

**MOUNT PLEASANT
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED**

AUGUST 31, 2017

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2017

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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, 2017 at a meeting of the Board of Trustees of such school district on the ____ day of _____, 2017.

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)



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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2017, and the respective changes in financial position, and where applicable, statement of 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 50 and 51 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 6, 2017, 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 6, 2017

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 \$19.56 million at August 31, 2017. During the year, the District's total expenses exceeded revenues by \$1.2 million. Total expenses of the District were \$56 million for the year. Total revenues were \$55 million. Revenues were down about 1%, or \$500 thousand, compared to the prior year after considering a prior period adjustment to uncollectible property taxes. Operating grant revenue decreased \$231 thousand, or 1.8%. State aid revenue decreased \$242 thousand, or 1%. Approximately \$3.1 million of taxes owed on the 2016 roll by the Luminant power plant has not been paid. A suit has been filed related to taxable values for both 2015 and 2016 tax roll amounts by Luminant.

The District reported fund balance in the general fund of \$22.5 million at August 31, 2017, which is an increase of approximately 6.3 million. The District set aside fund balance to be restricted for debt service of \$571 thousand for future payments on the 2012 QZAM tax notes. Approximately \$7.5 million of funds from the \$10.9 million maintenance tax note remains unspent at year end. The unassigned fund balance decreased about \$1.25 million. \$1.4 million of construction projects were paid out of fund balance. Local revenue decreased about \$68 thousand and state revenue decreased about \$126 thousand. Expenditures in the general fund increased \$5.6 million. A total of \$5 million has been spent on construction projects in the current year. The District had recorded all the Medicaid Administrative Claims revenue in the general fund this year. This had been in SSA fund 437, a special revenue fund, in the prior year. As a result of this, payments made to the SSA from the general fund were about \$1 million more.

Approximately \$5.4 million of fixed assets were added. About \$3.4 million of this was paid out of the new tax note proceeds. About \$1.4 million was paid out of fund balance.

The District also issued refunding bonds of \$9.1 million to partially refund other bonded debt. An economic gain of \$179 thousand is expected from this transaction.

Approximately 98% of the taxes levied for 2016-17 were collected by fiscal year end other than the amount Luminant owed. Luminant owed the District \$3.1 million on 2016 taxes.

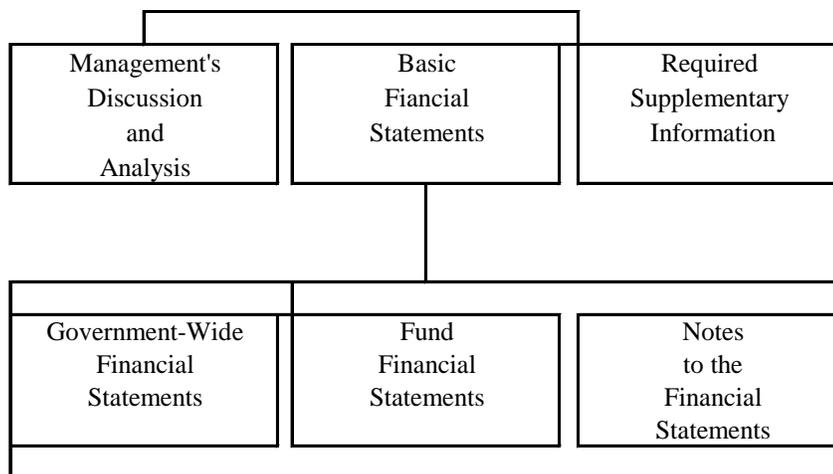
Under new accounting standards as per GASB 68 that began in 2015, the District's portion of the net position liability has been recorded in the government-wide statements. The District's portion of this liability is \$11.36 million. A deferred outflow related to this is \$4.8 million and a related deferred inflow is \$812 thousand. These net to a liability of \$7.4 million which is an increase of about \$763 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 \$19.55 million at August 31, 2017.

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

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	30,805	24,610	50	37	30,855	24,647
Capital and non-current assets	55,462	53,016	2	4	55,464	53,020
TOTAL ASSETS	86,267	77,626	52	41	86,319	77,667
Deferred outflow related to TRS	4,787	6,841	-	-	4,787	1,207
TOTAL DEFERRED OUTFLOW OF RESOURCES	4,787	6,841	-	-	4,787	1,207
Long-term liabilities	66,245	56,465	-	-	66,245	56,465
Other liabilities	3,195	3,018	-	-	3,195	3,018
TOTAL LIABILITIES	69,440	59,483	-	-	69,440	59,483
Unavailable revenue-property taxes	1,298	355	-	-	1,298	-
Deferred inflow related to TRS	813	2,136	-	-	813	2,136
TOTAL DEFERRED INFLOWS OF RESOURCES	2,111	2,491	-	-	2,111	2,136
Net position						
Net investment in capital assets	8,144	7,881	2	-	8,146	7,881
Restricted	3,109	2,732	-	-	3,109	2,732
Unrestricted	8,250	11,879	50	41	8,300	11,920
TOTAL NET POSITION	19,503	22,492	52	41	19,555	22,533

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 \$8.3 million of unrestricted net position represents resources available to fund the programs of the District for the next fiscal year.

The \$3.1 million is restricted as follows:

Restricted for food service	791		
Restricted for debt service	2,217		
Restricted for other purposes	101		
	<u>3,109</u>		

Net position of the District's governmental activities decreased from \$22.5 million to \$19.5 million, or \$2.99 million. The decrease was the result of these main factors. First, the District's revenues exceeded expenditures by \$6.2 million. Second, the District acquired capital assets through purchase or construction of approximately \$5.4 paid debt principal of \$1.9 million, and issued tax notes of \$10.9 million. Third, the District recorded depreciation of \$2.9 million. Fourth, an additional \$763 thousand of net pension liability net of the related deferred inflow/outflow has been recorded. Also, a prior period adjustment to increase the allowance for uncollectible on the prior year taxes receivable related to the Luminant power plant of \$1.76 million was made.

Changes in net position.

The District's total revenues were \$55 million. 29% of this comes from taxes, 42% was from state aid formula grants and 23% came from operating grants and contributions.

The total cost of all programs was \$56.2 million. Approximately 73% of this was for instructional and student services.

Net position decreased by \$1.2 million from the excess of expenses over revenues.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
<u>Program Revenues</u>						
Charges for Services	2,275	1,344	81	82	2,356	1,426
Operating Grants and Contributions	12,763	12,994	-	-	12,763	12,994
<u>General Revenues</u>						
Property Taxes	15,964	18,530	-	-	15,964	18,530
State aid - formula	23,112	23,354	-	-	23,112	23,354
Investment earnings	285	111	-	-	285	111
Other	527	835	-	-	527	835
Total Revenues	<u>54,926</u>	<u>57,168</u>	<u>81</u>	<u>82</u>	<u>55,007</u>	<u>57,250</u>
Expenses						
Instruction and instructional related	32,913	32,489	-	-	32,913	32,489
Instructional leadership/school administration	3,822	3,739	-	-	3,822	3,739
Guidance, social work, health, transportation	4,225	4,298	-	-	4,225	4,298
Food services	3,275	3,574	-	-	3,275	3,574
Extracurricular activities	1,515	1,385	-	-	1,515	1,385
General Administration	1,115	1,100	-	-	1,115	1,100
Plant maintenance and security	4,637	4,551	-	-	4,637	4,551
Data processing services	507	476	-	-	507	476
Community services	240	236	70	81	310	317
Debt service	2,088	1,240	-	-	2,088	1,240
Facilities acquisition and construction	-	-	-	-	-	-
Pmts to fiscal agent/member districts - shared service	1,550	561	-	-	1,550	561
Other intergovernmental charges	264	271	-	-	264	271
Total Expenses	<u>56,151</u>	<u>53,920</u>	<u>70</u>	<u>81</u>	<u>56,221</u>	<u>54,001</u>
Transfers	-	-	-	-	-	-
Increase (Decrease) in Net Position	(1,225)	3,248	11	1	(1,214)	3,249
Beginning Net Position	22,492	19,213	41	40	22,533	19,253
Prior Period Adjustment	(1,764)	31	-	-	(1,764)	31
Ending Net Position	<u>19,503</u>	<u>22,492</u>	<u>52</u>	<u>41</u>	<u>19,555</u>	<u>22,533</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 \$56.2 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$16 million.
- Some of the cost was paid by those who directly benefited from the programs (\$2.3 million), or by grants and contributions (\$12.8 million).

