Resources	<u>2,491,189</u>	<u>-</u>	<u>2,491,189</u>
NET POSITION			
3200 Net Investment in Capital Assets	7,881,237	-	7,881,237
Restricted:			
3820 Restricted for Federal and State Programs	723,579	-	723,579
3850 Restricted for Debt Service	1,907,144	-	1,907,144
3890 Restricted for Other Purposes	101,275	-	101,275
3900 Unrestricted	11,879,302	40,340	11,919,642
3000 Total Net Position	<u>\$ 22,492,537</u>	<u>\$ 40,340</u>	<u>\$ 22,532,877</u>

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 31,810,807	\$ 847,869	\$ 6,893,081
12 Instructional Resources and Media Services	355,635	-	34,081
13 Curriculum and Staff Development	322,149	-	39,214
21 Instructional Leadership	906,544	-	571,131
23 School Leadership	2,832,607	-	361,349
31 Guidance, Counseling and Evaluation Services	1,675,923	-	896,469
33 Health Services	427,330	-	166,073
34 Student (Pupil) Transportation	2,195,137	-	105,596
35 Food Services	3,573,699	377,140	3,182,416
36 Extracurricular Activities	1,385,145	94,007	52,035
41 General Administration	1,099,503	-	52,035
51 Facilities Maintenance and Operations	4,202,539	24,934	295,784
52 Security and Monitoring Services	348,481	-	16,090
53 Data Processing Services	476,165	-	89,578
61 Community Services	235,792	-	210,558
72 Debt Service - Interest on Long Term Debt	1,236,614	-	-
73 Debt Service - Bond Issuance Cost and Fees	3,362	-	-
93 Payments related to Shared Services Arrangements	561,465	-	28,475
99 Other Intergovernmental Charges	271,012	-	-
[TG] Total Governmental Activities:	<u>53,919,911</u>	<u>1,343,950</u>	<u>12,993,965</u>
BUSINESS-TYPE ACTIVITIES:			
01 After School	78,424	73,519	-
02 Concession	2,063	-	-
03 Career Training Center	1,258	8,422	-
[TB] Total Business-Type Activities:	<u>81,745</u>	<u>81,941</u>	<u>-</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 54,001,656</u>	<u>\$ 1,425,891</u>	<u>\$ 12,993,965</u>
Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
SF	State Aid - Formula Grants		
IE	Investment Earnings		
MI	Miscellaneous Local and Intermediate Revenue		
TR	Total General Revenues		
CN	Change in Net Position		
NB	Net Position - Beginning		
PA	Prior Period Adjustment		
NE	Net Position--Ending		

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (24,069,857)	\$ -	\$ (24,069,857)
(321,554)	-	(321,554)
(282,935)	-	(282,935)
(335,413)	-	(335,413)
(2,471,258)	-	(2,471,258)
(779,454)	-	(779,454)
(261,257)	-	(261,257)
(2,089,541)	-	(2,089,541)
(14,143)	-	(14,143)
(1,239,103)	-	(1,239,103)
(1,047,468)	-	(1,047,468)
(3,881,821)	-	(3,881,821)
(332,391)	-	(332,391)
(386,587)	-	(386,587)
(25,234)	-	(25,234)
(1,236,614)	-	(1,236,614)
(3,362)	-	(3,362)
(532,990)	-	(532,990)
(271,012)	-	(271,012)
<u>(39,581,996)</u>	<u>-</u>	<u>(39,581,996)</u>
-	(4,905)	(4,905)
-	(2,063)	(2,063)
-	7,164	7,164
<u>-</u>	<u>196</u>	<u>196</u>
<u>(39,581,996)</u>	<u>196</u>	<u>(39,581,800)</u>
15,912,716	-	15,912,716
2,617,336	-	2,617,336
23,353,676	-	23,353,676
111,039	-	111,039
835,249	-	835,249
<u>42,830,016</u>	<u>-</u>	<u>42,830,016</u>
3,248,020	196	3,248,216
19,213,088	40,144	19,253,232
31,429	-	31,429
<u>\$ 22,492,537</u>	<u>\$ 40,340</u>	<u>\$ 22,532,877</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2016

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 12,454,363	\$ 879,104	\$ 13,333,467
1120 Investments - Current	4,537,284	252,202	4,789,486
1210 Property Taxes - Current	3,657,552	595,415	4,252,967
1230 Allowance for Uncollectible Taxes (Credit)	(372,812)	(60,690)	(433,502)
1240 Receivables from Other Governments	984,870	344,982	1,329,852
1260 Due from Other Funds	42,425	-	42,425
1300 Inventories	350,650	-	350,650
1410 Prepayments	-	181,525	181,525
1000 Total Assets	<u>\$ 21,654,332</u>	<u>\$ 2,192,538</u>	<u>\$ 23,846,870</u>
LIABILITIES			
2110 Accounts Payable	\$ 383,886	\$ 157,994	\$ 541,880
2170 Accrued Wages	1,531,829	-	1,531,829
2180 Due to Other Governments	417,977	39,056	457,033
2300 Unearned Revenues	15,154	305,115	320,269
2000 Total Liabilities	<u>2,348,846</u>	<u>502,165</u>	<u>2,851,011</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	3,284,740	534,725	3,819,465
2600 Total Deferred Inflows of Resources	<u>3,284,740</u>	<u>534,725</u>	<u>3,819,465</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	350,650	-	350,650
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	723,579	723,579
3480 Retirement of Long-Term Debt	1,576,350	330,794	1,907,144
3490 Other Restricted Fund Balance	-	101,275	101,275
3600 Unassigned Fund Balance	14,093,746	-	14,093,746
3000 Total Fund Balances	<u>16,020,746</u>	<u>1,155,648</u>	<u>17,176,394</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 21,654,332</u>	<u>\$ 2,192,538</u>	<u>\$ 23,846,870</u>

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2016

Total Fund Balances - Governmental Funds	\$	17,176,394
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		595,727
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$110,661,619 and the accumulated depreciation was (\$54,884,480). In addition, long-term liabilities, including bonds payable, and the pension payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt and the net pension payable, in the governmental activities is to increase net position.		1,300,099
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2016 capital outlays and debt principal payments is to decrease net position.		3,386,810
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 as amended by GASB 71 in the amount of \$11,330,026, a Deferred Resource Inflow related to TRS in the amount of \$2,135,951 and a Deferred Resource Outflow related to TRS in the amount of \$6,840,929. This amounted to a decrease in Net Position in the amount of \$467,139.		(467,139)
5 The 2016 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(3,029,685)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue. The net effect of these reclassifications and recognitions is to increase net position.		3,530,331
19 Net Position of Governmental Activities	\$	22,492,537

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 14,249,074	\$ 3,399,549	\$ 17,648,623
5800 State Program Revenues	25,162,273	618,900	25,781,173
5900 Federal Program Revenues	42,355	9,869,631	9,911,986
5020 Total Revenues	<u>39,453,702</u>	<u>13,888,080</u>	<u>53,341,782</u>
EXPENDITURES:			
Current:			
0011 Instruction	23,065,665	5,707,282	28,772,947
0012 Instructional Resources and Media Services	322,238	18,472	340,710
0013 Curriculum and Instructional Staff Development	281,994	23,604	305,598
0021 Instructional Leadership	347,584	522,880	870,464
0023 School Leadership	2,586,259	179,228	2,765,487
0031 Guidance, Counseling and Evaluation Services	831,963	793,150	1,625,113
0033 Health Services	269,818	140,056	409,874
0034 Student (Pupil) Transportation	1,750,465	102,995	1,853,460
0035 Food Services	83,482	3,430,366	3,513,848
0036 Extracurricular Activities	1,383,041	(43,054)	1,339,987
0041 General Administration	1,074,169	-	1,074,169
0051 Facilities Maintenance and Operations	3,941,354	139,680	4,081,034
0052 Security and Monitoring Services	315,030	480	315,510
0053 Data Processing Services	380,256	79,172	459,428
0061 Community Services	17,091	192,346	209,437
Debt Service:			
0071 Principal on Long Term Debt	1,668,000	1,450,000	3,118,000
0072 Interest on Long Term Debt	83,914	1,218,804	1,302,718
0073 Bond Issuance Cost and Fees	1,612	1,750	3,362
Capital Outlay:			
0081 Facilities Acquisition and Construction	143,127	-	143,127
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	532,990	28,475	561,465
0099 Other Intergovernmental Charges	271,012	-	271,012
6030 Total Expenditures	<u>39,351,064</u>	<u>13,985,686</u>	<u>53,336,750</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>102,638</u>	<u>(97,606)</u>	<u>5,032</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	4,665	-	4,665
7915 Transfers In	42,425	-	42,425
7080 Total Other Financing Sources (Uses)	<u>47,090</u>	<u>-</u>	<u>47,090</u>
1200 Net Change in Fund Balances	149,728	(97,606)	52,122
0100 Fund Balance - September 1 (Beginning)	<u>15,871,018</u>	<u>1,253,254</u>	<u>17,124,272</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 16,020,746</u>	<u>\$ 1,155,648</u>	<u>\$ 17,176,394</u>

