

ROCKDALE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2016



ROCKDALE INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2016

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CERTIFICATE OF BOARD

Rockdale Independent School District  
Name of School District

Milam  
County

166904  
Co-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and approved for the year ended June 30, 2016 at a meeting of the Board of Trustees of such school district on the 7th of November, 2016.

*Kendra Dyer*  
Signature of Board Secretary

*Michelle G. O.*  
Signature of Board President

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## **INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Rockdale Independent School District  
520 Davilla  
Rockdale, Texas 76567

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rockdale Independent School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions of 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 of material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rockdale Independent School District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 Management's Discussion and Analysis on pages 7 to 12, Budgetary Comparison Information on pages 47, 66, and 67, the Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher Retirement System of Texas on page 48, and the Schedule of District Contributions - Teacher Retirement System of Texas on page 49 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 Supplementary 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 Statements of Nonmajor Governmental Funds, Agency Funds, and Private Purpose Trust Funds, the Schedule of Delinquent Taxes Receivable, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates 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 Statements, the Schedule of Delinquent Taxes Receivable, 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.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

### **Emphasis of Matter**

As discussed in Note V to the financial statements, the 2015 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

*Atehly & Associates, LLP*

Austin, Texas  
November 7, 2016

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Management's Discussion and Analysis  
Rockdale Independent School District  
For the Year Ended June 30, 2016

In this section of the Annual Financial and Compliance Report, we, the managers of Rockdale Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2016. Please read it in conjunction with the Independent Auditors' Report on pages 3 through 5 and the District's Basic Financial Statements which begin on page 13.

## **FINANCIAL HIGHLIGHTS**

The District's net position increased \$446,763 from \$4,883,575 to \$5,330,338, an increase of 9%. There was an increase of \$633,316 from operations on the government-wide basis and there was a prior period adjustment of \$186,553. This adjustment is related to GASB Statement 68 which requires school districts to report their portion of the unfunded (liability) or overfunded (asset) pension of the Teacher Retirement System of Texas (TRS) pension plan.

Net position investments in capital assets decreased \$602,287 from \$789,930 to \$187,643. Unrestricted net assets increased 574% from \$179,404 to \$1,209,200, which is primarily attributable to the changes in deferred inflows and outflows related to TRS.

Revenues increased \$1,730,136, from \$18,538,311 to \$20,268,447, an increase of 9%. The increase stems primarily from increases in grants and contributions received not restricted to specific purposes, investment earnings and miscellaneous income. Expenditure increases totaled \$312,792, or 2%. The majority of the increase is attributed to an increase in spending for instructional services.

The General Fund ended the year with a fund balance of \$2,560,235, a decrease of \$1,573,051 from the prior year balance of \$4,133,286. Of this total, \$12,502 is held in inventories and is non-spendable and \$1,238,502 is committed, leaving an unassigned total of \$1,309,231.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of others, such as students.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the District's individual funds. These are not required to be presented, but are included for informational purposes. The sections labeled TEA Required Schedules and Schedule of Expenditures of Federal Awards contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Management's Discussion and Analysis  
Rockdale Independent School District  
For the Year Ended June 30, 2016

## **Reporting the District as a Whole**

### ***The Statement of Net Position and the Statement of Activities***

The analysis of the District's overall financial condition is shown in the Statement of Net Position and Statement of Activities. The primary purpose of these statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

The Statement of Net Position and the Statement of Activities report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, all of the activities of Rockdale Independent School District are classified as governmental activities. Governmental activities cover the District's basic services, such as instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

- Governmental funds – Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

Management's Discussion and Analysis  
 Rockdale Independent School District  
 For the Year Ended June 30, 2016

- Fiduciary funds - The District is the trustee, or fiduciary, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Funds Net Position. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

**Table I**  
**Rockdale Independent School District's Net Position**

|  | Government Activities |              | % Change        |
|--|-----------------------|--------------|-----------------|
|  | 2016                  | 2015         | 2015 to<br>2016 |
| <b>Assets</b>                                      |                       |              |                 |
| Current and other assets                           | \$ 9,582,675          | \$ 8,418,569 | 14%             |
| Capital assets                                     | 27,995,947            | 29,517,165   | -5%             |
| Long-term investments                              | 1,471,475             | 1,305,559    | 13%             |
| Total Assets                                       | 39,050,097            | 39,241,293   | 0%              |
| <b>Deferred Outflows of Resources</b>              |                       |              |                 |
| Deferred loss related to refunding                 | 1,990,449             | 2,099,376    | -5%             |
| Deferred outflow related to TRS                    | 1,711,752             | 495,403      | 246%            |
| Total Deferred Outflows                            | 3,702,201             | 2,594,779    | 43%             |
| <b>Liabilities</b>                                 |                       |              |                 |
| Long-term liabilities                              | 35,215,543            | 34,472,714   | 2%              |
| Other liabilities                                  | 1,884,675             | 1,927,171    | -2%             |
| Total Liabilities                                  | 37,100,218            | 36,399,885   | 2%              |
| <b>Deferred Inflows of Resources</b>               |                       |              |                 |
| Deferred inflow related to TRS                     | 321,742               | 739,165      | -56%            |
| <b>Net Position</b>                                |                       |              |                 |
| Investments in capital assets, net of related debt | 187,643               | 789,930      | -76%            |
| Restricted for federal and state programs          | 805,367               | 762,111      | 6%              |
| Restricted for debt service                        | 2,914,782             | 2,752,376    | 6%              |
| Restricted for capital projects                    | 213,346               | 213,201      | 0%              |
| Unrestricted                                       | 1,209,200             | 179,404      | 574%            |
| Total Net Position                                 | \$ 5,330,338          | \$ 4,697,022 | 13%             |