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

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction	32,913	32,489	25,149	24,674
School administration	3,822	3,739	2,870	2,807
Plant Maintenance & Operations	4,637	4,551	4,361	4,214
Debt Service-Interest & Fiscal Charges	2,088	1,240	2,088	1,240

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District reported fund balance in its governmental funds of approximately \$23.37 million reflecting a net increase of \$6.2 million. The general fund balance increased \$6.3 million. Reasons for the change are explained above on page 4. The food service fund balance increased by \$68 thousand to a balance of \$791 thousand at August 31, 2017. The debt service fund balance decreased by \$262 thousand to a balance of \$69 thousand at August 31, 2017. This decrease was \$93 thousand more than the prior year as local revenues decreased.

General Fund Budgetary Highlights

Some budget amendments were made during the year. Actual revenue exceeded budgeted revenue by \$820 thousand mainly because state revenue was more than budgeted. Expenditures were \$9.3 million less than budgeted. \$13 million was budgeted for construction. About \$5 million had been spent on construction at year end. Debt principal and interest payments were \$780 less than budgeted. The actual net increase in fund balance was \$10 million more than had been budgeted because of the above items.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

	Governmental Activities	
	2017	2016
Land	<u>1,867</u>	<u>1,867</u>
Buildings and improvements	95,820	95,718
Furniture and equipment	13,512	13,126
Construction in progress	<u>4,973</u>	<u>143</u>
Totals at historical cost	<u>116,172</u>	<u>110,854</u>
Total accumulated depreciation	<u>(60,709)</u>	<u>(57,837)</u>
Net capital assets	<u><u>55,463</u></u>	<u><u>53,017</u></u>

Approximately \$4.8 million was spent on construction projects that are still in progress.

Long-Term Debt

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

	Governmental	
	2017	2016
Bonds payable	33,129	35,950
Notes payable	<u>21,754</u>	<u>9,185</u>
Total bonds and notes payable	<u><u>54,883</u></u>	<u><u>45,135</u></u>

\$10.8 million of debt was refunded or retired. Refunding bonds of \$9.1 million and maintenance tax notes of \$10.9 million were issued.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District continued to battle significant declines to the property value of the Luminant power plant for the 2016-2017 school year. Luminant filed suit disputing its appraised property value for 2016 to approximately a \$250 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 2016-2017, the Board also chose to budget \$2 million of the fund balance to build a practice gym at the Junior High School. These actions resulted in an actual general budget deficit of approximately \$1.5 million and interest and sinking budget deficit of just over \$262,000 in the 2016-2017 school year.

Again, in 2017-2018, Luminant filed suit disputing its appraised property value for 2017 to approximately a \$212 million decline. Knowing that the suit entered the third year of dispute with no resolution on the horizon, the Board chose to forgo all raises other than those for teachers making a step on the existing scale and to finish the gym project. All of these items resulted in the adoption of an \$800,000 deficit budget for 2017-2018. Of this amount, \$500,000 is for completion of the gym project begun in 2016-2017. As well, the Board adopted a \$0.027 increase to interest & sinking fund tax rate to offset the lack of tax revenues from Luminant.

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, 2017

EXHIBIT A-1

Data Control Codes	1	2	3
	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 9,292,230	\$ 50,444	\$ 9,342,674
1120 Current Investments	15,652,380	-	15,652,380
1210 Property Taxes - Current	7,503,132	-	7,503,132
1230 Allowance for Uncollectible Taxes	(3,842,170)	-	(3,842,170)
1240 Due from Other Governments	1,751,458	-	1,751,458
1300 Inventories	251,771	-	251,771
1410 Prepayments	195,766	-	195,766
Capital Assets:			
1510 Land	1,867,685	-	1,867,685
1520 Buildings, Net	44,728,712	-	44,728,712
1530 Furniture and Equipment, Net	3,893,606	1,684	3,895,290
1580 Construction in Progress	4,972,643	-	4,972,643
1000 Total Assets	<u>86,267,213</u>	<u>52,128</u>	<u>86,319,341</u>
DEFERRED OUTFLOWS OF RESOURCES			
1705 Deferred Outflow Related to TRS	4,786,960	-	4,786,960
1700 Total Deferred Outflows of Resources	<u>4,786,960</u>	<u>-</u>	<u>4,786,960</u>
LIABILITIES			
2110 Accounts Payable	1,169,426	53	1,169,479
2160 Accrued Wages Payable	1,633,485	-	1,633,485
2180 Due to Other Governments	31,964	-	31,964
2300 Unearned Revenue	359,849	-	359,849
Noncurrent Liabilities			
2501 Due Within One Year	840,000	-	840,000
2502 Due in More Than One Year	54,042,899	-	54,042,899
2540 Net Pension Liability (District's Share)	11,362,494	-	11,362,494
2000 Total Liabilities	<u>69,440,117</u>	<u>53</u>	<u>69,440,170</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,298,481	-	1,298,481
2605 Deferred Inflow Related to TRS	812,725	-	812,725
2600 Total Deferred Inflows of Resources	<u>2,111,206</u>	<u>-</u>	<u>2,111,206</u>
NET POSITION			
3200 Net Investment in Capital Assets	8,144,637	1,684	8,146,321
Restricted:			
3820 Restricted for Federal and State Programs	791,288	-	791,288
3850 Restricted for Debt Service	2,216,759	-	2,216,759
3890 Restricted for Other Purposes	100,552	-	100,552
3900 Unrestricted	8,249,614	50,391	8,300,005
3000 Total Net Position	<u>\$ 19,502,850</u>	<u>\$ 52,075</u>	<u>\$ 19,554,925</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, 2017

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 32,014,977	\$ 1,362,257	\$ 6,296,232
12 Instructional Resources and Media Services	391,577	-	59,004
13 Curriculum and Staff Development	506,016	-	45,655
21 Instructional Leadership	1,015,248	243,638	412,798
23 School Leadership	2,807,065	-	295,498
31 Guidance, Counseling and Evaluation Services	1,647,776	210,601	673,281
33 Health Services	408,915	-	142,950
34 Student (Pupil) Transportation	2,168,389	9,785	103,606
35 Food Services	3,274,664	313,122	2,984,513
36 Extracurricular Activities	1,514,920	81,338	45,982
41 General Administration	1,115,332	-	44,394
51 Facilities Maintenance and Operations	4,273,722	29,516	230,057
52 Security and Monitoring Services	363,552	-	16,956
53 Data Processing Services	507,035	-	162,828
61 Community Services	239,887	3,946	224,920
72 Debt Service - Interest on Long Term Debt	2,083,491	-	-
73 Debt Service - Bond Issuance Cost and Fees	4,137	-	-
93 Payments related to Shared Services Arrangements	1,550,327	20,696	1,024,357
99 Other Intergovernmental Charges	264,065	-	-
[TG] Total Governmental Activities:	<u>56,151,095</u>	<u>2,274,899</u>	<u>12,763,031</u>
BUSINESS-TYPE ACTIVITIES:			
01 After School	64,550	72,642	-
02 Concession	2,037	-	-
03 Career Training Center	3,575	9,255	-
[TB] Total Business-Type Activities:	<u>70,162</u>	<u>81,897</u>	<u>-</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 56,221,257</u>	<u>\$ 2,356,796</u>	<u>\$ 12,763,031</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
\$ (24,356,488)	\$ -	\$ (24,356,488)
(332,573)	-	(332,573)
(460,361)	-	(460,361)
(358,812)	-	(358,812)
(2,511,567)	-	(2,511,567)
(763,894)	-	(763,894)
(265,965)	-	(265,965)
(2,054,998)	-	(2,054,998)
22,971	-	22,971
(1,387,600)	-	(1,387,600)
(1,070,938)	-	(1,070,938)
(4,014,149)	-	(4,014,149)
(346,596)	-	(346,596)
(344,207)	-	(344,207)
(11,021)	-	(11,021)
(2,083,491)	-	(2,083,491)
(4,137)	-	(4,137)
(505,274)	-	(505,274)
(264,065)	-	(264,065)
<u>(41,113,165)</u>	<u>-</u>	<u>(41,113,165)</u>
-	8,092	8,092
-	(2,037)	(2,037)
-	5,680	5,680
<u>-</u>	<u>11,735</u>	<u>11,735</u>
<u>(41,113,165)</u>	<u>11,735</u>	<u>(41,101,430)</u>
13,638,823	-	13,638,823
2,325,085	-	2,325,085
23,111,695	-	23,111,695
284,587	-	284,587
526,748	-	526,748
<u>39,886,938</u>	<u>-</u>	<u>39,886,938</u>
(1,226,227)	11,735	(1,214,492)
22,492,537	40,340	22,532,877
(1,763,460)	-	(1,763,460)
<u>\$ 19,502,850</u>	<u>\$ 52,075</u>	<u>\$ 19,554,925</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2017