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

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

Total Net Change in Fund Balances - Governmental Funds	\$	52,122
<p>The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.</p>		
		107,206
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2016 capital outlays and debt principal payments is to decrease net position.</p>		
		3,386,810
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.</p>		
		(3,029,685)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.</p>		
		3,198,706
<p>The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date from the prior year of 8/31/2014 caused the change in the ending net position to decrease in the amount of \$753,162. Contributions made after the measurement date of 8/31/15 but during the 2016 FY were dexpended and recorded as a reduction in the net pension liability for the district. This also caused a increase in the change in net position in the amount of \$1,173,069. The District recorded their proportionate share of the pension expense during the measurement period as part of the net pension liability. The amounts expensed for FY2015 were \$1,241,834 for pension expense from TRS data. The District also recorded the amortization of the deferred inflow and outflow that were recorded in the previous year in the amount of \$354,788 which increased net position. The impact of all of these is to decrease the change in net position by \$467,139.</p>		
		(467,139)
Change in Net Position of Governmental Activities		\$ 3,248,020

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 14,228,435	\$ 14,228,435	\$ 14,249,074	\$ 20,639
5800	State Program Revenues	23,021,795	24,926,693	25,162,273	235,580
5900	Federal Program Revenues	20,000	20,000	42,355	22,355
5020	Total Revenues	37,270,230	39,175,128	39,453,702	278,574
EXPENDITURES:					
Current:					
0011	Instruction	21,656,195	23,148,298	23,065,665	82,633
0012	Instructional Resources and Media Services	326,760	341,584	322,238	19,346
0013	Curriculum and Instructional Staff Development	286,915	298,436	281,994	16,442
0021	Instructional Leadership	323,535	367,930	347,584	20,346
0023	School Leadership	2,484,460	2,636,204	2,586,259	49,945
0031	Guidance, Counseling and Evaluation Services	791,520	874,321	831,963	42,358
0033	Health Services	269,865	290,357	269,818	20,539
0034	Student (Pupil) Transportation	2,069,010	1,821,104	1,750,465	70,639
0035	Food Services	2,000	83,569	83,482	87
0036	Extracurricular Activities	1,475,435	1,520,268	1,383,041	137,227
0041	General Administration	1,096,740	1,141,654	1,074,169	67,485
0051	Facilities Maintenance and Operations	3,962,155	4,001,460	3,941,354	60,106
0052	Security and Monitoring Services	321,135	335,032	315,030	20,002
0053	Data Processing Services	369,795	380,352	380,256	96
0061	Community Services	5,500	19,148	17,091	2,057
Debt Service:					
0071	Principal on Long Term Debt	1,459,230	1,666,230	1,668,000	(1,770)
0072	Interest on Long Term Debt	83,880	83,880	83,914	(34)
0073	Bond Issuance Cost and Fees	4,100	4,100	1,612	2,488
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	150,000	143,127	6,873
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	807,000	536,200	532,990	3,210
0099	Other Intergovernmental Charges	280,000	280,000	271,012	8,988
6030	Total Expenditures	38,075,230	39,980,127	39,351,064	629,063
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(805,000)	(804,999)	102,638	907,637
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	5,000	5,000	4,665	(335)
7915	Transfers In	-	-	42,425	42,425
7080	Total Other Financing Sources (Uses)	5,000	5,000	47,090	42,090
1200	Net Change in Fund Balances	(800,000)	(799,999)	149,728	949,727
0100	Fund Balance - September 1 (Beginning)	15,871,018	15,871,018	15,871,018	-
3000	Fund Balance - August 31 (Ending)	\$ 15,071,018	\$ 15,071,019	\$ 16,020,746	\$ 949,727

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2016

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 37,096	\$ 291,036
Investments - Current	-	514,476
Total Current Assets	37,096	805,512
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	27,557	7,994
Depreciation on Furniture and Equipment	(24,036)	(7,994)
Total Noncurrent Assets	3,521	-
Total Assets	40,617	805,512
LIABILITIES		
Current Liabilities:		
Accounts Payable	277	167,360
Due to Other Funds	-	42,425
Total Liabilities	277	209,785
NET POSITION		
Unrestricted Net Position	40,340	595,727
Total Net Position	\$ 40,340	\$ 595,727

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 81,941	\$ 257,606
Total Operating Revenues	<u>81,941</u>	<u>257,606</u>
OPERATING EXPENSES:		
Payroll Costs	69,409	82,719
Professional and Contracted Services	-	17,955
Supplies and Materials	8,424	7,301
Other Operating Costs	3,912	-
Total Operating Expenses	<u>81,745</u>	<u>107,975</u>
Income Before Transfers	196	149,631
Transfers Out	<u>-</u>	<u>(42,425)</u>
Change in Net Position	196	107,206
Total Net Position - September 1 (Beginning)	40,144	457,092
Prior Period Adjustment	<u>-</u>	<u>31,429</u>
Total Net Position - August 31 (Ending)	<u>\$ 40,340</u>	<u>\$ 595,727</u>

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 81,941	\$ 257,607
Cash Payments to Employees for Services	(69,409)	(82,719)
Cash Payments for Benefits	-	(119,388)
Cash Payments for Suppliers	(8,843)	(20,146)
Cash Payments for Other Operating Expenses	(2,074)	-
Net Cash Provided by Operating Activities	<u>1,615</u>	<u>35,354</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Increase(decrease) in Due from Other Funds	-	64,000
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Acquisition of Capital Assets	-	-
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investment Securities	-	-
Net Increase in Cash and Cash Equivalents	1,615	99,354
Cash and Cash Equivalentents at Beginning of Year	<u>35,481</u>	<u>706,158</u>
Cash and Cash Equivalentents at End of Year	<u>\$ 37,096</u>	<u>\$ 805,512</u>
<u>Reconciliation of Operating Income to Net Cash</u>		
<u>Provided by Operating Activities:</u>		
Operating Income:	\$ 196	\$ 149,631
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,838	-
Effect of Increases and Decreases in Current Assets and Liabilities:		
Increase (decrease) in Accounts Payable	(419)	(114,277)
Net Cash Provided by Operating Activities	<u>\$ 1,615</u>	<u>\$ 35,354</u>

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 AUGUST 31, 2016

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 254,881
Total Assets	<u>\$ 254,881</u>
LIABILITIES	
Accounts Payable	\$ 2,148
Due to Student Groups	252,733
Total Liabilities	<u>\$ 254,881</u>

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units related to the District.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT and its component unit's non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. Business type activities include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. Direct costs are those that are clearly identifiable with a specific function. Program revenues of the District include charges for services and operating grants and contributions. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All

interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

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

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

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

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

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, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. FUND ACCOUNTING

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each funds assets, liabilities, equity, revenues and expenditures.

The District reports the following major governmental funds:

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

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

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Debt Service Funds** -- The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Proprietary Funds:

1. **Enterprise Funds** -- The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District's non-major Enterprise Funds are an after school program and concession stand operations.
2. **Internal Service Funds** - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Funds are a self-funded worker's compensation fund, a print shop operation, and a section 125 benefit program.

Fiduciary Funds:

1. **Agency Funds** - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are student activity funds.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the United States Department of Agriculture (USDA). Although commodities are received at no cost, their fair market value is supplied by the USDA. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal
3. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20-50
Vehicles	10
Office Equipment	10
Computer Equipment	10

5. Investments are carried at fair value.

6. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
7. Some cash and investments are restricted for future debt payments.
8. The District has a self-insurance fund for worker's compensation insurance.
9. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments of fund balance represent tentative management plans that are subject to change.
10. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
11. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a State-wide data base for policy development and funding plans.
12. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.
13. School Districts are required to report all expenses by function, except certain indirect expenses. General administration and data processing service functions (data control codes 41 and 53, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.
14. Deferred Outflows/Inflows of Resources—The District implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the year ended August 31, 2013. The District implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions for the year ended August 31, 2015. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two types of items that qualify for reporting in this category, deferred charge for refunding bonded indebtedness and deferred outflows related to TRS as per GASB 68 related to pension accounting. These will be recognized as an outflow of resources in the subsequent years as they are amortized.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category, property taxes and deferred inflows related to TRS. These amounts will be recognized as an inflow of resources in the subsequent years as collected.

15. Fund balance measures the net financial resources available to finance expenditures of future periods.

The District's Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund balance may only be appropriated by resolution of the Board of Trustees.

Fund balance of the District may be committed for a specific source by formal action of the Mount Pleasant ISD Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action of the Mount Pleasant ISD Board of Trustees.