Management's Discussion and Analysis  
Rockdale Independent School District  
For the Year Ended June 30, 2016

**Table II**  
**Rockdale Independent School District's Changes in Net Position**

|  | Government Activities |                     | % Change        |
|--|-----------------------|---------------------|-----------------|
|  | 2016                  | 2015                | 2015 to<br>2016 |
| <b>Revenues</b>  |                       |                     |                 |
| <b>Program Revenues</b>                                    |                       |                     |                 |
| Charges for services                                       | \$ 1,023,276          | \$ 959,058          | 7%              |
| Operating grants & contributions                           | 4,074,158             | 4,086,172           | 0%              |
| <b>General Revenues</b>                                    |                       |                     |                 |
| Property taxes levied for general purposes                 | 7,617,577             | 8,981,246           | -15%            |
| Property taxes levied for debt services                    | 2,343,833             | 1,912,380           | 23%             |
| Grants & contributions not restricted to specific purposes | 5,023,388             | 2,376,635           | 111%            |
| Investment earnings  | 77,695                | 111,534             | -30%            |
| Miscellaneous  | 112,220               | 111,286             | 1%              |
| Special items  | (3,700)               | -                   | -100%           |
| <b>Total Revenues</b>                                      | <b>20,268,447</b>     | <b>18,538,311</b>   | <b>9%</b>       |
| <b>Expenses</b>  |                       |                     |                 |
| Instruction, curriculum & library services                 | 10,883,717            | 10,573,386          | 3%              |
| Instructional & school leadership                          | 1,451,613             | 1,245,183           | 17%             |
| Counseling, health & social services                       | 1,136,060             | 1,114,654           | 2%              |
| Transportation & food services                             | 1,575,210             | 1,601,483           | -2%             |
| Extracurricular activities                                 | 866,281               | 856,629             | 1%              |
| General administration                                     | 1,337,971             | 1,150,386           | 16%             |
| Maintenance, security & data processing                    | 1,569,542             | 1,568,224           | 0%              |
| Community services   | 52,328                | 52,067              | 1%              |
| Interest on debt services                                  | 758,054               | 1,006,924           | -25%            |
| Bond insurance costs/fees                                  | 4,355                 | 153,403             | -97%            |
| <b>Total Expenses</b>                                      | <b>19,635,131</b>     | <b>19,322,339</b>   | <b>2%</b>       |
| Increase in net assets                                     | 633,316               | (784,028)           | -181%           |
| Net position - beginning of year                           | 4,883,575             | 8,369,708           | -42%            |
| Prior period adjustment                                    | (186,553)             | (2,702,105)         | -93%            |
| <b>Net position - end of year</b>                          | <b>\$ 5,330,338</b>   | <b>\$ 4,883,575</b> | <b>9%</b>       |

Total net position of the District's governmental activities increased from \$4,883,575 to \$5,330,338. Unrestricted net position – the part of net position that can be used to finance day-to-day operations – increased from \$179,404 at June 30, 2015 to \$1,209,200 at June 30, 2016, a total of \$1,029,796. This is a result of decreases in cash and cash equivalents, increase in due from other governments, deferred outflow related to TRS and TRS net pension liability (District's share).

Management's Discussion and Analysis  
Rockdale Independent School District  
For the Year Ended June 30, 2016

Long-term investments consist of a U.S. Government Agency security held in a sinking fund, which will be used to pay debt in the year 2021. The District makes annual sinking fund payments of \$126,118. The percent increase is high in the early years, but declines over time as the amount invested grows.

The District's total revenues increased \$1,730,136 from \$18,538,311 to \$20,268,447, an increase of 9% from the prior year. The greatest part of this increase is due to grants and contributions received not restricted to specific purposes, investment earnings and miscellaneous income. This increase is a combination of decreased property tax revenues with increases in state revenue.

### **THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds as presented in the balance sheet on page 16 reported a combined fund balance of \$6,597,756, which is a decrease of \$1,336,943 from last year's total of \$7,934,699. The balance for the District's Other Funds increased \$73,702. The District's combined fund balance in the General Fund decreased from \$4,133,286 to \$2,560,235 due to expenditures exceeding revenues.

The fund balance in the Debt Service Fund is \$2,914,782, which will be used for debt payments that come due in August (immediately after the June 30<sup>th</sup> year-end) and future years. Other fund balances include the Food Service Fund (national breakfast and lunch programs), Campus Activity Funds, Capital Project Funds, and other small funds, which are planned for use in the future years.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

As of June 30, 2016, the District had \$27,995,947 (net of depreciation) invested in a broad range of capital assets, including land, facilities and equipment for instruction, transportation, athletics, administration and maintenance.