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 8,041,217	\$ 976,464	\$ 9,017,681
1120 Investments - Current	15,043,192	91,408	15,134,600
1210 Property Taxes - Current	6,452,694	1,050,438	7,503,132
1230 Allowance for Uncollectible Taxes (Credit)	(3,296,966)	(545,204)	(3,842,170)
1240 Receivables from Other Governments	1,543,067	208,391	1,751,458
1300 Inventories	251,771	-	251,771
1410 Prepayments	-	195,766	195,766
1000 Total Assets	<u>\$ 28,034,975</u>	<u>\$ 1,977,263</u>	<u>\$ 30,012,238</u>
LIABILITIES			
2110 Accounts Payable	\$ 829,790	\$ 130,118	\$ 959,908
2160 Accrued Wages Payable	1,633,485	-	1,633,485
2180 Due to Other Governments	-	31,964	31,964
2300 Unearned Revenues	10,973	348,876	359,849
2000 Total Liabilities	<u>2,474,248</u>	<u>510,958</u>	<u>2,985,206</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	3,155,728	505,234	3,660,962
2600 Total Deferred Inflows of Resources	<u>3,155,728</u>	<u>505,234</u>	<u>3,660,962</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	251,771	-	251,771
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	791,288	791,288
3470 Capital Acquisition and Contractual Obligation	7,564,890	-	7,564,890
3480 Retirement of Long-Term Debt	2,147,528	69,231	2,216,759
3490 Other Restricted Fund Balance	-	100,552	100,552
3600 Unassigned Fund Balance	12,440,810	-	12,440,810
3000 Total Fund Balances	<u>22,404,999</u>	<u>961,071</u>	<u>23,366,070</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 28,034,975</u>	<u>\$ 1,977,263</u>	<u>\$ 30,012,238</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, 2017

Total Fund Balances - Governmental Funds	\$ 23,366,070
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.	582,811
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 \$110,853,731 and the accumulated depreciation was (\$57,837,467). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position. Note: Beginning Balances related to TRS are NOT included in this amount.	7,881,237
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 2017 capital outlays and debt principal payments is to decrease net position.	7,265,108
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. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$6,840,929, a Deferred Resource Inflow in the amount of \$2,135,951 and a net pension liability in the amount of \$11,330,026. The impact of this on Net Position is (6,625,048). Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of (\$763,211). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$7,388,259) .	(7,388,259)
5 The 2017 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(2,888,726)
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, reclassifying the proceeds of bond sales as an increase in bonds payable, 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.	(9,315,391)
19 Net Position of Governmental Activities	<u>\$ 19,502,850</u>

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, 2017

EXHIBIT C-3

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 14,181,010	\$ 4,295,385	\$ 18,476,395
5800 State Program Revenues	25,036,505	766,298	25,802,803
5900 Federal Program Revenues	1,074,896	8,996,957	10,071,853
5020 Total Revenues	<u>40,292,411</u>	<u>14,058,640</u>	<u>54,351,051</u>
EXPENDITURES:			
Current:			
0011 Instruction	23,138,313	6,064,888	29,203,201
0012 Instructional Resources and Media Services	337,306	44,775	382,081
0013 Curriculum and Instructional Staff Development	472,965	25,658	498,623
0021 Instructional Leadership	386,515	614,417	1,000,932
0023 School Leadership	2,596,108	158,955	2,755,063
0031 Guidance, Counseling and Evaluation Services	812,516	806,154	1,618,670
0033 Health Services	277,595	123,927	401,522
0034 Student (Pupil) Transportation	1,850,143	111,604	1,961,747
0035 Food Services	75,221	3,164,355	3,239,576
0036 Extracurricular Activities	1,471,359	723	1,472,082
0041 General Administration	1,122,066	-	1,122,066
0051 Facilities Maintenance and Operations	4,068,976	134,227	4,203,203
0052 Security and Monitoring Services	331,784	3,751	335,535
0053 Data Processing Services	444,258	83,930	528,188
0061 Community Services	17,441	215,053	232,494
Debt Service:			
0071 Principal on Long Term Debt	340,000	1,590,000	1,930,000
0072 Interest on Long Term Debt	461,216	1,069,517	1,530,733
0073 Bond Issuance Cost and Fees	2,637	1,500	4,137
Capital Outlay:			
0081 Facilities Acquisition and Construction	5,058,160	-	5,058,160
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	1,509,809	40,518	1,550,327
0099 Other Intergovernmental Charges	264,065	-	264,065
6030 Total Expenditures	<u>45,038,453</u>	<u>14,253,952</u>	<u>59,292,405</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,746,042)</u>	<u>(195,312)</u>	<u>(4,941,354)</u>
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	9,125,000	9,125,000
7912 Sale of Real and Personal Property	5,181	735	5,916
7914 Non-Current Loans	10,915,000	-	10,915,000
7916 Premium or Discount on Issuance of Bonds	210,114	815,073	1,025,187
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(9,940,073)	(9,940,073)
7080 Total Other Financing Sources (Uses)	<u>11,130,295</u>	<u>735</u>	<u>11,131,030</u>
1200 Net Change in Fund Balances	6,384,253	(194,577)	6,189,676
0100 Fund Balance - September 1 (Beginning)	<u>16,020,746</u>	<u>1,155,648</u>	<u>17,176,394</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 22,404,999</u>	<u>\$ 961,071</u>	<u>\$ 23,366,070</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, 2017

Total Net Change in Fund Balances - Governmental Funds	\$	6,189,676
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.		(12,916)
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 2017 capital outlays and debt principal payments is to decrease net position.		7,265,108
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.		(2,888,726)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(11,016,158)
Current year changes due to GASB 68 increased revenues in the amount of \$1,910,894 but also increased expenditures in the amount of \$2,674,105. The net effect on the change in the ending net position was a decrease in the amount of \$763,211.		(763,211)
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(1,226,227)</u>

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, 2017

EXHIBIT C-5

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	\$ 14,174,082	\$ 14,174,082	\$ 14,181,010	\$ 6,928
5800	State Program Revenues	22,432,713	24,367,341	25,036,505	669,164
5900	Federal Program Revenues	29,000	929,000	1,074,896	145,896
5020	Total Revenues	36,635,795	39,470,423	40,292,411	821,988
EXPENDITURES:					
Current:					
0011	Instruction	21,955,645	23,270,962	23,138,313	132,649
0012	Instructional Resources and Media Services	325,370	339,599	337,306	2,293
0013	Curriculum and Instructional Staff Development	485,980	505,977	472,965	33,012
0021	Instructional Leadership	353,715	398,876	386,515	12,361
0023	School Leadership	2,478,425	2,614,968	2,596,108	18,860
0031	Guidance, Counseling and Evaluation Services	766,320	845,819	812,516	33,303
0033	Health Services	269,715	288,738	277,595	11,143
0034	Student (Pupil) Transportation	1,923,815	1,925,606	1,850,143	75,463
0035	Food Services	3,800	75,578	75,221	357
0036	Extracurricular Activities	1,459,460	1,505,442	1,471,359	34,083
0041	General Administration	1,127,220	1,171,614	1,122,066	49,548
0051	Facilities Maintenance and Operations	4,021,135	4,126,500	4,068,976	57,524
0052	Security and Monitoring Services	335,475	348,680	331,784	16,896
0053	Data Processing Services	457,720	466,251	444,258	21,993
0061	Community Services	5,500	19,313	17,441	1,872
Debt Service:					
0071	Principal on Long Term Debt	984,230	984,230	340,000	644,230
0072	Interest on Long Term Debt	597,170	597,170	461,216	135,954
0073	Bond Issuance Cost and Fees	4,100	4,100	2,637	1,463
Capital Outlay:					
0081	Facilities Acquisition and Construction	2,000,000	13,000,000	5,058,160	7,941,840
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	703,500	1,603,500	1,509,809	93,691
0099	Other Intergovernmental Charges	280,000	280,000	264,065	15,935
6030	Total Expenditures	40,538,295	54,372,923	45,038,453	9,334,470
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,902,500)	(14,902,500)	(4,746,042)	10,156,458
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	2,500	2,500	5,181	2,681
7914	Non-Current Loans	-	11,000,000	10,915,000	(85,000)
7916	Premium or Discount on Issuance of Bonds	-	-	210,114	210,114
7080	Total Other Financing Sources (Uses)	2,500	11,002,500	11,130,295	127,795
1200	Net Change in Fund Balances	(3,900,000)	(3,900,000)	6,384,253	10,284,253
0100	Fund Balance - September 1 (Beginning)	16,020,746	16,020,746	16,020,746	-
3000	Fund Balance - August 31 (Ending)	\$ 12,120,746	\$ 12,120,746	\$ 22,404,999	\$ 10,284,253

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, 2017

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 50,444	\$ 274,549
Investments - Current	-	517,780
Total Current Assets	50,444	792,329
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	27,557	7,994
Depreciation on Furniture and Equipment	(25,873)	(7,994)
Total Noncurrent Assets	1,684	-
Total Assets	52,128	792,329
LIABILITIES		
Current Liabilities:		
Accounts Payable	53	209,518
Total Liabilities	53	209,518
NET POSITION		
Net Investment in Capital Assets	1,684	-
Unrestricted Net Position	50,391	582,811
Total Net Position	\$ 52,075	\$ 582,811