When it is appropriate for fund balance to be assigned, the Board delegates authority to the Superintendent and Chief Financial Officer.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	1,867,685	-	1,867,685	
Buildings	95,677,775	(46,616,312)	49,061,463	
Furniture & Equipment	13,116,159	(8,268,168)	4,847,991	
Construction in progress	-	-	-	
Change in Net Assets	<u>110,661,619</u>	<u>(54,884,480)</u>		<u>55,777,139</u>

Long-term Liabilities <u>at the Beginning of the year</u>	<u>Payable at the Beginning of the Year</u>	
Bonds Payable	34,462,310	
Loans Payable	11,678,546	
Leases Payable	1,000,000	
Unamortized Premium/Discount	<u>1,178,275</u>	
Change in Net Position		<u>48,319,131</u>
<u>Net Pension Liability</u>		
Net Pension Liability	5,639,681	
Deferred Outflow related to TRS	(1,206,967)	
Deferred Inflow related to TRS	<u>1,725,195</u>	
Change in Net Position		<u>6,157,909</u>
Net Adjustment to Net Position		<u><u>1,300,099</u></u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Position</u>
<u>Current year Capital Outlay</u>			
Buildings & Improvements	39,650	39,650	39,650
Furniture & Equipment	93,987	93,987	93,987
Construction in Progress	143,127	143,127	143,127
	<u>276,764</u>	<u>276,764</u>	<u>276,764</u>
Total Capital Outlay			
Book value of asset dispositions	<u>7,954</u>	<u>(7,954)</u>	<u>(7,954)</u>
<u>Debt Principal Payments</u>			
Bond Principal	1,785,000	1,785,000	1,785,000
QZAB Principal	333,000	333,000	333,000
Capital Lease Principal	1,000,000	1,000,000	1,000,000
	<u>3,118,000</u>	<u>3,118,000</u>	<u>3,118,000</u>
Total Principal Payments			
Total Adjustment to Net Position		<u><u>3,386,810</u></u>	<u><u>3,386,810</u></u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	301,455	(301,455)	-
Uncollected taxes (assumed collectible) from Current Year Levy	3,328,415	3,328,415	3,328,415
Uncollected Taxes (assumed collectible) from Prior Year Levy	135,812	-	135,812
Effect of prior year tax entries	105,642	105,642	-
<u>Other Adjustments</u>			
Premium/discount amortization	92,251	92,251	92,251
Accreted interest	26,147	(26,147)	(26,147)
Total	3,198,706	3,198,706	3,530,331

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds if they are considered major funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5 and the other two reports are in Exhibit J-4 and J-5.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

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

	August 31, 2016
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	723,579
Nonappropriated Budget Funds	<u>101,275</u>
All Special Revenue Funds	<u><u>824,854</u></u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by limiting foreign currency investments to only those guaranteed by the state of Israel.

As of August 31, 2016, the following are the District's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1 year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
Cash	\$ 4,765,114	34.9%	\$ 4,765,114	-	-	N/A
Money Markets and FDIC Insured Accounts	8,836,729	64.7%	8,836,729	-	-	N/A
Investment Pools:						
Cash and Money Market						
MBIA	32,632	0.2%	32,632	-	-	AAAm
Lone Star	3,461	0.0%	3,461	-	-	AAAm
Texpool	23,663	0.2%	23,663	-	-	AAAm
Total Investment Pools:	59,756	0.4%	59,756	-	-	
Total Cash and Cash Equivalents	\$ 13,661,599	100%	\$ 13,661,599	-	-	

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

- a. Depository: Guaranty Bank and Trust
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$15,829,174.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$15,965,187 and occurred during the month of January, 2016.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$475,497.

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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

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

Additional policies and contractual provisions governing investments for MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in commercial paper, corporate bonds, mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2016, the district's investments in commercial paper were rated, AAaf/SI+ and AAAM by Standard & Poor's.

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

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

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

Foreign Currency Risk for Investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not allowing foreign investments.

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

In this discussion and in the table below, investments are defined according to GASB 72 as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. An asset initially reported as a capital asset and later held for sale would not subsequently be reclassified as an investment.

As of August 31, 2016, MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT had the following investments subject to the fair value measurement.

	Balance at August 31, 2016	Fair Value Measurements Using Quoted Prices in		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Debt Securities:				
U.S. Treasury Securities	1,728,325	1,728,325	-	-
Agencies	336,920	336,920	-	-
Repurchase Agreement	138,692	138,692	-	-
Commercial Paper	3,100,025	-	3,100,025	-
Total Debt Securities	5,303,962	2,203,937	3,100,025	-
Total	5,303,962	2,203,937	3,100,025	-

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT has no investments measured at the Net Asset Value (NAV) per Share. The fair value of the commercial paper at August 31, 2016 was determined primarily based on level 2 inputs. The District estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. This is acquired through the investment pool mix.

B. 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 located in the District 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 31 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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND RECEIVABLES AND PAYABLES

\$42,425 is due from internal service funds to the general fund for amounts previously transferred that is no longer needed. This is reflected as a transfer in the current year.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2016, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	3,657,552	984,870	42,425	-	4,684,847
Nonmajor Governmental Funds	595,415	344,982	-	-	940,397
Internal Service Fund	-	-	-	-	-
Total-Governmental Activities	<u>4,252,967</u>	<u>1,329,852</u>	<u>42,425</u>	<u>-</u>	<u>5,625,244</u>
Amount not scheduled for collection during the subsequent year	<u>433,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>433,502</u>

Payables at August 31, 2016, were as follows:

	Accounts	Loans, Leases, and Bonds Payable- Current	Salaries & Benefits	Due to Other Funds	Due to Other Governments	Other	Total Payables
Governmental Activities:							
General Fund	383,886	-	1,531,829	-	417,977	-	2,333,692
Nonmajor Governmental Funds	157,994	-	-	-	39,056	-	197,050
Internal Service Fund	167,360	-	-	42,425	-	-	209,785
Total-Governmental Activities	<u>709,240</u>	<u>-</u>	<u>1,531,829</u>	<u>42,425</u>	<u>457,033</u>	<u>-</u>	<u>2,740,527</u>
Amount not scheduled for payment during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type Activities:							
Nonmajor Enterprise Funds	277	-	-	-	-	-	277
Total Business-Type Activities	<u>277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277</u>
Amounts not scheduled for payment during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

F. CAPITAL ASSET ACTIVITY

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

	Primary Government			<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	
Governmental Activities:				
District:				
Land	1,867,685	-	-	1,867,685
Buildings and Improvements	95,677,775	39,650	-	95,717,425
Furniture and Equipment	13,116,159	93,987	(84,652)	13,125,494
Construction in progress	-	143,127	-	143,127
	<u>110,661,619</u>	<u>276,764</u>	<u>(84,652)</u>	<u>110,853,731</u>
Totals at Historic Cost				
Less Accumulated Depreciation				
for:				
Buildings and Improvements	(46,616,312)	(2,280,228)	-	(48,896,540)
Furniture and Equipment	(8,268,168)	(749,457)	76,698	(8,940,927)
	<u>(54,884,480)</u>	<u>(3,029,685)</u>	<u>76,698</u>	<u>(57,837,467)</u>
Total Accumulated Depreciation				
Governmental Activities Capital				
Assets, Net	<u>55,777,139</u>	<u>(2,752,921)</u>	<u>(7,954)</u>	<u>53,016,264</u>
Business-type Activities:				
Furniture and Equipment	35,551	-	-	35,551
Less Accumulated Depreciation				
Furniture and Equipment	<u>(30,193)</u>	<u>(1,837)</u>	<u>-</u>	<u>(32,030)</u>
Business-type Activities Capital Assets, Net:	<u>5,358</u>	<u>(1,837)</u>	<u>-</u>	<u>3,521</u>

Instruction	2,498,715
Instructional Resources & Media Services	2,103
Student (Pupil) Transportation	340,316
Food Services	24,903
Curricular/Extracurricular Activities	28,359
General Administration	2,637
Plant Maintenance and Operations	105,159
Security and Monitoring Service	22,004
Data Processing Services	5,489
Total Depreciation Expense	<u>3,029,685</u>

Depreciation expense was charged to the business-type activities functions as follows:

Co-curricular/ Extracurricular Activities 1,837

G. BONDS PAYABLE

Bonded indebtedness of the District is reflected in the Government wide statements. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Effective interest rates on the bonds range from 2.00% to 5.625%.

Proceeds from the issuance of refunding bonds, The Mount Pleasant Independent School District Unlimited Tax Refunding Bonds, Series 2006 dated September 1, 2006 were received during September, 2006 pursuant to Sections 45-001 and 45-003 (b)(1), Texas Education Code, as amended. Proceeds from the \$9,205,000 bonds were used to advance refund a portion of the District's outstanding bonds for debt service savings and to pay the costs of issuing the Bonds. Interest will range from 5.125% to 5.500%. Interest and principal are being repaid annually beginning in fiscal year 2007 and will continue until maturity in fiscal 2031. The refunding was undertaken to reduce total debt service payments over 24 years by approximately \$992 thousand and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of approximately \$619 thousand. The principal balance of the refunded debt is \$9,205,000.