#### **Debt**

The District's debt structure had changed from the prior year, due to the refinance of a portion of the 2007 School Building Bonds. Payments on the 2007 Bond Issue, the 2013 Refinancing Bond Issue, the 2014 Refinancing Bond Issue and the 2015 Refinancing Bond Issue are due in August and February of each fiscal year. The bus lease payment is due in August of each fiscal year.

At year end the District had \$28,902,447 in outstanding bond debt versus \$29,879,793 for the previous year. Outstanding capital lease obligation was \$78,924. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

One of the major economic factors affecting the 2015-16 fiscal year was the lawsuit filed by the District's largest taxpayer over their 2015 taxable values. The lawsuit resulted in a substantial loss of collected local tax revenues. The taxpayer protested their 2016 values and rolled that protest into the ongoing lawsuit. This was the single largest impact to actual local and intermediate revenues in the 2016 fiscal year which caused actual revenues to be less than budgeted revenues by \$3,395,013 in exhibit G-1.

Management's Discussion and Analysis  
Rockdale Independent School District  
For the Year Ended June 30, 2016

The District's elected and appointed officials considered many factors when setting the fiscal year 2015-16 budget and tax rates. Those factors included property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates imposed during the most recent session. The loss of tax revenue expected with the homestead exemption increase from \$15,000 to \$25,000, which was on the ballot in the November election, the expected property appraisal protest and/or lawsuit from the District's largest tax paying entity and the average daily attendance were deciding factors in the budget and tax rate adoption. The District worked aggressively to reduce the budget by \$733,000 to offset the expected reductions in revenue. Enrollment has remained steady for several years with an increase in the percent of economically disadvantaged students. For the 2016-17 budget year the District adopted a maintenance and operations tax rate of \$1.04 and a debt service tax rate of \$.32 in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2016-17 budget year is \$1.36 per hundred of taxable value.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office at Rockdale Independent School District, 520 W. Davilla, PO Box 632, Rockdale, Texas 76567 or by calling 512-430-6000.



# **BASIC FINANCIAL STATEMENTS**



ROCKDALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016

EXHIBIT A-1

| Data<br>Control<br>Codes                       | Primary Government<br>Governmental<br>Activities |
|--|--|
| <b>ASSETS</b>                                  |  |
| 1110 Cash and Cash Equivalents                 | \$ 3,646,492                                     |
| 1220 Property Taxes Receivable (Delinquent)    | 4,957,879  |
| 1230 Allowance for Uncollectible Taxes         | (2,008,828)                                      |
| 1240 Due from Other Governments                | 2,559,980  |
| 1290 Other Receivables, net                    | 361,772  |
| 1300 Inventories                               | 23,670   |
| 1410 Prepayments                               | 40,430   |
| 1490 Other Current Assets                      | 1,280  |
| Capital Assets:                                |  |
| 1510 Land                                      | 1,086,528  |
| 1520 Buildings, Net                            | 26,121,624                                       |
| 1530 Furniture and Equipment, Net              | 488,154  |
| 1550 Leased Property Under Capital Leases, Net | 299,641  |
| 1990 Other Assets                              | 1,471,475  |
| 1000 Total Assets                              | 39,050,097                                       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>          |  |
| 1701 Deferred Loss for Refunding               | 1,990,449  |
| 1705 Deferred Outflow Related to TRS           | 1,711,752  |
| 1700 Total Deferred Outflows of Resources      | 3,702,201  |
| <b>LIABILITIES</b>                             |  |
| 2110 Accounts Payable                          | 1,260  |
| 2130 Short Term Capital Leases Payable         | 78,924   |
| 2140 Interest Payable                          | 298,408  |
| 2150 Payroll Deductions & Withholdings         | 96,054   |
| 2160 Accrued Wages Payable                     | 1,328,267  |
| 2180 Due to Other Governments                  | 1,793  |
| 2300 Unearned Revenue                          | 79,969   |
| Noncurrent Liabilities                         |  |
| 2501 Due Within One Year                       | 595,511  |
| 2502 Due in More Than One Year                 | 30,297,385                                       |
| 2540 Net Pension Liability (District's Share)  | 4,322,647  |
| 2000 Total Liabilities                         | 37,100,218                                       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>           |  |
| 2605 Deferred Inflow Related to TRS            | 321,742  |
| 2600 Total Deferred Inflows of Resources       | 321,742  |
| <b>NET POSITION</b>                            |  |
| 3200 Net Investment in Capital Assets          | 187,643  |
| 3820 Restricted for Federal and State Programs | 805,367  |
| 3850 Restricted for Debt Service               | 2,914,782  |
| 3860 Restricted for Capital Projects           | 213,346  |
| 3900 Unrestricted                              | 1,209,200  |
| 3000 Total Net Position                        | \$ 5,330,338                                     |

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

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT B-1

| Data<br>Control<br>Codes | 1        | Program Revenues        |  | 6  |
|--------------------------|----------|-------------------------|--|--|
| Codes                    | Expenses | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Primary Gov.<br>Governmental<br>Activities |