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, 2017

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 81,897	\$ 396,902
Total Operating Revenues	<u>81,897</u>	<u>396,902</u>
OPERATING EXPENSES:		
Payroll Costs	60,413	80,872
Professional and Contracted Services	-	325,853
Supplies and Materials	7,172	6,021
Other Operating Costs	2,577	376
Total Operating Expenses	<u>70,162</u>	<u>413,122</u>
Operating Income (Loss)	<u>11,735</u>	<u>(16,220)</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	-	3,304
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>3,304</u>
Change in Net Position	11,735	(12,916)
Total Net Position - September 1 (Beginning)	<u>40,340</u>	<u>595,727</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 52,075</u></u>	<u><u>\$ 582,811</u></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, 2017

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	\$ 81,897	\$ 396,902
Cash Payments to Employees for Services	(60,413)	(80,872)
Cash Payments for Benefits	-	(265,602)
Cash Payments for Suppliers	(7,396)	(24,490)
Cash Payments for Other Operating Expenses	(740)	-
Net Cash Provided by Operating Activities	<u>13,348</u>	<u>25,938</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Increase(decrease) in Short-term Loans	-	-
<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	13,348	25,938
Cash and Cash Equivalents at Beginning of Year	<u>37,096</u>	<u>248,611</u>
Cash and Cash Equivalents at End of Year	<u>\$ 50,444</u>	<u>\$ 274,549</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by Operating Activities:</u>		
Operating Income (Loss):	\$ 11,735	\$ (16,220)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,837	-
Effect of Increases and Decreases in Current Assets and Liabilities:		
Increase (decrease) in Accounts Payable	(224)	42,158
Net Cash Provided by Operating Activities	<u>\$ 13,348</u>	<u>\$ 25,938</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, 2017

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 228,440
Total Assets	<u>\$ 228,440</u>
LIABILITIES	
Accounts Payable	\$ 322
Due to Student Groups	228,118
Total Liabilities	<u>\$ 228,440</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, 2017

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. 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. 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.
13. 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.

14. 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	95,717,425	(48,896,540)	46,820,885	
Furniture & Equipment	13,125,494	(8,940,927)	4,184,567	
Construction in progress	143,127	-	143,127	
Change in Net Assets	<u>110,853,731</u>	<u>(57,837,467)</u>		<u>53,016,264</u>

Long-term Liabilities <u>at the Beginning of the year</u>	<u>Payable at the Beginning of the Year</u>	
Bonds Payable	33,038,457	
Loans Payable	10,994,978	
Unamortized Premium/Discount	<u>1,101,592</u>	
Change in Net Position		<u>45,135,027</u>
Net Adjustment to Net Position		<u><u>7,881,237</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	102,500	102,500	102,500
Furniture & Equipment	473,174	473,174	473,174
Construction in Progress	4,829,516	4,829,516	4,829,516
	<u>5,405,190</u>	<u>5,405,190</u>	<u>5,405,190</u>
Total Capital Outlay			
Book value of asset dispositions	70,082	(70,082)	(70,082)
	<u>70,082</u>	<u>(70,082)</u>	<u>(70,082)</u>
<u>Debt Principal Payments</u>			
Bond Principal	1,930,000	1,930,000	1,930,000
	<u>1,930,000</u>	<u>1,930,000</u>	<u>1,930,000</u>
Total Principal Payments			
Total Adjustment to Net Position		<u><u>7,265,108</u></u>	<u><u>7,265,108</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	136,982	(136,982)	-
Uncollected taxes (assumed collectible) from Current Year Levy	1,333,484	1,333,484	1,333,484
Uncollected Taxes (assumed collectible) from Prior Year Levy	1,028,997	-	1,028,997
Effect of prior year tax entries	534,788	(534,788)	-
<u>Other Adjustments</u>			
Tax note proceeds	10,915,000	(10,915,000)	(10,915,000)
Bond refunding proceeds	9,125,000	(9,125,000)	(9,125,000)
Premium on tax notes proceeds	210,114	(210,114)	(210,114)
Premium on bond refunding proceeds	815,703	(815,073)	(815,073)
Payment to Bond Refunding Escrow Agent	9,940,073	9,940,073	9,940,073
Premium/discount amortization	163,858	163,858	163,858
Accreted interest	716,616	(716,616)	(716,616)
Total	_____	(11,016,158)	(9,315,391)

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, 2017
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	791,288
Nonappropriated Budget Funds	<u>100,552</u>
All Special Revenue Funds	<u><u>891,840</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, 2017, 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	\$ 4,403,013	46.0%	\$ 4,403,013	-	-	N/A
Money Markets and						
FDIC Insured Accounts	5,154,442	53.9%	5,154,442	-	-	N/A
Investment Pools:						
Cash and Money Market						
Lone Star	193	0.0%	193	-	-	AAAm
Texpool	13,465	0.1%	13,465	-	-	AAAm
Total Investment Pools:	13,658	0.1%	13,658	-	-	
Total Cash and Cash Equivalents	<u>\$ 9,571,113</u>	<u>100%</u>	<u>\$ 9,571,113</u>	<u>-</u>	<u>-</u>	

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 \$7,902,192.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$7,942,480 and occurred during the month of January, 2017.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

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, 2017, MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT had the following investments subject to the fair value measurement.

Investment by Fair Value Level	Balance at August 31, 2017	Fair Value Measurements Using Quoted Prices in			Credit Rating
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt Securities:					
U.S. Treasury Securities	5,996,008	5,996,008	-	-	AAAm
Agencies	1,087,091	1,087,091	-	-	AAAm
Repurchase Agreement	4,897,198	4,897,198	-	-	AAAm
Commercial Paper	3,672,083	-	3,672,083	-	AAAm
Total Debt Securities	15,652,380	11,980,297	3,672,083	-	
Total	15,652,380	11,980,297	3,672,083	-	

The above securities have a maturity of less than one year. 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, 2017 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. The delinquent tax receivable includes the receivable for the current year and the prior year on the Luminant power plant which has not been paid. These two years of taxes total approximately \$6.6 million. There is an ongoing suit related to the tax values. 50 percent of this part of the total receivable is reflected as uncollectible.

D. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2017, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	6,452,694	1,543,067	-	-	7,995,761
Nonmajor Governmental Funds	1,050,438	208,391	-	-	1,258,829
Internal Service Fund	-	-	-	-	-
Total-Governmental Activities	<u>7,503,132</u>	<u>1,751,458</u>	<u>-</u>	<u>-</u>	<u>9,254,590</u>
Amount not scheduled for collection during the subsequent year	<u>3,842,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,842,170</u>

Payables at August 31, 2017, 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	829,790	-	1,633,485	-	-	-	2,463,275
Nonmajor Governmental Funds	130,118	-	-	-	31,964	-	162,082
Internal Service Fund	209,518	-	-	-	-	-	209,518
Total-Governmental Activities	<u>1,169,426</u>	<u>-</u>	<u>1,633,485</u>	<u>-</u>	<u>31,964</u>	<u>-</u>	<u>2,834,875</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	53	-	-	-	-	-	53
Total Business-Type Activities	<u>53</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53</u>
Amounts not scheduled for payment during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

E. CAPITAL ASSET ACTIVITY

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

	Primary Government			
	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
Governmental Activities:				
District:				
Land	1,867,685	-	-	1,867,685
Buildings and Improvements	95,717,425	102,500	-	95,819,925
Furniture and Equipment	13,125,494	473,174	(86,699)	13,511,969
Construction in progress	143,127	4,829,516	-	4,972,643
	<u>110,853,731</u>	<u>5,405,190</u>	<u>(86,699)</u>	<u>116,172,222</u>
Totals at Historic Cost				
Less Accumulated Depreciation				
for:				
Buildings and Improvements	(48,896,540)	(2,194,673)	-	(51,091,213)
Furniture and Equipment	(8,940,927)	(694,053)	16,617	(9,618,363)
	<u>(57,837,467)</u>	<u>(2,888,726)</u>	<u>16,617</u>	<u>(60,709,576)</u>
Total Accumulated Depreciation				
Governmental Activities Capital				
Assets, Net	<u>53,016,264</u>	<u>2,516,464</u>	<u>(70,082)</u>	<u>55,462,646</u>
Business-type Activities:				
Furniture and Equipment	35,551	-	-	35,551
Less Accumulated Depreciation				
Furniture and Equipment	(32,030)	(1,837)	-	(33,867)
Business-type Activities Capital Asstes, Net:	<u>3,521</u>	<u>(1,837)</u>	<u>-</u>	<u>1,684</u>

Instruction	2,395,772
Instructional Resources & Media Services	2,103
Student (Pupil) Transportation	302,446
Food Services	22,588
Curricular/Extracurricular Activities	28,048
General Administration	1,986
Plant Maintenance and Operations	106,179
Security and Monitoring Service	20,387
Data Processing Services	9,217
Total Depreciation Expense	<u>2,888,726</u>

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

Co-curricular/ Extracurricular Activities 1,837

F. 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 ranged from 5.125% to 5.500%. Interest and principal were being repaid annually beginning in fiscal year 2007 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. These bonds were partially refunded by the issuance of the Mount Pleasant Independent School District Unlimited Tax Refunding Bonds, Series 2017 described below.