The Mount Pleasant Independent School District Unlimited Tax School Building Bonds, Series 2007 were issued on May 1, 2007 pursuant to Sections 45-001 and 45-003 (b)(1), Texas Education Code, as amended. Proceeds from the sale of the bonds were used to construct, renovate, and equip school buildings and to acquire sites, and to pay the costs of issuing the bonds. Interest ranges from 4.000% to 4.125%. Interest and principal are being repaid annually beginning in fiscal year 2007 and will continue until maturity in fiscal 2031.

Proceeds from the issuance of refunding bonds, The Mount Pleasant Independent School District Unlimited Tax Refunding Bonds, Series 2010 dated October 15, 2010 were received during November, 2010 pursuant to Texas Government Code, Chapter 1207. Proceeds from the \$15,215,000 bonds were used to advance refund a portion of the District's outstanding bonds for debt service savings and to pay the costs of issuing the Bonds. Interest will range from 2.00% to 4.00%. Interest and principal are being repaid annually beginning in fiscal year 2011 and will continue until maturity in fiscal 2031. The refunding was undertaken to reduce total debt service payments over 20 years by approximately \$2.764 million and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of approximately \$795 thousand. The principal balance of the refunded debt is \$13,345,000.

Proceeds from the issuance of refunding bonds, The Mount Pleasant Independent School District Unlimited Tax Refunding Bonds, Series 2011 dated November 1, 2011 were received during December, 2011 pursuant to Texas Government Code, Chapter 1207. Proceeds from the \$8,425,000 bonds were used to advance refund a portion of the District's outstanding bonds for debt service savings and to pay the costs of issuing the Bonds. Interest will range from 2.00% to 3.500%. Interest and principal are being repaid annually beginning in fiscal year 2013 and will continue until maturity in fiscal 2031. The refunding was undertaken to reduce total debt service payments over 20 years by approximately \$1.390 million and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of approximately \$133 thousand. The principal balance of the refunded debt is \$7,245,000.

G. BONDS PAYABLE cont'd

A summary of changes in general long-term debt for the year ended August 31, 2016 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Amounts Outstanding 9/1/2015	Accreted Current Year	Adjustments	Retired Current Year	Amounts Outstanding 8/31/2016
Unlimited Tax School Building and Refunding Bonds, Series 2006	Variable	9,205,000	288,054	7,890,000	-	-	(155,000)	7,735,000
Unlimited Tax School Building Bonds, Series 2007	Variable	5,795,000	136,535	3,445,000	-	-	(135,000)	3,310,000
Unlimited Tax Refunding Bonds Series 2010	Variable	15,215,000	533,090	14,045,000	-	-	(990,000)	13,055,000
Unlimited Tax Refunding Bonds Series 2011	Variable	8,425,000	261,125	7,925,000	-	-	(170,000)	7,755,000
Accreted Interest		73,055	-	1,157,310	26,147	-	-	1,183,457
Unamortized Premium/Discount		1,533,663	-	1,178,275	-	-	(76,683)	1,101,592
TOTAL			1,218,804	35,640,585	26,147	-	(1,526,683)	34,140,049

Debt service requirements are as follows:

Year Ended	General Obligations		
	Principal	Interest	Total Requirements
<u>August 31</u>			
2017	677,340	1,986,605	2,663,945
2018	912,660	2,007,128	2,919,788
2019	1,795,000	1,137,390	2,932,390
2020	1,860,000	1,070,564	2,930,564
2021	1,930,000	1,000,452	2,930,452
2022-2026	11,020,000	3,796,332	14,816,332
2027-2031	13,660,000	1,387,428	15,047,428
	<u>31,855,000</u>	<u>12,385,899</u>	<u>44,240,899</u>

H. LOANS PAYABLE

On November 13, 2012 the District authorized the issuance and sale of its Qualified Zone Academy Maintenance Tax Notes, Taxable Series 2012, pursuant to Chapter 45.108, Texas Education Code, as amended, in the amount of \$9,000,000 for the purpose of renovating existing facilities and the purchase of equipment for the District. The effective interest rate net of the Government subsidy payments is -0.1018%. Principal and interest payments are accounted for in the general fund. The principal amount of \$9,000,000 is payable on February 15, 2028. Annual payments of \$514,595 are made to a separate interest bearing interest and sinking fund starting on February 15, 2015 and ending on February 15, 2028.

The Mount Pleasant Independent School District Maintenance Tax Notes, Series 2014 were issued on December 15, 2014 pursuant to Section 45.108, Texas Education Code, as amended. Proceeds from the sale of the bonds were used to purchase school buses, trucks, and police vehicles, and to pay the costs of issuing the notes. Interest ranges from 2.00% to 3.50%. Interest and principal are being repaid annually beginning in fiscal year 2015 and will continue until maturity in fiscal 2029.

	Amounts Outstanding 9/1/2015	Issued	Retired	Outstanding 8/31/2016
Maintenance Note, Series 2012	333,000	-	(333,000)	-
Qualified Zone Academy Maintenance Tax Notes, Series 2012	9,000,000	-	-	9,000,000
Maintenance Tax Notes, Series 2014	2,145,000	-	(335,000)	1,810,000
Unamortized Premium/Discount	200,547	-	(15,569)	184,978
Total	11,678,547	-	(683,569)	10,994,978

Interest of \$84 thousand was incurred for the year ended August 31, 2016, on loans payable.

Year Ending August 31,	Principal	Interest	Total Requirements
2017	340,000	74,680	414,680
2018	100,000	67,880	167,880
2019	105,000	65,880	170,880
2020	110,000	63,780	173,780
2021	110,000	61,580	171,580
2022-2026	615,000	259,175	874,175
2027-2028	9,430,000	102,565	9,532,565
Total	10,810,000	695,540	11,505,540

I. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Adjustments	Ending Balance	Due Within One Year
Governmental Activities:						
Bonds and Notes Payable:						
General Obligation Bonds	35,640,585	26,147	(1,526,683)	-	34,140,049	677,340
Notes payable	11,678,547	-	(683,569)	-	10,994,978	340,000
Capital leases	1,000,000	-	(1,000,000)	-	-	
Total Bonds and Notes Payable	<u>48,319,132</u>	<u>26,147</u>	<u>(3,210,252)</u>	<u>-</u>	<u>45,135,027</u>	<u>1,017,340</u>

J. INSURANCE

During the year ended August 31, 2016 employees of the District were covered by the District’s medical insurance Plan (the “Plan”) with TRS ActiveCare. The District contributed \$250 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay contributions for dependents or increased coverage.

Maintenance of Effort:

Contributions for health care for the year ended August 31, 2016 were as follows:

Total contributions for health care:	1,153,320
Less alternate plan contributions	-
Less COBRA	-
2015-2016 maintenance of effort	<u>1,153,320</u>

During the year ended August 31, 2016 employees of the District were covered by the District’s workers’ compensation self-insurance plan as authorized by Section 504.011 of the Labor Code. Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. According to state statute, the District is protected against unanticipated catastrophic claims and aggregate loss by coverage carried through Blue Cross Blue Shield, a commercial insurer licensed or eligible to do business in Texas. Coverage was unlimited.

The costs associated with these self-insurance plans are reported as inter-fund transactions to the extent of amount actually determined. Accordingly, they are treated as operating revenues of the Internal Service Funds and operating expenditures of the General and Special Revenue Funds. The liabilities of these plans include incurred but not reported claims.

Changes in the balances of the claim liabilities during the past year for the workers’ compensation plan are as follows:

	Year Ended August 31, 2016	Year Ended August 31, 2015
Unpaid claims, beginning of the year	281,637	251,878
Incurred claims (including IBNR'S)	(43,397)	117,429
Claim Payments	(72,927)	(87,670)
Unpaid claims, end of fiscal year	165,313	281,637

K. DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.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. The information provided in the Notes to the Financial Statements in the 2015 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2015.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 163,887,375,172
Less: Plan Fiduciary Net Position	(128,538,706,212)
Net Pension Liability	\$ 35,348,668,960
Net Position as percentage of Total Pension Liability	78.43%

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

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of 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 thru 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		6.8%	6.8%
TRS			
Employers		6.8%	6.8%
	District's 2015 Employer Contributions		\$ 1,167,656
	District's 2015 Member Contributions		\$ 2,030,315
	District's 2015 NECE On-Behalf Contributions		\$ 1,530,021

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

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

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

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

Actuarial Assumptions. The total pension liability in the August 31, 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	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases Including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

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

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Hedge Funds (Stable Value)	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectations			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.