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

|  |               |              |              |                |
|--|---------------|--------------|--------------|----------------|
| 11 Instruction                                       | \$ 10,183,396 | \$ 146,768   | \$ 2,343,156 | \$ (7,693,472) |
| 12 Instructional Resources and Media Services        | 115,538       | -            | 6,268        | (109,270)      |
| 13 Curriculum and Staff Development                  | 91,229        | -            | 65,073       | (26,156)       |
| 21 Instructional Leadership                          | 295,440       | -            | 18,238       | (277,202)      |
| 23 School Leadership                                 | 1,156,173     | -            | 62,400       | (1,093,773)    |
| 31 Guidance, Counseling and Evaluation Services      | 976,953       | -            | 547,839      | (429,114)      |
| 33 Health Services                                   | 159,107       | -            | 8,006        | (151,101)      |
| 34 Student (Pupil) Transportation                    | 467,140       | -            | 15,611       | (451,529)      |
| 35 Food Services                                     | 1,108,070     | 215,630      | 771,698      | (120,742)      |
| 36 Extracurricular Activities                        | 866,281       | 98,416       | 13,858       | (754,007)      |
| 41 General Administration                            | 918,789       | 24,925       | 137,018      | (756,846)      |
| 51 Facilities Maintenance and Operations             | 1,286,413     | 29,880       | 38,431       | (1,218,102)    |
| 52 Security and Monitoring Services                  | 47,014        | -            | (45)         | (47,059)       |
| 53 Data Processing Services                          | 236,115       | -            | 11,026       | (225,089)      |
| 61 Community Services                                | 52,328        | -            | 35,581       | (16,747)       |
| 72 Debt Service - Interest on Long Term Debt         | 758,054       | -            | -            | (758,054)      |
| 73 Debt Service - Bond Issuance Cost and Fees        | 4,355         | -            | -            | (4,355)        |
| 91 Contracted Instructional Services Between Schools | -             | 5,806        | -            | 5,806          |
| 93 Payments related to Shared Services Arrangements  | 493,554       | 501,851      | -            | 8,297          |
| 99 Other Intergovernmental Charges                   | 419,182       | -            | -            | (419,182)      |
| [TP] TOTAL PRIMARY GOVERNMENT:                       | \$ 19,635,131 | \$ 1,023,276 | \$ 4,074,158 | (14,537,697)   |

| Data<br>Control<br>Codes | General Revenues:                            |              |
|--------------------------|--|--------------|
|                          | Taxes:                                       |              |
| MT                       | Property Taxes, Levied for General Purposes  | 7,617,577    |
| DT                       | Property Taxes, Levied for Debt Service      | 2,343,833    |
| GC                       | Grants and Contributions not Restricted      | 5,023,388    |
| IE                       | Investment Earnings                          | 77,695       |
| MI                       | Miscellaneous Local and Intermediate Revenue | 112,220      |
| S2                       | Special Item - (Use)                         | (3,700)      |
| TR                       | Total General Revenues & Special Items       | 15,171,013   |
| CN                       | Change in Net Position                       | 633,316      |
| NB                       | Net Position - Beginning                     | 4,883,575    |
| PA                       | Prior Period Adjustment                      | (186,553)    |
| NE                       | Net Position--Ending                         | \$ 5,330,338 |

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

**GOVERNMENTAL FUNDS  
FINANCIAL STATEMENTS**

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

| Data<br>Control<br>Codes                            | 10<br>General<br>Fund | 50<br>Debt Service<br>Fund | Other<br>Funds      | Total<br>Governmental<br>Funds |
|---|-----------------------|----------------------------|---------------------|--------------------------------|
| <b>ASSETS</b>                                       |                       |                            |                     |                                |
| 1110 Cash and Cash Equivalents                      | \$ 1,108,112          | \$ 1,381,960               | \$ 1,156,420        | \$ 3,646,492                   |
| 1220 Property Taxes - Delinquent                    | 3,809,089             | 1,148,790                  | -                   | 4,957,879                      |
| 1230 Allowance for Uncollectible Taxes (Credit)     | (1,546,242)           | (462,586)                  | -                   | (2,008,828)                    |
| 1240 Receivables from Other Governments             | 1,962,076             | -                          | 597,904             | 2,559,980                      |
| 1260 Due from Other Funds                           | 275,333               | -                          | -                   | 275,333                        |
| 1290 Other Receivables                              | 293,091               | 61,348                     | 7,333               | 361,772                        |
| 1300 Inventories                                    | 12,501                | -                          | 11,169              | 23,670                         |
| 1410 Prepayments                                    | 40,430                | -                          | -                   | 40,430                         |
| 1490 Other Current Assets                           | 1,280                 | -                          | -                   | 1,280                          |
| 1900 Other Assets                                   | -                     | 1,471,475                  | -                   | 1,471,475                      |
| 1000 Total Assets                                   | <u>\$ 5,955,670</u>   | <u>\$ 3,600,987</u>        | <u>\$ 1,772,826</u> | <u>\$ 11,329,483</u>           |
| <b>LIABILITIES</b>                                  |                       |                            |                     |                                |
| 2110 Accounts Payable                               | \$ 5,393              | \$ -                       | \$ (4,133)          | \$ 1,260                       |
| 2150 Payroll Deductions and Withholdings Payable    | 75,172                | -                          | 20,882              | 96,054                         |
| 2160 Accrued Wages Payable                          | 973,386               | -                          | 354,881             | 1,328,267                      |
| 2170 Due to Other Funds                             | -                     | -                          | 275,333             | 275,333                        |
| 2180 Due to Other Governments                       | 1,793                 | -                          | -                   | 1,793                          |
| 2300 Unearned Revenues                              | 2,339,691             | 686,205                    | 3,124               | 3,029,020                      |
| 2000 Total Liabilities                              | <u>3,395,435</u>      | <u>686,205</u>             | <u>650,087</u>      | <u>4,731,727</u>               |
| <b>FUND BALANCES</b>                                |                       |                            |                     |                                |
| Nonspendable Fund Balance:                          |                       |                            |                     |                                |
| 3410 Inventories                                    | 12,502                | -                          | 11,169              | 23,671                         |
| Restricted Fund Balance:                            |                       |                            |                     |                                |
| 3450 Federal or State Funds Grant Restriction       | -                     | -                          | 805,367             | 805,367                        |
| 3470 Capital Acquisition and Contractual Obligation | -                     | -                          | 213,346             | 213,346                        |
| 3480 Retirement of Long-Term Debt                   | -                     | 2,914,782                  | -                   | 2,914,782                      |
| Committed Fund Balance:                             |                       |                            |                     |                                |
| 3510 Construction                                   | 920,200               | -                          | -                   | 920,200                        |
| 3525 Retirement of Loans or Notes Payable           | 208,302               | -                          | -                   | 208,302                        |
| 3540 Self Insurance                                 | 110,000               | -                          | -                   | 110,000                        |
| 3545 Other Committed Fund Balance                   | -                     | -                          | 92,857              | 92,857                         |
| 3600 Unassigned Fund Balance                        | 1,309,231             | -                          | -                   | 1,309,231                      |
| 3000 Total Fund Balances                            | <u>2,560,235</u>      | <u>2,914,782</u>           | <u>1,122,739</u>    | <u>6,597,756</u>               |
| 4000 Total Liabilities and Fund Balances            | <u>\$ 5,955,670</u>   | <u>\$ 3,600,987</u>        | <u>\$ 1,772,826</u> | <u>\$ 11,329,483</u>           |