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 \$11,945,000.

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 \$6,915,000.

Proceeds from the issuance of refunding bonds, The Mount Pleasant Independent School District Unlimited Tax Refunding Bonds, Series 2017 dated May 1, 2017 were received during May, 2017 pursuant to Texas Government Code, Chapter 1207. Proceeds from the \$9,125,000 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 2017 and will continue until maturity in fiscal 2031. The refunding was undertaken to reduce total debt service payments over 15 years by approximately \$1.125 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 \$179 thousand. The principal balance of the refunded debt is \$10,567,660.

F. BONDS PAYABLE cont'd

A summary of changes in general long-term debt for the year ended August 31, 2017 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Amounts Outstanding 9/1/2016	Accreted Current Year	Adjustments	Retired Current Year	Amounts Outstanding 8/31/2017
Unlimited Tax School Building and Refunding Bonds, Series 2006	Variable	9,205,000	142,327	7,735,000	-	-	(6,847,344)	887,656
Unlimited Tax School Building Bonds, Series 2007	Variable	5,795,000	138,094	3,310,000	-	-	(3,310,000)	-
Unlimited Tax Refunding Bonds Series 2010	Variable	15,215,000	520,425	13,055,000	-	-	(20,000)	13,035,000
Unlimited Tax Refunding Bonds Series 2011	Variable	8,425,000	257,725	7,755,000	-	-	(160,000)	7,595,000
Unlimited Tax Refunding Bonds Series 2017	Variable	9,125,000	10,947	-	9,125,000	-	(120,000)	9,005,000
Accreted Interest		73,055	-	1,183,457	(356,113)	-	-	827,344
Unamortized Premium/Discount		1,533,663	-	1,101,592	815,073	-	(137,339)	1,779,326
TOTAL			1,069,518	34,140,049	9,583,960	-	(10,594,683)	33,129,326

Debt service requirements are as follows:

Year Ended	General Obligations		
	Principal	Interest	Total Requirements
<u>August 31</u>			
2018	897,656	1,111,258	2,008,914
2019	1,760,000	1,080,828	2,840,828
2020	1,825,000	1,025,201	2,850,201
2021	1,895,000	955,726	2,850,726
2022	1,970,000	882,263	2,852,263
2023-2027	11,305,000	3,186,639	14,491,639
2028-2032	10,870,000	851,858	11,721,858
	<u>30,522,656</u>	<u>9,093,773</u>	<u>39,616,429</u>

G. 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.

The Mount Pleasant Independent School District Maintenance Tax Notes, Series 2016 were issued on October 15, 2016 pursuant to Section 45.108, Texas Education Code, as amended. Proceeds from the sale of the bonds were used to construct, renovate, and equip school buildings, and to pay the costs of issuing the notes. Interest ranges from 3.00% to 5.00%. Interest and principal are being repaid annually beginning in fiscal year 2017 and will continue until maturity in fiscal 2036.

	Amounts Outstanding 9/1/2016	Issued	Retired	Outstanding 8/31/2017
Qualified Zone Academy Maintenance Tax Notes, Series 2012	9,000,000	-	-	9,000,000
Maintenance Tax Notes, Series 2014	1,810,000	-	(340,000)	1,470,000
Maintenance Tax Notes, Series 2016	-	10,915,000	-	10,915,000
Unamortized Premium/Discount	184,978	210,114	(26,519)	368,573
Total	<u>10,994,978</u>	<u>11,125,114</u>	<u>(366,519)</u>	<u>21,753,573</u>

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

Year Ending August 31,	Principal	Interest	Total Requirements
2018	285,000	440,885	725,885
2019	295,000	433,335	728,335
2020	310,000	423,635	733,635
2021	320,000	413,435	733,435
2022	330,000	402,835	732,835
2023-2027	1,835,000	1,796,600	3,631,600
2028-2032	13,405,000	1,247,090	14,652,090
2033-2036	4,605,000	368,533	4,973,533
Total	<u>21,385,000</u>	<u>5,526,348</u>	<u>26,911,348</u>

H. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Adjustments	Ending Balance	Due Within One Year
Governmental Activities:						
Bonds and Notes Payable:						
General Obligation Bonds	34,140,049	9,583,960	(10,594,683)	-	33,129,326	555,000
Notes payable	10,994,978	11,125,114	(366,519)	-	21,753,573	285,000
Capital leases	-	-	-	-	-	-
Total Bonds and Notes Payable	<u>45,135,027</u>	<u>20,709,074</u>	<u>(10,961,202)</u>	<u>-</u>	<u>54,882,899</u>	<u>840,000</u>

I. INSURANCE

During the year ended August 31, 2017 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, 2017 were as follows:

Total contributions for health care:	1,192,800
Less alternate plan contributions	-
Less COBRA	-
2016-2017 maintenance of effort	<u>1,192,800</u>

During the year ended August 31, 2017 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, 2017	Year Ended August 31, 2016
Unpaid claims, beginning of the year	165,313	281,637
Incurred claims (including IBNR'S)	261,071	(43,397)
Claim Payments	(216,866)	(72,927)
Unpaid claims, end of fiscal year	<u>209,518</u>	<u>165,313</u>

J. 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 2016 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2016.

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

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	
		2016	2017
Member		7.2%	7.2%
Non-Employer Contributing Entity		6.8%	6.8%
TRS			
Employers		6.8%	6.8%
	District's 2017 Employer Contributions		\$ 1,225,680
	District's 2017 Member Contributions		\$ 2,425,781
	District's 2017 NECE On-Behalf Contributions		\$ 934,628

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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
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, 2016 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	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 2016 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$17,585,318	\$11,362,494	\$6,084,286

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2017, MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT reported a liability of \$11,362,494 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	\$ 11,362,494
State' proportionate share that is associated with the District	18,413,613
Total	\$ 29,776,107

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 thru August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was .000300686457% which was a decrease of 6.6% from its proportion measured as of August 31, 2015.

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

At August 31, 2017, 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	\$ 178,162	\$ 339,277
Changes in actuarial assumptions	346,308	314,953
Difference between projected and actual investment earnings	962,152	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,074,658	158,495
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	1,225,680	-
Total	\$ 4,786,960	\$ 812,725

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
2018	\$ 484,844
2019	\$ 484,844
2020	\$ 1,098,552
2021	\$ 437,692
2022	\$ 250,884
Thereafter	\$ (8,261)

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, 2017, 2016 and 2015 are as follows:

	2017	2016	2015
Required District Contributions	\$ 1,225,680	\$ 1,173,069	\$ 1,167,656
Actual District Contributions	1,225,680	1,173,069	1,167,656
Federal Contributions	49,712	88,519	122,896
State Contributions	1,934,624	1,904,898	1,530,021
Employee Contributions	2,425,781	2,186,806	2,030,315

K. 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 programs, the federal programs are required to contribute 1.0 %.

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, 2017, 2016, and 2015 the subsidy payments received by TRS-Care on-behalf of the District were \$49,712, \$88,519 and \$122,896 respectively. The information for the year ended August 31, 2017 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.

L. UNEARNED REVENUE

Unearned revenue at year end consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Athletic Receipts	10,973	-	-	10,973
Summer Feeding	-	5,325	-	5,325
State Textbook	-	51,357	-	51,357
Food Service Receipts	-	4,548	-	4,548
Head Start	-	94,009	-	94,009
Pre K Expansion	-	20,336	-	20,336
Early Head Start	-	84,256	-	84,256
Mathematics & Science	-	5,000	-	5,000
SSA Special Education	-	71,695	-	71,695
SSVI	-	1,400	-	1,400
Others	-	10,950	-	10,950
TOTAL	<u>10,973</u>	<u>348,876</u>	<u>-</u>	<u>359,849</u>

M. 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, 2017 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	1,471,020	70,367	1,680	1,543,067
Special Revenue	-	166,700	41,467	208,167
Debt Service	-	-	225	225
Total	<u>1,471,020</u>	<u>237,067</u>	<u>43,372</u>	<u>1,751,459</u>

N. 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	13,145,786	-	2,156,408	15,302,194
Penalties, Interest and Other Tax-related Income	405,677	-	26,649	432,326
Investment Income	273,055	5,543	5,989	284,587
Food Sales	-	313,122	-	313,122
Tuition and Fees	128,417	39,494	-	167,911
Other	125,255	57,136	-	182,391
Co-curricular Student Activities	81,338	-	-	81,338
Shared Service	-	1,691,045	-	1,691,045
Rents	21,481	-	-	21,481
Total	<u>14,181,009</u>	<u>2,106,340</u>	<u>2,189,046</u>	<u>18,476,395</u>

O. 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 2017, 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.

P. 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	89,671
Fund 437	1,601,374

Q. 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.

R. COMMITMENTS AND CONTINGENCIES

The District has no significant commitments or contingencies at August 31, 2017.