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 (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$17,752,015	\$11,330,026	\$5,980,908

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2016, MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT reported a liability of \$11,330,026 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT. The amount recognized by MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT were as follows:

District's proportionate share of the collective net pension liability	\$ 11,330,026
State' proportionate share that is associated with the District	18,259,843
Total	\$ 29,589,869

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 employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 thru August 31, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was .000320522% which was an increase of 151.81% from its proportion measured as of August 31, 2014.

Changes Since the Prior Actuarial Valuation – 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

- . The inflation assumption was decreased from 3.00% to 2.50%.
- . The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- . In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
- . The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

- . 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.
- . 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.
- . 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

- . 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.
- . 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 the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- . Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- . 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.
- . 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

- . 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 measurement period August 31, 2015, MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT recognized pension expense of \$1,167,656 and revenue of \$1,530,021 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2016, MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 72,537	\$ 435,423
Changes in actuarial assumptions	304,878	404,206
Difference between projected and actual investment earnings	2,790,333	1,292,908
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,500,112	3,414
Contributions paid to TRS subsequent to the measurement date	1,173,069	-
Total	\$ 6,840,929	\$ 2,135,951

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

Year ended August 31:	Pension Expense Amount
2017	\$ 623,704
2018	\$ 623,704
2019	\$ 623,704
2020	\$ 1,054,633
2021	\$ 352,530
Thereafter	\$ 253,634

L. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES

Retiree Health Care Coverage

Plan Description. MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retire under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Texas Insurance Code 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 writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by phoning the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet Website, www.trs.state.tx.us under the TRS Publications heading.

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. The Contribution Rate for the State was 1.00% for 2014, 2015 and 2016. The contribution rate for the district was 0.55% for each of these three years. The contribution rate for active employees was 0.65% of the district payroll for each of the three years. 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. For staff members funded by federal problems, the federal programs are required to contribution 1.0 %.

Contributions. Contributions made by the State on behalf of the District are recorded in the governmental funds financial statements as both revenue and expenditures. State contributions to TRS made on behalf of the District's employees as well as the District's required contributions and federal grant program contributions for the years ended August 31, 2016, 2015 and 2014 are as follows:

	2016	2015	2014
Required District Contributions	\$ 1,173,069	\$ 1,167,656	\$ 750,172
Actual District Contributions	1,173,069	1,167,656	750,172
Federal Contributions	88,519	122,896	78,104
State Contributions	1,904,898	1,530,021	1,504,674
Employee Contributions	2,186,806	2,030,315	1,885,180

Medicare Part D. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, 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 year ended August 31, 2016, 2015, and 2014 the subsidy payments received by TRS-Care on-behalf of the District were \$88,519, \$122,896 and \$78,124 respectively. The information for the year ended August 31, 2016 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Active Employee Health Care Coverage

Plan Description. The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

M. UNEARNED REVENUE

Unearned revenue at year end consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Athletic Receipts	15,154	-	-	15,154
Summer Feeding	-	5,324	-	5,324
State Textbook	-	37,702	-	37,702
Food Service Receipts	-	12,086	-	12,086
Head Start	-	96,552	-	96,552
Pre K Expansion	-	22,010	-	22,010
Early Head Start	-	79,004	-	79,004
State Supplemental Visually Impaired	-	3,281	-	3,281
SSA Special Education	-	46,101	-	46,101
Others	-	3,055	-	3,055
TOTAL	15,154	305,115	-	320,269

N. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2016 are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies except Head Start which is received directly from the U.S. Department of Health and Human Services.

FUND	STATE ENTITLEMENTS	FEDERAL GRANTS	OTHER	TOTAL
General	984,870	-	-	984,870
Special Revenue	-	344,982	-	344,982
Debt Service	-	-	-	-
Total	984,870	344,982	-	1,329,852

O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Property Taxes	13,213,812	-	2,183,638	15,397,450
Penalties, Interest and Other Tax-related Income	645,153	-	95,030	740,183
Investment Income	104,501	2,932	3,606	111,039
Food Sales	-	377,140	-	377,140
Tuition and Fees	141,371	62,612	-	203,983
Other	25,296	30,705	-	56,001
Co-curricular Student Activities	94,007	-	-	94,007
Shared Service	-	643,886	-	643,886
Rents	24,934	-	-	24,934
Total	14,249,074	1,117,275	2,282,274	17,648,623

P. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 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.

Q. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District is a fiscal agent for a shared Services Arrangement (“SSA”) which provides special education member districts. 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 Special Revenue Fund No. 437, Shared Services Arrangements - Special Education and will be accounted for using Model 3 in the SSA section of the Resource Guide. The District also has a Visually Impaired SSA accounted for in Fund 434.

Total Revenues from all member districts were:

Fund 434	82,413
Fund 437	561,473

R. DEFERRED INFLOWS OF RESOURCES

In the government wide statements and the governmental fund financial statements the amount of property taxes receivable expected to be collected in the future is reflected as a deferred inflow of resources and will be recognized as such each year as it is collected.

S. COMMITMENTS AND CONTINGENCIES

The District has no significant commitments or contingencies at August 31, 2016.

T. LITIGATION

The District has pending litigation at August 31, 2016 related to a suit filed by Luminant regarding the taxable value of its electric generating plant. The outcome of this suit is unknown at August 31, 2016. See page twelve of management’s discussion and analysis for further comment.

U. SUBSEQUENT EVENTS

Administration has evaluated subsequent events through October 17, 2016, the financial statement issuance date.

V. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$31,429 is reflected as an increase to beginning net position in the government wide financial statements and as an increase to the general fund beginning fund balance and a decrease to the beginning net position in the insurance internal service fund to clear a liability recorded in previous years that no longer exists.

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT G-2

	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.000320522%	0.000211134%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 11,330,026	\$ 5,639,681
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	18,259,843	15,718,531
Total	<u>\$ 29,589,869</u>	<u>\$ 21,358,212</u>
District's Covered-Employee Payroll	\$ 30,371,987	\$ 30,308,586
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	37.30%	26.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

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

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2016

EXHIBIT G-3

	2016	2015
Contractually Required Contribution	\$ 2,186,806	\$ 2,030,679
Contribution in Relation to the Contractually Required Contribution	(2,186,806)	(2,030,679)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered-Employee Payroll	\$ 30,371,987	\$ 30,308,586
Contributions as a Percentage of Covered-Employee Payroll	7.20%	6.80%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31, 2014 for Fiscal Year 2015 and August 31, 2015 for Fiscal Year 2016.

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION FOR THE YEAR ENDED AUGUST 31, 2016

Changes of benefit terms.

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

Changes of assumptions.

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

Economic Assumptions

- 1 The inflation assumption was decreased from 3.00% to 2.50%.
- 2 The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- 3 In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
- 4 The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

- 5 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.
- 6 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.
- 7 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

- 8 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.
- 9 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 the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- 10 Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.

- 11 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.
- 12 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

- 13 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.

COMBINING AND OTHER STATEMENTS

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2016

Data Control Codes	205 Head Start	212 ESEA Title I Part C Migrant	240 National Breakfast and Lunch Program	242 Summer Feeding Program
ASSETS				
1110	\$ 2,746	\$ -	\$ 730,112	\$ 8,282
1120	-	-	-	-
1210	-	-	-	-
1230	-	-	-	-
1240	-	-	113,516	-
1410	100,164	-	-	-
1000	<u>\$ 102,910</u>	<u>\$ -</u>	<u>\$ 843,628</u>	<u>\$ 8,282</u>
LIABILITIES				
2110	\$ 6,358	\$ -	\$ 107,963	\$ 2,958
2180	-	-	-	-
2300	96,552	-	12,086	5,324
2000	<u>102,910</u>	<u>-</u>	<u>120,049</u>	<u>8,282</u>
DEFERRED INFLOWS OF RESOURCES				
2601	-	-	-	-
2600	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	-	-	723,579	-
3480	-	-	-	-
3490	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>723,579</u>	<u>-</u>
4000	<u>\$ 102,910</u>	<u>\$ -</u>	<u>\$ 843,628</u>	<u>\$ 8,282</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	282 ESEA I, A Improving Basic Program	284 Early Head Start	286 Title I SIP	289 Other Federal Special Revenue Funds
\$ -	\$ -	\$ (5,962)	\$ (5,389)	\$ (12,666)	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	13,922	15,528	21,173	-	-	-
-	-	-	-	-	81,361	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,960</u>	<u>\$ 10,139</u>	<u>\$ 8,507</u>	<u>\$ 81,361</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 7,960	\$ 10,139	\$ 8,507	\$ 2,357	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	79,004	-	-
<u>-</u>	<u>-</u>	<u>7,960</u>	<u>10,139</u>	<u>8,507</u>	<u>81,361</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,960</u>	<u>\$ 10,139</u>	<u>\$ 8,507</u>	<u>\$ 81,361</u>	<u>\$ -</u>	<u>\$ -</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2016