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

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2016

|   |           |                  |
|---|-----------|------------------|
| <b>Total Fund Balances - Governmental Funds</b>   | \$        | 6,597,756        |
| <b>1</b> 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 \$47,622,801 and the accumulated depreciation was \$18,105,636. 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 increase (decrease) net position. |           | (854,002)        |
| <b>2</b> Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2016 capital outlays and debt principal payments is to increase (decrease) net position.   |           | 1,014,922        |
| <b>3</b> The 2016 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.   |           | (1,574,173)      |
| <b>4</b> 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 in the amount of \$4,322,647, a Deferred Resource Inflow related to TRS in the amount of \$321,742, and a Deferred Resource Outflow related to TRS in the amount of \$1,711,752. This amounted to a decrease in Net Position in the amount of \$2,932,637.   |           | (2,932,637)      |
| <b>5</b> 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, eliminating interfund transactions, 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 (decrease) net position.   |           | 3,078,472        |
| <b>19 Net Position of Governmental Activities</b>   | <u>\$</u> | <u>5,330,338</u> |

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

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

| Data<br>Control<br>Codes                                       | 10<br>General<br>Fund | 50<br>Debt Service<br>Fund | Other<br>Funds      | Total<br>Governmental<br>Funds |
|--|-----------------------|----------------------------|---------------------|--------------------------------|
| <b>REVENUES:</b>   |                       |                            |                     |                                |
| 5700 Total Local and Intermediate Sources                      | \$ 5,981,320          | \$ 1,768,658               | \$ 727,030          | \$ 8,477,008                   |
| 5800 State Program Revenues                                    | 5,165,822             | 34,920                     | 196,565             | 5,397,307                      |
| 5900 Federal Program Revenues                                  | 23,612                | -                          | 3,332,005           | 3,355,617                      |
| 5020 Total Revenues  | <u>11,170,754</u>     | <u>1,803,578</u>           | <u>4,255,600</u>    | <u>17,229,932</u>              |
| <b>EXPENDITURES:</b>   |                       |                            |                     |                                |
| <b>Current:</b>  |                       |                            |                     |                                |
| 0011 Instruction   | 6,722,437             | -                          | 2,085,537           | 8,807,974                      |
| 0012 Instructional Resources and Media Services                | 97,824                | -                          | 511                 | 98,335                         |
| 0013 Curriculum and Instructional Staff Development            | 18,229                | -                          | 73,000              | 91,229                         |
| 0021 Instructional Leadership                                  | 264,252               | -                          | 6,077               | 270,329                        |
| 0023 School Leadership   | 983,413               | -                          | 6,921               | 990,334                        |
| 0031 Guidance, Counseling and Evaluation Services              | 296,361               | -                          | 588,735             | 885,096                        |
| 0033 Health Services   | 139,597               | -                          | -                   | 139,597                        |
| 0034 Student (Pupil) Transportation                            | 377,479               | -                          | (3,790)             | 373,689                        |
| 0035 Food Services   | -                     | -                          | 975,532             | 975,532                        |
| 0036 Extracurricular Activities                                | 715,988               | -                          | (4,349)             | 711,639                        |
| 0041 General Administration                                    | 512,128               | -                          | 364,957             | 877,085                        |
| 0051 Facilities Maintenance and Operations                     | 1,249,743             | -                          | 51,497              | 1,301,240                      |
| 0052 Security and Monitoring Services                          | 13,848                | -                          | 30                  | 13,878                         |
| 0053 Data Processing Services                                  | 220,676               | -                          | 1,659               | 222,335                        |
| 0061 Community Services  | 4,486                 | -                          | 35,581              | 40,067                         |
| <b>Debt Service:</b>   |                       |                            |                     |                                |
| 0071 Principal on Long Term Debt                               | 75,795                | 935,000                    | -                   | 1,010,795                      |
| 0072 Interest on Long Term Debt                                | 6,390                 | 830,540                    | -                   | 836,930                        |
| 0073 Bond Issuance Cost and Fees                               | -                     | 4,355                      | -                   | 4,355                          |
| <b>Intergovernmental:</b>                                      |                       |                            |                     |                                |
| 0093 Payments to Fiscal Agent/Member Districts of SSA          | 493,554               | -                          | -                   | 493,554                        |
| 0099 Other Intergovernmental Charges                           | 419,182               | -                          | -                   | 419,182                        |