S. LITIGATION

The District has pending litigation at August 31, 2017 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, 2017. See page twelve of management’s discussion and analysis for further comment.

T. SUBSEQUENT EVENTS

Administration has evaluated subsequent events through October 6, 2017, the financial statement issuance date.

U. PRIOR PERIOD ADJUSTMENT

A prior period adjustment to decrease beginning net position in the Statement of Activities on the government wide statements of \$1.76 million is made to increase the estimated uncollectible property taxes from the prior year on the Luminant power plant to 50% of the total tax receivable on the plant for the 2015 tax roll amount.

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, 2017

EXHIBIT G-2

	2017	2016	2015
District's Proportion of the Net Pension Liability (Asset)	0.000300686%	0.000320522%	0.000211134%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 11,362,494	\$ 11,330,026	\$ 5,639,681
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	18,413,613	18,259,843	15,718,531
Total	<u>\$ 29,776,107</u>	<u>\$ 29,589,869</u>	<u>\$ 21,358,212</u>
District's Covered-Employee Payroll	\$ 31,500,449	\$ 30,371,987	\$ 30,308,586
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	36.07%	37.30%	26.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.00%	78.43%	83.25%

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

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2017

EXHIBIT G-3

	2017	2016	2015
Contractually Required Contribution	\$ 1,225,680	\$ 1,173,069	\$ 1,167,656
Contribution in Relation to the Contractually Required Contribution	(1,225,680)	(1,173,069)	(1,167,656)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-
District's Covered-Employee Payroll	\$ 31,500,449	\$ 30,371,987	\$ 30,308,586
Contributions as a Percentage of Covered-Employee Payroll	3.90%	3.90%	3.90%

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

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2017

Changes of benefit terms.

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

Changes of assumptions.

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

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2017

Data Control Codes	205	212	240	242
	Head Start	ESEA Title I Part C Migrant	National Breakfast and Lunch Program	Summer Feeding Program
ASSETS				
1110	\$ (10,145)	\$ -	\$ 755,307	\$ 5,325
1120	-	-	-	-
1210	-	-	-	-
1230	-	-	-	-
1240	-	-	147,777	-
1410	111,188	-	-	-
1000	<u>\$ 101,043</u>	<u>\$ -</u>	<u>\$ 903,084</u>	<u>\$ 5,325</u>
LIABILITIES				
2110	\$ 7,034	\$ -	\$ 107,248	\$ -
2180	-	-	-	-
2300	94,009	-	4,548	5,325
2000	<u>101,043</u>	<u>-</u>	<u>111,796</u>	<u>5,325</u>
DEFERRED INFLOWS OF RESOURCES				
2601	-	-	-	-
2600	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	-	-	791,288	-
3480	-	-	-	-
3490	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>791,288</u>	<u>-</u>
4000	<u>\$ 101,043</u>	<u>\$ -</u>	<u>\$ 903,084</u>	<u>\$ 5,325</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	273 Mathematics & Science Partnerships	282 ESEA I, A Improving Basic Prog.	284 Early Head Start	286 Title I SIP
\$ -	\$ (630)	\$ (697)	\$ -	\$ 5,000	\$ (13,928)	\$ (149)	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	630	697	-	-	13,928	-	-
-	-	-	-	-	-	84,578	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 84,429</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	5,000	-	84,256	-
-	-	-	-	5,000	-	84,429	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 84,429</u>	<u>\$ -</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2017

Data Control Codes	289 Other Federal Special Revenue Funds	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	410 State Textbook Fund	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ (2,192)	\$ -	\$ 51,356
1120	Investments - Current	-	-	-	-
1210	Property Taxes - Current	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	-	3,667	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 1,475</u>	<u>\$ -</u>	<u>\$ 51,356</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 1,475	\$ -	\$ -
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenues	-	-	-	51,356
2000	Total Liabilities	<u>-</u>	<u>1,475</u>	<u>-</u>	<u>51,356</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>\$ -</u>	<u>\$ 1,475</u>	<u>\$ -</u>	<u>\$ 51,356</u>

427	428	429	434	437	461	498	Total
Pre- Kindergarten	Pre-K Grant	Other State Special Revenue Funds	SSA - SSVI Visually Impaired	SSA Special Education	Campus Activity Funds	MPISD Education Foundation	Nonmajor Special Revenue Funds
\$ 20,336	\$ -	\$ 1,400	\$ -	\$ 30,248	\$ 111,720	\$ 13,951	\$ 966,902
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	41,467	-	-	208,166
-	-	-	-	-	-	-	195,766
<u>\$ 20,336</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ -</u>	<u>\$ 71,715</u>	<u>\$ 111,720</u>	<u>\$ 13,951</u>	<u>\$ 1,370,834</u>
\$ -	\$ -	\$ -	\$ -	\$ 20	\$ 11,168	\$ 3,000	\$ 130,118
-	-	-	-	-	-	-	-
20,336	-	1,400	-	71,695	-	10,951	348,876
<u>20,336</u>	<u>-</u>	<u>1,400</u>	<u>-</u>	<u>71,715</u>	<u>11,168</u>	<u>13,951</u>	<u>478,994</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	791,288
-	-	-	-	-	-	-	-
-	-	-	-	-	100,552	-	100,552
-	-	-	-	-	100,552	-	891,840
<u>\$ 20,336</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ -</u>	<u>\$ 71,715</u>	<u>\$ 111,720</u>	<u>\$ 13,951</u>	<u>\$ 1,370,834</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2017

Data Control Codes		599 Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
1110	Cash and Cash Equivalents	\$ 9,562	\$ 976,464
1120	Investments - Current	91,408	91,408
1210	Property Taxes - Current	1,050,438	1,050,438
1230	Allowance for Uncollectible Taxes (Credit)	(545,204)	(545,204)
1240	Receivables from Other Governments	225	208,391
1410	Prepayments	-	195,766
1000	Total Assets	<u>\$ 606,429</u>	<u>\$ 1,977,263</u>
LIABILITIES			
2110	Accounts Payable	\$ -	\$ 130,118
2180	Due to Other Governments	31,964	31,964
2300	Unearned Revenues	-	348,876
2000	Total Liabilities	<u>31,964</u>	<u>510,958</u>
DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	505,234	505,234
2600	Total Deferred Inflows of Resources	<u>505,234</u>	<u>505,234</u>
FUND BALANCES			
Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	791,288
3480	Retirement of Long-Term Debt	69,231	69,231
3490	Other Restricted Fund Balance	-	100,552
3000	Total Fund Balances	<u>69,231</u>	<u>961,071</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 606,429</u>	<u>\$ 1,977,263</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, 2017

Data Control Codes	205	212 ESEA Title I Part C Migrant	240 National Breakfast and Lunch Program	242 Summer Feeding Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 318,594	\$ 71
5800 State Program Revenues	-	-	17,938	-
5900 Federal Program Revenues	1,684,329	58,954	2,887,002	34,668
5020 Total Revenues	1,684,329	58,954	3,223,534	34,739
EXPENDITURES:				
Current:				
0011 Instruction	968,461	54,685	-	-
0012 Instructional Resources and Media Services	21,768	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	126,813	4,269	-	-
0023 School Leadership	115,323	-	-	-
0031 Guidance, Counseling and Evaluation Services	60,578	-	-	-
0033 Health Services	70,919	-	-	-
0034 Student (Pupil) Transportation	101,815	-	-	-
0035 Food Services	-	-	3,127,112	34,739
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	39,059	-	29,448	-
0052 Security and Monitoring Services	3,751	-	-	-
0053 Data Processing Services	28,722	-	-	-
0061 Community Services	147,120	-	-	-
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	1,684,329	58,954	3,156,560	34,739
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	66,974	-
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	-	-	-
7912 Sale of Real and Personal Property	-	-	735	-
7916 Premium or Discount on Issuance of Bonds	-	-	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	735	-
1200 Net Change in Fund Balance	-	-	67,709	-
0100 Fund Balance - September 1 (Beginning)	-	-	723,579	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 791,288	\$ -