Data Control Codes	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	397 Advanced Placement Incentives	410 State Textbook Fund	
ASSETS					
1110	Cash and Cash Equivalents	\$ (170,248)	\$ (5,324)	\$ -	\$ 37,702
1120	Investments - Current	-	-	-	-
1210	Property Taxes - Current	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	175,519	5,324	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 5,271</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,702</u>
LIABILITIES					
2110	Accounts Payable	\$ 5,271	\$ -	\$ -	\$ -
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenues	-	-	-	37,702
2000	Total Liabilities	<u>5,271</u>	<u>-</u>	<u>-</u>	<u>37,702</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 5,271</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,702</u>

427 Pre- Kindergarten	429 Other State Special Revenue Funds	434 SSA - SSVI Visually Impaired	437 SSA Special Education	461 Campus Activity Funds	498 MPISD Education Foundation	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds
\$ 22,010	\$ -	\$ 3,281	\$ 46,251	\$ 105,816	\$ 4,845	\$ -	\$ 761,456
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	344,982
-	-	-	-	-	-	-	181,525
<u>\$ 22,010</u>	<u>\$ -</u>	<u>\$ 3,281</u>	<u>\$ 46,251</u>	<u>\$ 105,816</u>	<u>\$ 4,845</u>	<u>\$ -</u>	<u>\$ 1,287,963</u>
\$ -	\$ -	\$ -	\$ 150	\$ 4,541	\$ 1,790	\$ -	\$ 157,994
-	-	-	-	-	-	-	-
22,010	-	3,281	46,101	-	3,055	-	305,115
<u>22,010</u>	<u>-</u>	<u>3,281</u>	<u>46,251</u>	<u>4,541</u>	<u>4,845</u>	<u>-</u>	<u>463,109</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	723,579
-	-	-	-	-	-	-	-
-	-	-	-	101,275	-	-	101,275
-	-	-	-	101,275	-	-	824,854
<u>\$ 22,010</u>	<u>\$ -</u>	<u>\$ 3,281</u>	<u>\$ 46,251</u>	<u>\$ 105,816</u>	<u>\$ 4,845</u>	<u>\$ -</u>	<u>\$ 1,287,963</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2016

Data Control Codes		599 Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
1110	Cash and Cash Equivalents	\$ 117,648	\$ 879,104
1120	Investments - Current	252,202	252,202
1210	Property Taxes - Current	595,415	595,415
1230	Allowance for Uncollectible Taxes (Credit)	(60,690)	(60,690)
1240	Receivables from Other Governments	-	344,982
1410	Prepayments	-	181,525
1000	Total Assets	<u>\$ 904,575</u>	<u>\$ 2,192,538</u>
LIABILITIES			
2110	Accounts Payable	\$ -	\$ 157,994
2180	Due to Other Governments	39,056	39,056
2300	Unearned Revenues	-	305,115
2000	Total Liabilities	<u>39,056</u>	<u>502,165</u>
DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	534,725	534,725
2600	Total Deferred Inflows of Resources	<u>534,725</u>	<u>534,725</u>
FUND BALANCES			
Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	723,579
3480	Retirement of Long-Term Debt	330,794	330,794
3490	Other Restricted Fund Balance	-	101,275
3000	Total Fund Balances	<u>330,794</u>	<u>1,155,648</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 904,575</u>	<u>\$ 2,192,538</u>

MOUNT PLEASANT 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	205 Head Start	212 ESEA Title I Part C Migrant	240 National Breakfast and Lunch Program	242 Summer Feeding Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 379,512	\$ 560
5800 State Program Revenues	-	-	18,812	-
5900 Federal Program Revenues	<u>1,655,002</u>	<u>95,855</u>	<u>3,030,557</u>	<u>40,727</u>
5020 Total Revenues	<u>1,655,002</u>	<u>95,855</u>	<u>3,428,881</u>	<u>41,287</u>
EXPENDITURES:				
Current:				
0011 Instruction	953,755	88,722	-	-
0012 Instructional Resources and Media Services	18,472	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	91,264	7,133	-	-
0023 School Leadership	133,130	-	-	-
0031 Guidance, Counseling and Evaluation Services	64,073	-	-	-
0033 Health Services	91,624	-	-	-
0034 Student (Pupil) Transportation	94,628	-	-	-
0035 Food Services	2,612	-	3,376,147	41,287
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	45,222	-	24,681	-
0052 Security and Monitoring Services	480	-	-	-
0053 Data Processing Services	25,852	-	-	-
0061 Community Services	133,890	-	-	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>1,655,002</u>	<u>95,855</u>	<u>3,400,828</u>	<u>41,287</u>
1200 Net Change in Fund Balance	-	-	28,053	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>695,526</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 723,579</u>	<u>\$ -</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	282 ESEA I, A Improving Basic Program	284 Early Head Start	286 Title I SIP	289 Other Federal Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>76,334</u>	<u>192,785</u>	<u>177,725</u>	<u>102,293</u>	<u>1,380,984</u>	<u>1,041,054</u>	<u>157,160</u>	<u>10,018</u>
<u>76,334</u>	<u>192,785</u>	<u>177,725</u>	<u>102,293</u>	<u>1,380,984</u>	<u>1,041,054</u>	<u>157,160</u>	<u>10,018</u>
76,334	192,785	140,350	102,293	1,249,273	674,975	157,160	10,018
-	-	-	-	-	-	-	-
-	-	12,601	-	11,003	-	-	-
-	-	24,774	-	98,732	93,036	-	-
-	-	-	-	-	46,098	-	-
-	-	-	-	-	47,389	-	-
-	-	-	-	-	48,432	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	9,736	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	61,777	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	25,708	-	-
-	-	-	-	21,976	33,903	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>76,334</u>	<u>192,785</u>	<u>177,725</u>	<u>102,293</u>	<u>1,380,984</u>	<u>1,041,054</u>	<u>157,160</u>	<u>10,018</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MOUNT PLEASANT 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	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	397 Advanced Placement Incentives	410 State Textbook Fund
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	1,016	365,630
5900	Federal Program Revenues	<u>1,138,135</u>	<u>30,509</u>	<u>-</u>
5020	Total Revenues	<u>1,138,135</u>	<u>30,509</u>	<u>1,016</u>
EXPENDITURES:				
Current:				
0011	Instruction	601,993	-	1,016
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-
0021	Instructional Leadership	47,484	-	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	442,445	30,509	-
0033	Health Services	-	-	-
0034	Student (Pupil) Transportation	-	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
0051	Facilities Maintenance and Operations	-	-	-
0052	Security and Monitoring Services	-	-	-
0053	Data Processing Services	27,612	-	-
0061	Community Services	-	-	-
Debt Service:				
0071	Principal on Long Term Debt	-	-	-
0072	Interest on Long Term Debt	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-
Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	<u>18,601</u>	<u>-</u>	<u>-</u>
6030	Total Expenditures	<u>1,138,135</u>	<u>30,509</u>	<u>1,016</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

427	429	434	437	461	498	499	Total
Pre- Kindergarten	Other State Special Revenue Funds	SSA - SSVI Visually Impaired	SSA Special Education	Campus Activity Funds	MPISD Education Foundation	Other Local Special Revenue Funds	Nonmajor Special Revenue Funds
\$ 62,613	\$ -	\$ 82,413	\$ 561,473	\$ -	\$ 30,624	\$ 80	\$ 1,117,275
10,763	584	2,528	-	-	-	-	399,333
-	-	-	740,493	-	-	-	9,869,631
<u>73,376</u>	<u>584</u>	<u>84,941</u>	<u>1,301,966</u>	<u>-</u>	<u>30,624</u>	<u>80</u>	<u>11,386,239</u>
73,376	-	77,879	911,019	-	30,624	80	5,707,282
-	-	-	-	-	-	-	18,472
-	-	-	-	-	-	-	23,604
-	-	3,784	156,673	-	-	-	522,880
-	-	-	-	-	-	-	179,228
-	-	1,778	206,956	-	-	-	793,150
-	-	-	-	-	-	-	140,056
-	-	-	8,367	-	-	-	102,995
-	584	-	-	-	-	-	3,430,366
-	-	-	-	(43,054)	-	-	(43,054)
-	-	1,500	6,500	-	-	-	139,680
-	-	-	-	-	-	-	480
-	-	-	-	-	-	-	79,172
-	-	-	2,577	-	-	-	192,346
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	9,874	-	-	-	28,475
<u>73,376</u>	<u>584</u>	<u>84,941</u>	<u>1,301,966</u>	<u>(43,054)</u>	<u>30,624</u>	<u>80</u>	<u>11,315,132</u>
-	-	-	-	43,054	-	-	71,107
-	-	-	-	58,221	-	-	753,747
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 824,854</u>