| 6030 Total Expenditures  | <u>12,611,382</u>     | <u>1,769,895</u>           | <u>4,181,898</u>    | <u>18,563,175</u>              |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(1,440,628)</u>    | <u>33,683</u>              | <u>73,702</u>       | <u>(1,333,243)</u>             |
| <b>OTHER FINANCING SOURCES (USES):</b>                         |                       |                            |                     |                                |
| 7915 Transfers In  | -                     | 128,723                    | -                   | 128,723                        |
| 8911 Transfers Out (Use)                                       | (128,723)             | -                          | -                   | (128,723)                      |
| 7080 Total Other Financing Sources (Uses)                      | <u>(128,723)</u>      | <u>128,723</u>             | <u>-</u>            | <u>-</u>                       |
| <b>SPECIAL ITEMS:</b>  |                       |                            |                     |                                |
| 8912 Special Item - (Use)                                      | (3,700)               | -                          | -                   | (3,700)                        |
| 1200 Net Change in Fund Balances                               | (1,573,051)           | 162,406                    | 73,702              | (1,336,943)                    |
| 0100 Fund Balance - July 1 (Beginning)                         | <u>4,133,286</u>      | <u>2,752,376</u>           | <u>1,049,037</u>    | <u>7,934,699</u>               |
| 3000 Fund Balance - June 30 (Ending)                           | <u>\$ 2,560,235</u>   | <u>\$ 2,914,782</u>        | <u>\$ 1,122,739</u> | <u>\$ 6,597,756</u>            |

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



ROCKDALE 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 JUNE 30, 2016

|  |           |                |
|--|-----------|----------------|
| <b>Total Net Change in Fund Balances - Governmental Funds</b>  | \$        | (1,336,943)    |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2016 capital outlays and debt principal payments is to increase (decrease) net position.  |           | 1,014,922      |
| Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.  |           | (1,574,173)    |
| 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, eliminating interfund transactions, 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 increase (decrease) net position. |           | 2,256,973      |
| Current year changes due to GASB 68 required credits to revenues in the amount of \$367,872 and debits to expenses in the amount of \$640,409 resulting in an increase in the change in ending net position of \$272,537.  |           | 272,537        |
| <b>Change in Net Position of Governmental Activities</b>   | <b>\$</b> | <b>633,316</b> |

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

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

|   | Private<br>Purpose<br>Trust Fund | Agency<br>Funds  |
|---|----------------------------------|------------------|
| <b>ASSETS</b>                               |                                  |                  |
| Cash and Cash Equivalents                   | \$ 3,123                         | \$ 75,160        |
| Restricted Assets                           | 57,981                           | -                |
| Total Assets                                | <u>61,104</u>                    | <u>\$ 75,160</u> |
| <b>LIABILITIES</b>                          |                                  |                  |
| Accounts Payable                            | -                                | \$ 40            |
| Payroll Deductions and Withholdings Payable | -                                | 2,386            |
| Due to Other Funds                          | -                                | 1,063            |
| Due to Student Groups                       | -                                | 71,671           |
| Total Liabilities                           | <u>-</u>                         | <u>\$ 75,160</u> |
| <b>NET POSITION</b>                         |                                  |                  |
| Restricted for Other Purposes               | <u>61,104</u>                    |                  |
| Total Net Position                          | <u>\$ 61,104</u>                 |                  |

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

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

|   | Private<br>Purpose<br>Trust Fund |
|---|----------------------------------|
| <b>ADDITIONS:</b>                       |                                  |
| Local and Intermediate Sources          | \$ 1,719                         |
| Total Additions                         | <u>1,719</u>                     |
| <b>DEDUCTIONS:</b>                      |                                  |
| Professional and Contracted Services    | <u>3,000</u>                     |
| Total Deductions                        | <u>3,000</u>                     |
| Change in Net Position                  | (1,281)                          |
| Total Net Position - July 1 (Beginning) | <u>62,385</u>                    |
| Total Net Position - June 30 (Ending)   | <u><u>\$ 61,104</u></u>          |

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

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ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Rockdale 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 (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement No. 76, and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

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

As of June 30, 2016, the District retrospectively applied GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

**A. REPORTING ENTITY**

The Board 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 GASB in its Statement No. 14, *The Financial Reporting Entity*, and related updates. There are no component units included within the reporting entity.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, 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. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the District, school lunch charges, etc. The "operating grants and contributions" column 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 appear as due to/due from on the Governmental Funds Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

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 nonoperating 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 nonoperating. 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 nonoperating.