244	255	263	270	273	282	284	286
Career and Technical - Basic Grant	ESEA II,A Training and Recruiting	Title III, A English Lang. Acquisition	ESEA VI, Pt B Rural & Low Income	Mathematics & Science Partnerships	ESEA I, A Improving Basic Prog.	Early Head Start	Title I SIP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-	-
72,835	206,187	189,295	107,085	2,055	1,418,158	1,059,342	20,923
72,835	206,187	189,295	107,085	2,055	1,418,158	1,059,342	20,923
72,835	206,187	148,694	107,085	2,055	1,317,533	649,994	20,923
-	-	-	-	-	-	23,007	-
-	-	13,608	-	-	12,050	-	-
-	-	26,993	-	-	71,078	100,698	-
-	-	-	-	-	-	43,632	-
-	-	-	-	-	-	59,675	-
-	-	-	-	-	-	53,008	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,504	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	56,185	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	24,149	-
-	-	-	-	-	17,497	46,490	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
72,835	206,187	189,295	107,085	2,055	1,418,158	1,059,342	20,923
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

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

Data Control Codes	289 Other Federal Special Revenue Funds	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	410 State Textbook Fund
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	338,674
5900 Federal Program Revenues	9,319	1,213,560	33,245	-
5020 Total Revenues	9,319	1,213,560	33,245	338,674
EXPENDITURES:				
Current:				
0011 Instruction	9,319	684,603	-	338,674
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	37,786	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	440,284	33,245	-
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	-	31,059	-	-
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	-	19,828	-	-
6030 Total Expenditures	9,319	1,213,560	33,245	338,674
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	-	-	-
7912 Sale of Real and Personal Property	-	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

427	428	429	434	437	461	498	Total
Pre-Kindergarten	Pre-K Grant	Other State Special Revenue Funds	SSA - SSVI Visually Impaired	SSA Special Education	Campus Activity Funds	MPISD Education Foundation	Nonmajor Special Revenue Funds
\$ 39,494	\$ -	\$ -	\$ 89,671	\$ 1,601,374	\$ -	\$ 57,136	\$ 2,106,340
12,011	84,207	101,026	2,033	-	-	-	555,889
-	-	-	-	-	-	-	8,996,957
51,505	84,207	101,026	91,704	1,601,374	-	57,136	11,659,186
51,505	84,207	101,026	85,291	1,104,675	-	57,136	6,064,888
-	-	-	-	-	-	-	44,775
-	-	-	-	-	-	-	25,658
-	-	-	3,142	243,638	-	-	614,417
-	-	-	-	-	-	-	158,955
-	-	-	1,771	210,601	-	-	806,154
-	-	-	-	-	-	-	123,927
-	-	-	-	9,789	-	-	111,604
-	-	-	-	-	-	-	3,164,355
-	-	-	-	-	723	-	723
-	-	-	1,500	8,035	-	-	134,227
-	-	-	-	-	-	-	3,751
-	-	-	-	-	-	-	83,930
-	-	-	-	3,946	-	-	215,053
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	20,690	-	-	40,518
51,505	84,207	101,026	91,704	1,601,374	723	57,136	11,592,935
-	-	-	-	-	(723)	-	66,251
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	735
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	735
-	-	-	-	-	(723)	-	66,986
-	-	-	-	-	101,275	-	824,854
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,552	\$ -	\$ 891,840

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

Data Control Codes	599 Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 2,189,045	\$ 4,295,385
5800 State Program Revenues	210,409	766,298
5900 Federal Program Revenues	-	8,996,957
5020 Total Revenues	<u>2,399,454</u>	<u>14,058,640</u>
EXPENDITURES:		
Current:		
0011 Instruction	-	6,064,888
0012 Instructional Resources and Media Services	-	44,775
0013 Curriculum and Instructional Staff Development	-	25,658
0021 Instructional Leadership	-	614,417
0023 School Leadership	-	158,955
0031 Guidance, Counseling and Evaluation Services	-	806,154
0033 Health Services	-	123,927
0034 Student (Pupil) Transportation	-	111,604
0035 Food Services	-	3,164,355
0036 Extracurricular Activities	-	723
0051 Facilities Maintenance and Operations	-	134,227
0052 Security and Monitoring Services	-	3,751
0053 Data Processing Services	-	83,930
0061 Community Services	-	215,053
Debt Service:		
0071 Principal on Long Term Debt	1,590,000	1,590,000
0072 Interest on Long Term Debt	1,069,517	1,069,517
0073 Bond Issuance Cost and Fees	1,500	1,500
Intergovernmental:		
0093 Payments to Fiscal Agent/Member Districts of SSA	-	40,518
6030 Total Expenditures	<u>2,661,017</u>	<u>14,253,952</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(261,563)</u>	<u>(195,312)</u>
OTHER FINANCING SOURCES (USES):		
7901 Refunding Bonds Issued	9,125,000	9,125,000
7912 Sale of Real and Personal Property	-	735
7916 Premium or Discount on Issuance of Bonds	815,073	815,073
8940 Payment to Bond Refunding Escrow Agent (Use)	<u>(9,940,073)</u>	<u>(9,940,073)</u>
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>735</u>
1200 Net Change in Fund Balance	(261,563)	(194,577)
0100 Fund Balance - September 1 (Beginning)	<u>330,794</u>	<u>1,155,648</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 69,231</u>	<u>\$ 961,071</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2017

	752	773	Total
	Print Shop	Workers Comp	Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 65,118	\$ 209,431	\$ 274,549
Investments - Current	-	517,780	517,780
Total Current Assets	<u>65,118</u>	<u>727,211</u>	<u>792,329</u>
Noncurrent Assets:			
Capital Assets:			
Furniture and Equipment	7,994	-	7,994
Depreciation on Furniture and Equipment	<u>(7,994)</u>	<u>-</u>	<u>(7,994)</u>
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>65,118</u>	<u>727,211</u>	<u>792,329</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	<u>-</u>	<u>209,518</u>	<u>209,518</u>
Total Liabilities	<u>-</u>	<u>209,518</u>	<u>209,518</u>
NET POSITION			
Unrestricted Net Position	<u>65,118</u>	<u>517,693</u>	<u>582,811</u>
Total Net Position	<u>\$ 65,118</u>	<u>\$ 517,693</u>	<u>\$ 582,811</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, 2017

	752	773	
	Print Shop	Workers Comp	Total Internal Service Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 50,765	\$ 346,137	\$ 396,902
Total Operating Revenues	<u>50,765</u>	<u>346,137</u>	<u>396,902</u>
OPERATING EXPENSES:			
Payroll Costs	22,286	58,586	80,872
Professional and Contracted Services	16,422	309,431	325,853
Supplies and Materials	6,021	-	6,021
Other Operating Costs	-	376	376
Total Operating Expenses	<u>44,729</u>	<u>368,393</u>	<u>413,122</u>
Operating Income (Loss)	<u>6,036</u>	<u>(22,256)</u>	<u>(16,220)</u>
NONOPERATING REVENUES (EXPENSES):			
Earnings from Temporary Deposits & Investments	-	3,304	3,304
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>3,304</u>	<u>3,304</u>
Change in Net Position	6,036	(18,952)	(12,916)
Total Net Position - September 1 (Beginning)	<u>59,082</u>	<u>536,645</u>	<u>595,727</u>
Total Net Position August 31 (Ending)	<u>\$ 65,118</u>	<u>\$ 517,693</u>	<u>\$ 582,811</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

	752	773	
	Print Shop	Workers Comp	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 50,765	\$ 346,137	\$ 396,902
Cash Payments to Employees for Services	(22,286)	(58,586)	(80,872)
Cash Payments for Benefits	-	(265,602)	(265,602)
Cash Payments for Suppliers	(24,490)	-	(24,490)
Net Cash Provided by Operating Activities	<u>3,989</u>	<u>21,949</u>	<u>25,938</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Increase(decrease) in Short-term Loans	-	-	-
<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	3,989	21,949	25,938
Cash and Cash Equivalents at Beginning of Year	<u>61,129</u>	<u>187,482</u>	<u>248,611</u>
Cash and Cash Equivalents at End of Year	<u>\$ 65,118</u>	<u>\$ 209,431</u>	<u>\$ 274,549</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>			
Operating Income (Loss):	\$ 6,036	\$ (22,256)	\$ (16,220)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	-	-	-
Effect of Increases and Decreases in Current Assets and Liabilities:			
Increase (decrease) in Accounts Payable	(2,047)	44,205	42,158
Net Cash Provided by Operating Activities	<u>\$ 3,989</u>	<u>\$ 21,949</u>	<u>\$ 25,938</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 AUGUST 31, 2017