MOUNT PLEASANT 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		599 Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES:			
5700	Total Local and Intermediate Sources	\$ 2,282,274	\$ 3,399,549
5800	State Program Revenues	219,567	618,900
5900	Federal Program Revenues	-	9,869,631
5020	Total Revenues	<u>2,501,841</u>	<u>13,888,080</u>
EXPENDITURES:			
Current:			
0011	Instruction	-	5,707,282
0012	Instructional Resources and Media Services	-	18,472
0013	Curriculum and Instructional Staff Development	-	23,604
0021	Instructional Leadership	-	522,880
0023	School Leadership	-	179,228
0031	Guidance, Counseling and Evaluation Services	-	793,150
0033	Health Services	-	140,056
0034	Student (Pupil) Transportation	-	102,995
0035	Food Services	-	3,430,366
0036	Extracurricular Activities	-	(43,054)
0051	Facilities Maintenance and Operations	-	139,680
0052	Security and Monitoring Services	-	480
0053	Data Processing Services	-	79,172
0061	Community Services	-	192,346
Debt Service:			
0071	Principal on Long Term Debt	1,450,000	1,450,000
0072	Interest on Long Term Debt	1,218,804	1,218,804
0073	Bond Issuance Cost and Fees	1,750	1,750
Intergovernmental:			
0093	Payments to Fiscal Agent/Member Districts of SSA	-	28,475
6030	Total Expenditures	<u>2,670,554</u>	<u>13,985,686</u>
1200	Net Change in Fund Balance	(168,713)	(97,606)
0100	Fund Balance - September 1 (Beginning)	<u>499,507</u>	<u>1,253,254</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 330,794</u>	<u>\$ 1,155,648</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2016

	752	753	773	Total Internal Service Funds
	Print Shop	Insurance	Workers Comp	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 61,129	\$ 42,425	\$ 187,482	\$ 291,036
Investments - Current	-	-	514,476	514,476
Total Current Assets	<u>61,129</u>	<u>42,425</u>	<u>701,958</u>	<u>805,512</u>
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment	7,994	-	-	7,994
Depreciation on Furniture and Equipment	<u>(7,994)</u>	<u>-</u>	<u>-</u>	<u>(7,994)</u>
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>61,129</u>	<u>42,425</u>	<u>701,958</u>	<u>805,512</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	2,047	-	165,313	167,360
Due to Other Funds	<u>-</u>	<u>42,425</u>	<u>-</u>	<u>42,425</u>
Total Liabilities	<u>2,047</u>	<u>42,425</u>	<u>165,313</u>	<u>209,785</u>
NET POSITION				
Unrestricted Net Position	<u>59,082</u>	<u>-</u>	<u>536,645</u>	<u>595,727</u>
Total Net Position	<u>\$ 59,082</u>	<u>\$ -</u>	<u>\$ 536,645</u>	<u>\$ 595,727</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

	752	753	773	Total Internal Service Funds
	Print Shop	Insurance	Workers Comp	
OPERATING REVENUES:				
Local and Intermediate Sources	\$ 43,587	\$ 170	\$ 213,849	\$ 257,606
Total Operating Revenues	<u>43,587</u>	<u>170</u>	<u>213,849</u>	<u>257,606</u>
OPERATING EXPENSES:				
Payroll Costs	25,474	-	57,245	82,719
Professional and Contracted Services	14,891	-	3,064	17,955
Supplies and Materials	7,301	-	-	7,301
Total Operating Expenses	<u>47,666</u>	<u>-</u>	<u>60,309</u>	<u>107,975</u>
Income (Loss) Before Transfers	(4,079)	170	153,540	149,631
Transfers Out	<u>-</u>	<u>(42,425)</u>	<u>-</u>	<u>(42,425)</u>
Change in Net Position	(4,079)	(42,255)	153,540	107,206
Total Net Position - September 1 (Beginning)	63,161	10,826	383,105	457,092
Prior Period Adjustment	<u>-</u>	<u>31,429</u>	<u>-</u>	<u>31,429</u>
Total Net Position August 31 (Ending)	<u>\$ 59,082</u>	<u>\$ -</u>	<u>\$ 536,645</u>	<u>\$ 595,727</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

	752	753	773	Total
	Print Shop	Insurance	Workers Comp	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 43,588	\$ 170	\$ 213,849	\$ 257,607
Cash Payments to Employees for Services	(25,474)	-	(57,245)	(82,719)
Cash Payments for Benefits	-	-	(119,388)	(119,388)
Cash Payments for Suppliers	(20,146)	-	-	(20,146)
Net Cash Provided by (Used for) Operating Activities	<u>(2,032)</u>	<u>170</u>	<u>37,216</u>	<u>35,354</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Increase(decrease) in Due from Other Funds	<u>-</u>	<u>-</u>	<u>64,000</u>	<u>64,000</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>				
Acquisition of Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investment Securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,032)	170	101,216	99,354
Cash and Cash Equivalents at Beginning of Year	<u>63,161</u>	<u>42,255</u>	<u>600,742</u>	<u>706,158</u>
Cash and Cash Equivalents at End of Year	<u>\$ 61,129</u>	<u>\$ 42,425</u>	<u>\$ 701,958</u>	<u>\$ 805,512</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ (4,079)	\$ 170	\$ 153,540	\$ 149,631
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	-	-	-	-
Effect of Increases and Decreases in Current Assets and Liabilities:				
Increase (decrease) in Accounts Payable	<u>2,047</u>	<u>-</u>	<u>(116,324)</u>	<u>(114,277)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (2,032)</u>	<u>\$ 170</u>	<u>\$ 37,216</u>	<u>\$ 35,354</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 AUGUST 31, 2016

	712 After School Program	713 Concession Stand	714 Career Training Center	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 28,735	\$ 1,197	\$ 7,164	\$ 37,096
Total Current Assets	<u>28,735</u>	<u>1,197</u>	<u>7,164</u>	<u>37,096</u>
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment	-	27,557	-	27,557
Depreciation on Furniture and Equipment	-	(24,036)	-	(24,036)
Total Noncurrent Assets	<u>-</u>	<u>3,521</u>	<u>-</u>	<u>3,521</u>
Total Assets	<u>28,735</u>	<u>4,718</u>	<u>7,164</u>	<u>40,617</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	<u>277</u>	<u>-</u>	<u>-</u>	<u>277</u>
Total Liabilities	<u>277</u>	<u>-</u>	<u>-</u>	<u>277</u>
NET POSITION				
Unrestricted Net Position	<u>28,458</u>	<u>4,718</u>	<u>7,164</u>	<u>40,340</u>
Total Net Position	<u>\$ 28,458</u>	<u>\$ 4,718</u>	<u>\$ 7,164</u>	<u>\$ 40,340</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

	712 After School Program	713 Concession Stand	714 Career Training Center	Total Nonmajor Enterprise Funds
OPERATING REVENUES:				
Local and Intermediate Sources	\$ 73,519	\$ -	\$ 8,422	\$ 81,941
Total Operating Revenues	<u>73,519</u>	<u>-</u>	<u>8,422</u>	<u>81,941</u>
OPERATING EXPENSES:				
Payroll Costs	69,409	-	-	69,409
Supplies and Materials	6,941	225	1,258	8,424
Other Operating Costs	2,074	1,838	-	3,912
Total Operating Expenses	<u>78,424</u>	<u>2,063</u>	<u>1,258</u>	<u>81,745</u>
Operating Income (Loss)	(4,905)	(2,063)	7,164	196
Total Net Position - September 1 (Beginning)	<u>33,363</u>	<u>6,781</u>	<u>-</u>	<u>40,144</u>
Total Net Position August 31 (Ending)	<u>\$ 28,458</u>	<u>\$ 4,718</u>	<u>\$ 7,164</u>	<u>\$ 40,340</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

	712 After School Program	713 Concession Stand	714 Career Training Center	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 73,519	\$ -	\$ 8,422	\$ 81,941
Cash Payments to Employees for Services	(69,409)	-	-	(69,409)
Cash Payments for Suppliers	(7,360)	(225)	(1,258)	(8,843)
Cash Payments for Other Operating Expenses	(2,074)	-	-	(2,074)
Net Cash Provided by (Used for) Operating Activities	<u>(5,324)</u>	<u>(225)</u>	<u>7,164</u>	<u>1,615</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Increase(decrease) in Due from Other Funds	-	-	-	-
<u>Cash Flows from Capital & Related Financing Activities:</u>				
Acquisition of Capital Assets	-	-	-	-
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investment Securities	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(5,324)	(225)	7,164	1,615
Cash and Cash Equivalents at Beginning of Year	<u>34,059</u>	<u>1,422</u>	<u>-</u>	<u>35,481</u>
Cash and Cash Equivalents at End of Year	<u>\$ 28,735</u>	<u>\$ 1,197</u>	<u>\$ 7,164</u>	<u>\$ 37,096</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ (4,905)	\$ (2,063)	\$ 7,164	\$ 196
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	-	1,838	-	1,838
Effect of Increases and Decreases in Current Assets and Liabilities:				
Increase (decrease) in Accounts Payable	(419)	-	-	(419)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (5,324)</u>	<u>\$ (225)</u>	<u>\$ 7,164</u>	<u>\$ 1,615</u>