**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. 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.

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION  
(Continued)**

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

**D. FUND ACCOUNTING**

The District reports the following major governmental funds:

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

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

*Governmental Funds:*

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

*Fiduciary Funds:*

1. **Private Purpose Trust Funds** - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds represent scholarship funds being held in trust for student scholarships.
2. **Agency Funds** - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are: the Elementary School Activities Fund, the Intermediate School Activities Fund, the Junior High School Activities Fund, and the High School Activities Fund.

**E. OTHER ACCOUNTING POLICIES**

1. Inventories of custodial supplies are reflected on the balance sheet at cost on a first-in, first-out basis. The District records purchases of other supplies as expenditures. Supplies are used for almost all functions of activity, while food commodities received from the Texas Department of Human Services are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as expenditures and revenues when received.

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2016

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. OTHER ACCOUNTING POLICIES (Continued)**

2. 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 assets. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line 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.

3. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

4. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns 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 the life of the asset 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             | 30-40        |
| Building Improvements | 20           |
| Portable Buildings    | 20           |
| Buses                 | 15           |
| Other Vehicles        | 10           |
| Office Equipment      | 5-7          |
| Computer Equipment    | 5            |
| Other Equipment       | 5-12         |

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

6. The District has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The District classifies governmental fund balances in the governmental fund financial statements as follows:

*Non-spendable* - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.



ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. OTHER ACCOUNTING POLICIES (Continued)**

*Restricted* - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

*Committed* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

*Assigned* - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Trustees.

*Unassigned* - includes positive fund balances within the General Fund which have not been classified within the above mentioned categories and negative fund balances in other governmental funds.

At June 30, 2016, the District does not have any assigned fund balances.

7. 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.

8. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

9. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government-wide statement of net position.

10. The Data Control Codes refer to the account code structure prescribed by TEA in the Resource Guide. TEA requires school districts to display these codes in the financial statements filed with the TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

11. Management of the District has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS 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 funds balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. 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:

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION (Continued)**

| <u>Capital Assets at the Beginning of the Year</u> | Historic Cost | Accumulated Depreciation | Net Value at the Beginning of the Year | Change in Net Position |
|--|---------------|--------------------------|--|------------------------|
| Land   | \$ 1,086,528  | \$ -                     | \$ 1,086,528                           |                        |
| Buildings  | 41,867,040    | 14,522,735               | 27,344,305                             |                        |
| Furniture & Equipment                              | 4,107,439     | 3,358,198                | 749,241                                |                        |
| Capital Leases                                     | 561,794       | 224,703                  | 337,091                                |                        |
| Change in Net Assets                               |               |                          |  | \$ 29,517,165          |
|  |               |                          |  |                        |
| <u>Liabilities at the Beginning of the Year</u>    |               |                          | Payable at the Beginning of the Year   |                        |
| Bonds Payable                                      |               |                          | \$ 24,335,997                          |                        |
| Premium  |               |                          | 3,043,795                              |                        |
| Loans Payable                                      |               |                          | 2,500,000                              |                        |
| Capital Leases Payable                             |               |                          | 154,719                                |                        |
| Interest Payable                                   |               |                          | 336,656                                |                        |
| Change in Net Assets                               |               |                          |  | <u>(30,371,167)</u>    |
| Net Adjustment to Net Assets                       |               |                          |  | <u>\$ (854,002)</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 funds statement of revenues, expenditures, and changes in fund balances and the changes in net assets 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 asset balance and the change in net assets. The details of this adjustment are as follows:

| <u>Current Year Capital Outlay</u> | Amount        | Adjustments from Fund Balance to Net Position | Adjustments from Changes in Fund Balance to Changes in Net Position |
|------------------------------------|---------------|---|---|
| Land                               | \$ -          |   |   |
| Building & Improvements            | 42,956        |   |   |
| Furniture & Equipment              | 9,999         |   |   |
| Construction in Progress           | -             |   |   |
| Total Capital Outlay               | <u>52,955</u> | <u>\$ 52,955</u>                              | <u>\$ 52,955</u>  |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**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 (Continued)**

|                                  |            |              |              |
|----------------------------------|------------|--------------|--------------|
| <u>Debt Related Items</u>        |            |              |              |
| Bond Principal Payments          | \$ 935,000 |              |              |
| Capital Lease Payments           | 75,795     |              |              |
| Bond Interest Appreciation       | (22,365)   |              |              |
| Bond Premium                     | (173,638)  |              |              |
| Loss on Refunding                | 108,927    |              |              |
| Interest Payable Adjustment      | 38,248     |              |              |
| Total Debt Items                 | 961,967    | 961,967      | 961,967      |
| Total Adjustment to Net Position |            | \$ 1,014,922 | \$ 1,014,922 |