	712 After School Program	713 Concession Stand	714 Career Training Center	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 36,550	\$ 997	\$ 12,897	\$ 50,444
Total Current Assets	<u>36,550</u>	<u>997</u>	<u>12,897</u>	<u>50,444</u>
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment	-	27,557	-	27,557
Depreciation on Furniture and Equipment	-	(25,873)	-	(25,873)
Total Noncurrent Assets	<u>-</u>	<u>1,684</u>	<u>-</u>	<u>1,684</u>
Total Assets	<u>36,550</u>	<u>2,681</u>	<u>12,897</u>	<u>52,128</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	-	-	53	53
Total Liabilities	<u>-</u>	<u>-</u>	<u>53</u>	<u>53</u>
NET POSITION				
Net Investment in Capital Assets	-	1,684	-	1,684
Unrestricted Net Position	36,550	997	12,844	50,391
Total Net Position	<u>\$ 36,550</u>	<u>\$ 2,681</u>	<u>\$ 12,844</u>	<u>\$ 52,075</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, 2017

	712 After School Program	713 Concession Stand	714 Career Training Center	Total Nonmajor Enterprise Funds
OPERATING REVENUES:				
Local and Intermediate Sources	\$ 72,642	\$ -	\$ 9,255	\$ 81,897
Total Operating Revenues	<u>72,642</u>	<u>-</u>	<u>9,255</u>	<u>81,897</u>
OPERATING EXPENSES:				
Payroll Costs	60,413	-	-	60,413
Supplies and Materials	3,397	200	3,575	7,172
Other Operating Costs	740	1,837	-	2,577
Total Operating Expenses	<u>64,550</u>	<u>2,037</u>	<u>3,575</u>	<u>70,162</u>
Operating Income (Loss)	8,092	(2,037)	5,680	11,735
Total Net Position - September 1 (Beginning)	<u>28,458</u>	<u>4,718</u>	<u>7,164</u>	<u>40,340</u>
Total Net Position August 31 (Ending)	<u>\$ 36,550</u>	<u>\$ 2,681</u>	<u>\$ 12,844</u>	<u>\$ 52,075</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

	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	\$ 72,642	\$ -	\$ 9,255	\$ 81,897
Cash Payments to Employees for Services	(60,413)	-	-	(60,413)
Cash Payments for Suppliers	(3,674)	(200)	(3,522)	(7,396)
Cash Payments for Other Operating Expenses	(740)	-	-	(740)
Net Cash Provided by (Used for) Operating Activities	<u>7,815</u>	<u>(200)</u>	<u>5,733</u>	<u>13,348</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Increase(decrease) in Short-term Loans	-	-	-	-
<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	7,815	(200)	5,733	13,348
Cash and Cash Equivalents at Beginning of Year	<u>28,735</u>	<u>1,197</u>	<u>7,164</u>	<u>37,096</u>
Cash and Cash Equivalents at End of Year	<u>\$ 36,550</u>	<u>\$ 997</u>	<u>\$ 12,897</u>	<u>\$ 50,444</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ 8,092	\$ (2,037)	\$ 5,680	\$ 11,735
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	-	1,837	-	1,837
Effect of Increases and Decreases in Current Assets and Liabilities:				
Increase (decrease) in Accounts Payable	(277)	-	53	(224)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 7,815</u>	<u>\$ (200)</u>	<u>\$ 5,733</u>	<u>\$ 13,348</u>

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2017

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2008 and prior years	Various	Various	\$ Various
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	1.040000	0.172000	1,564,462,376
2017 (School year under audit)	1.040000	0.172000	1,538,344,719
1000 TOTALS			

(10) Beginning Balance 9/1/2016	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2017
\$ 127,048	\$ -	\$ 5,641	\$ 995	\$ -	\$ 120,412
19,687	-	2,782	491	-	16,414
31,865	-	3,561	628	-	27,676
32,501	-	4,123	727	-	27,651
32,572	-	4,200	741	-	27,631
47,306	-	8,888	1,568	-	36,850
97,704	-	25,278	4,460	-	67,966
154,562	-	49,329	8,705	-	96,528
3,709,722	-	12,636	2,229	-	3,694,857
-	18,644,738	13,029,348	2,135,864	(92,379)	3,387,147
<u>\$ 4,252,967</u>	<u>\$ 18,644,738</u>	<u>\$ 13,145,786</u>	<u>\$ 2,156,408</u>	<u>\$ (92,379)</u>	<u>\$ 7,503,132</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, 2017

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 387,650	\$ 387,650	\$ 318,594	\$ (69,056)
5800 State Program Revenues	18,400	18,400	17,938	(462)
5900 Federal Program Revenues	2,812,480	3,044,400	2,887,002	(157,398)
5020 Total Revenues	<u>3,218,530</u>	<u>3,450,450</u>	<u>3,223,534</u>	<u>(226,916)</u>
EXPENDITURES:				
0035 Food Services	3,191,930	3,420,850	3,127,112	293,738
0051 Facilities Maintenance and Operations	26,600	29,600	29,448	152
6030 Total Expenditures	<u>3,218,530</u>	<u>3,450,450</u>	<u>3,156,560</u>	<u>293,890</u>
1100 Excess of Revenues Over Expenditures	-	-	66,974	66,974
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	735	735
1200 Net Change in Fund Balances	-	-	67,709	67,709
0100 Fund Balance - September 1 (Beginning)	<u>723,579</u>	<u>723,579</u>	<u>723,579</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 723,579</u>	<u>\$ 723,579</u>	<u>\$ 791,288</u>	<u>\$ 67,709</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, 2017

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 2,280,220	\$ 2,280,220	\$ 2,189,045	\$ (91,175)
5800	State Program Revenues	155,220	155,220	210,409	55,189
5020	Total Revenues	2,435,440	2,435,440	2,399,454	(35,986)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	1,590,000	1,590,000	1,590,000	-
0072	Interest on Long Term Debt	1,069,517	1,069,517	1,069,517	-
0073	Bond Issuance Cost and Fees	1,500	1,500	1,500	-
6030	Total Expenditures	2,661,017	2,661,017	2,661,017	-
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(225,577)	(225,577)	(261,563)	(35,986)
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	9,125,000	9,125,000	-
7916	Premium or Discount on Issuance of Bonds	-	815,073	815,073	-
8940	Payment to Bond Refunding Escrow Agent (Use)	-	(9,940,073)	(9,940,073)	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balances	(225,577)	(225,577)	(261,563)	(35,986)
0100	Fund Balance - September 1 (Beginning)	330,794	330,794	330,794	-
3000	Fund Balance - August 31 (Ending)	\$ 105,217	\$ 105,217	\$ 69,231	\$ (35,986)



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, 2017, 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 6, 2017.

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 6, 2017

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

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, 2017. 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, 2017.

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 6, 2017

MOUNT PLEASANT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2017

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: Head Start CFDA# 93.600
- 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, 2017

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, 2017

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, 2017

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Region 8 ESC</u>			
Math & Science Partnership	84.336B	N/A	\$ 2,055
ESEA, Title I, Part C- Migratory Children	84.011A	17615001225902	<u>58,954</u>
Total Passed Through Region 8 ESC			<u>\$ 61,009</u>
<u>Passed Through State Department of Education</u>			
ESEA, Title I Part A-Improving Basic Programs	84.010A	17610101225902	\$ 1,478,943
ESEA Title I 003 (A) Priority & Focus	84.010A	1761011225902	<u>20,923</u>
Total CFDA Number 84.010A			<u>1,499,866</u>
Summer School LEP	84.369A	79551402	9,319
Career and Technical - Basic Grant	84.027A	176600012259026600	1,213,560
Mathematics & Science Partnerships	84.173A	176610012259026610	<u>33,245</u>
Total Special Education Cluster (IDEA)			<u>1,246,805</u>
ESEA Title III-LEP	84.365A	17671001225902	193,018
ESEA Title VI, Part B, Rural & Low Income	84.358B	17696001225902	107,085
ESEA Title II, Part A Teacher/Principal Training	84.367A	17694501225902	212,046
Carl Perkins, Title I, Part C	84.048A	17420006225902	<u>72,835</u>
Total Passed Through State Department of Education			<u>\$ 3,340,974</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 3,401,983</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Direct Programs</u>			
Head Start	93.600	O6CH07127-03-01	\$ <u>2,743,671</u>
Total Direct Programs			<u>\$ 2,743,671</u>
<u>Passed Through Texas Medicaid & Health Partnership</u>			
Medicaid Administrative Claiming Program - MAC	93.778	N/A	\$ <u>1,004,529</u>
Total Passed Through Texas Medicaid & Health Partnership			<u>\$ 1,004,529</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 3,748,200</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	\$ 653,816
*National School Lunch Program - Cash Assistance	10.555	N/A	1,925,181
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	<u>239,948</u>
Total CFDA Number 10.555			<u>2,165,129</u>
*Summer Feeding Program - Cash Assistance	10.559	N/A	<u>34,668</u>
Total Child Nutrition Cluster			<u>2,853,613</u>
Child & Adult Care Food Program - Cash Assistance	10.558	N/A	<u>68,057</u>
Total Passed Through the State Department of Agriculture			<u>\$ 2,921,670</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ 2,921,670</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 10,071,853</u></u>

*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, 2017

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.