T.E.A. REQUIRED SCHEDULES

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2016

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2007 and prior years	Various	Various	\$ Various
2008	1.040000	0.155000	1,908,098,326
2009	1.040000	0.144000	2,130,486,402
2010	1.040000	0.130000	2,167,042,479
2011	1.040000	0.134000	2,091,282,368
2012	1.040000	0.185000	1,953,714,204
2013	1.040000	0.163000	1,754,782,793
2014	1.040000	0.163000	1,623,792,269
2015	1.040000	0.172000	1,620,591,337
2016 (School year under audit)	1.040000	0.172000	1,564,462,376
1000 TOTALS			

(10) Beginning Balance 9/1/2015	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2016
\$ 121,717	\$ -	\$ 8,522	\$ 1,273	\$ -	\$ 111,922
18,688	-	3,099	463	-	15,126
24,744	-	4,440	617	-	19,687
38,729	-	6,102	762	-	31,865
44,103	-	10,280	1,322	-	32,501
55,942	-	19,865	3,505	-	32,572
82,669	-	30,589	4,774	-	47,306
167,326	-	60,223	9,399	-	97,704
290,782	-	117,150	19,070	-	154,562
-	18,961,284	12,953,542	2,142,453	(155,567)	3,709,722
<u>\$ 844,700</u>	<u>\$ 18,961,284</u>	<u>\$ 13,213,812</u>	<u>\$ 2,183,638</u>	<u>\$ (155,567)</u>	<u>\$ 4,252,967</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 353,190	\$ 353,190	\$ 379,512	\$ 26,322
5800 State Program Revenues	19,200	19,200	18,812	(388)
5900 Federal Program Revenues	2,829,580	3,103,503	3,030,557	(72,946)
5020 Total Revenues	<u>3,201,970</u>	<u>3,475,893</u>	<u>3,428,881</u>	<u>(47,012)</u>
EXPENDITURES:				
0035 Food Services	3,161,670	3,435,593	3,376,147	59,446
0051 Facilities Maintenance and Operations	40,300	40,300	24,681	15,619
6030 Total Expenditures	<u>3,201,970</u>	<u>3,475,893</u>	<u>3,400,828</u>	<u>75,065</u>
1200 Net Change in Fund Balances	-	-	28,053	28,053
0100 Fund Balance - September 1 (Beginning)	<u>695,526</u>	<u>695,526</u>	<u>695,526</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 695,526</u>	<u>\$ 695,526</u>	<u>\$ 723,579</u>	<u>\$ 28,053</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 2,348,578	\$ 2,348,578	\$ 2,282,274	\$ (66,304)
5800	State Program Revenues	211,477	211,477	219,567	8,090
5020	Total Revenues	2,560,055	2,560,055	2,501,841	(58,214)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	1,450,000	1,450,000	1,450,000	-
0072	Interest on Long Term Debt	1,218,555	1,218,555	1,218,804	(249)
0073	Bond Issuance Cost and Fees	1,500	1,500	1,750	(250)
6030	Total Expenditures	2,670,055	2,670,055	2,670,554	(499)
1200	Net Change in Fund Balances	(110,000)	(110,000)	(168,713)	(58,713)
0100	Fund Balance - September 1 (Beginning)	499,507	499,507	499,507	-
3000	Fund Balance - August 31 (Ending)	\$ 389,507	\$ 389,507	\$ 330,794	\$ (58,713)

**REPORTS ON INTERNAL CONTROL,
COMPLIANCE, AND FEDERAL AWARDS**



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

Board of Trustees
Mount Pleasant Independent School District
Mount Pleasant, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mount Pleasant Independent School 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, and have issued our report thereon dated October 17, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

October 17, 2016



ARNOLD, WALKER, ARNOLD, & Co., P.C.
Certified Public Accountants and Consultants

Bob J. Arnold, C.P.A., P.F.S.
Lanny G. Walker, C.P.A., P.F.S.
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MEMBER
American Institute Of
Certified Public Accountants
Texas State Society Of
Certified Public Accountants

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

Board of Trustees
Mount Pleasant Independent School District
Mount Pleasant, Texas

Report on Compliance for Each Major Federal Program

We have audited the Mount Pleasant 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 District's major federal programs for the year ended August 31, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2016.

Report on Internal Control over Compliance

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

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

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

October 17, 2016

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2016

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of the Mount Pleasant Independent School District was an unmodified opinion.
- b. Where applicable, a statement that control deficiencies in internal control were disclosed by the audit of the financial statements and whether they were material weaknesses. NONE
- c. A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee. NONE
- d. Where applicable, a statement that control deficiencies in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses. NONE
- e. The type of report the auditor issued on compliance for major programs. unmodified opinion
- f. A statement as to whether the audit disclosed any audit findings which the auditor is required to report under Section __.510(a). These include: NONE
- g. An identification of major programs: IDEA-Part B, Formula CFDA# 84.027A; ESEA Title II Part A, CFDA# 84.367A; Medicaid Administrative Claiming Program-MAC CFDA# 93.778
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$750,000
- i. A statement as to whether the auditee qualified as a low-risk auditee. Yes

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

None

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above

None

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2016

PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

STATUS OF PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2016

CORRECTIVE ACTION

N/A

The contact at the District is Stacie Thompson at (903) 575-2000.

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Region 8 ESC</u>			
ESEA, Title I, Part C - Migratory Children	84.011A	16615001225902	\$ 95,855
Total Passed Through Region 8 ESC			\$ 95,855
<u>Passed Through State Department of Education</u>			
ESEA, Title I Part A-Improving Basic Programs	84.010A	16610101225902	\$ 1,414,971
ESEA Title I 003(A) Priority & Focus	84.010A	1661011225902	157,160
Total CFDA Number 84.010A			1,572,131
Total Title I, Part A Cluster			
Summer School LEP	84.369A	69551402	10,018
IDEA Part B, Formula	84.027A	166600012259026600	1,138,135
IDEA Part B, Preschool	84.173A	166610012259026610	30,509
Total Special Education Cluster (IDEA)			1,168,644
ESEA Title III-LEP	84.365A	16671001225902	181,332
ESEA Title VI, Part B, Rural & Low Income	84.358B	16696001225902	102,293
ESEA Title II, Part A Teacher/Principal Training	84.367A	15694501225902	197,546
Carl Perkins, Title I, Part C	84.048A	16420006225902	76,334
Total Passed Through State Department of Education			\$ 3,308,298
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 3,404,153
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Direct Programs</u>			
Head Start	93.600	06CH7127102	\$ 2,696,056
Total Direct Programs			\$ 2,696,056
<u>Passed Through State Department of Education</u>			
Medicaid Administrative Claiming Program-MAC	93.778	N/A	\$ 740,493
Total Passed Through State Department of Education			\$ 740,493
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 3,436,549
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	\$ 666,199
*National School Lunch Program - Cash Assistance	10.555	N/A	2,045,199
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	230,922
Total CFDA Number 10.555			2,276,121
*Summer Feeding Program - Cash Assistance	10.559	N/A	40,727
Total Child Nutrition Cluster			2,983,047
Child & Adult Care Food Program - Cash Assistance	10.558	N/A	88,237
Total Passed Through the State Department of Agriculture			\$ 3,071,284
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 3,071,284
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 9,911,986

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2016

For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type.

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

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

The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days after the end date of the period of performance as specified in the terms and conditions of the federal award under 2 CFR Section 200.343b (Uniform Guidance).

CFDA number 10.550 pertains to food commodities distributed by USDA under the following categorical programs (as applicable): the National School Lunch Program (CFDA 10.555), the Child and Adult Care Food Program (CFDA 10.558), the Summer Food Service Program (CFDA 10.559), the Commodity Supplemental Food Program (CFDA 10.565), and the Food Distribution Program on Indian Reservations (CFDA 10.567). USDA deleted this number from the CFDA on May 6, 2008. The audit covering MOUNT PLEASANT Independent School District fiscal year beginning September 1, 2013, and future audits, will therefore identify commodity assistance by the CFDA numbers of the programs under which USDA donated the commodities.

The District has not elected to use the 10% de minimis indirect cost rate.

SCHOOLS FIRST QUESTIONNAIRE

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2016

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal 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 government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	No
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	1183457
SF11	Net Pension Assets (1920) at fiscal year-end.	0
SF12	Net Pension Liabilities (2540) at fiscal year-end.	11330026
SF13	Pension Expense (6147) at fiscal year-end.	691128