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:

|   | Amount       | Adjustments<br>from Fund<br>Balance to<br>Net Position | Adjustments<br>from Changes<br>in Fund Balance<br>to Changes in<br>Net Position |
|---|--------------|--|---|
| <u>Adjustments to Revenue and Deferred Revenue</u>                |              |  |   |
| Uncollected taxes (assumed collectible)<br>from Current Year Levy | \$ 2,859,165 | \$ 2,859,165   | \$ 2,859,165  |
| Uncollected taxes (assumed collectible)<br>from Prior Year Levy   | 219,307      | 219,307  | (602,192)   |
|   |              | \$ 3,078,472   | \$ 2,256,973  |

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

The Board of Trustees (the Board) adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Child Nutrition Program (which is included in the Other Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The Statement of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual - General Fund report appears in Exhibit G-1 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 Fund financial statements:

1. Prior to June 20 the District prepares a budget for the next succeeding fiscal year beginning July 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.

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**A. BUDGETARY DATA (Continued)**

3. Prior to July 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 be approved by the Board of Trustees. 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. Several amendments were recommended to the Board and adopted during the year.

4. Unexpended appropriations lapse at year-end. Deficit fund balances are prohibited by state law.

**B. DEFICIT FUND EQUITY**

The District had no funds with deficit equity at year-end.

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. DEPOSITS AND INVESTMENTS**

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. 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 District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirement of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

Credit Risk - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In order to reduce its exposure to credit risk, the District limits investments to: (1) accounts with its depository contract which are fully collateralized; (2) investment pools with the highest ratings; and (3) U. S. Government agencies.

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.

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**A. DEPOSITS AND INVESTMENTS (Continued)**

Interest Rate Risk - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District invests in short-term maturities of less than a 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 or a deposit by limiting deposits in a foreign currency. The District is not currently exposed to foreign currency risk.

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.

At June 30, 2016, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,646,490, and the bank balance was \$3,963,639. The District's cash deposits at June 30, 2016 and during the year ended June 30, 2016, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

1. Depository: Citizens National Bank
2. The market value of securities pledged as of the date of the highest combined balance on deposit was \$12,034,706.
3. The highest combined balances of cash, savings, and time deposit accounts amounted to \$9,468,809 on February 10, 2016.
4. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

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.

Investments held at year end consisted of the following:

| Type                       | Book Value          | Level 1<br>Fair Value | Weighted Avg<br>Maturity(days) | Standard &<br>Poor's Rating |
|----------------------------|---------------------|-----------------------|--------------------------------|-----------------------------|
| Investment Pools           |                     |                       |                                |                             |
| TexPool                    | \$ 10,274           | \$ 10,274             | 46                             | AAAm                        |
| Lone Star                  | 72,836              | 72,836                | 50                             | AAAm                        |
| U.S. Governmental Agencies | 1,377,734           | 1,377,734             | 181                            | AA+                         |
| Total                      | <u>\$ 1,460,844</u> | <u>\$ 1,460,844</u>   |                                |                             |

TexPool and Lone Star investments are included in cash and cash equivalents and U.S. Governmental Agencies investments are included in other assets in the accompanying financial statements. The District has no investments measured at the Net Asset Value (NAV) per Share (or its equivalent).

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**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, unless a split-payment option is elected by the taxpayer. In such case, 1/2 of the taxes must be paid by December 1, with the balance due and payable on July 1 of the following year. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

**C. DELINQUENT TAXES RECEIVABLE**

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

**D. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at June 30, 2016, consisted of the following amounts:

**Due to General Fund from:**

|                              |            |
|------------------------------|------------|
| Non-major Governmental Funds | \$ 275,333 |
| Total Due to General Fund    | \$ 275,333 |

Interfund transfers for the year ended June 30, 2016, consisted of the following amounts:

**Transfers to Debt Service Fund from:**

|  |            |
|--|------------|
| General Fund                           | \$ 128,723 |
| Total Transferred to Debt Service Fund | \$ 128,723 |

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at June 30, 2016, were as follows:

|                                 | Property<br>Taxes | Other<br>Governments | Due From<br>Other Funds | Other      | Total<br>Receivables |
|---------------------------------|-------------------|----------------------|-------------------------|------------|----------------------|
| <b>Governmental Activities:</b> |                   |                      |                         |            |                      |
| General Fund                    | \$ 2,262,847      | \$ 1,962,076         | \$ 275,333              | \$ 293,091 | \$ 4,793,347         |
| Debt Service Fund               | 686,204           | -                    | -                       | 61,348     | 747,552              |
| Non-major Governmental Funds    | -                 | 597,904              | -                       | 7,333      | 605,237              |
| Total - Gov. Activities         | \$ 2,949,051      | \$ 2,559,980         | \$ 275,333              | \$ 361,772 | \$ 6,146,136         |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES (Continued)**

Payables at June 30, 2016, were as follows:

|                                 | Accounts<br>Payable | Salaries<br>and<br>Benefits | Due To<br>Other<br>Funds | Due To<br>Other<br>Governments | Total<br>Payables   |
|---------------------------------|---------------------|-----------------------------|--------------------------|--------------------------------|---------------------|
| <b>Governmental Activities:</b> |                     |                             |                          |                                |                     |
| General Fund                    | \$ 5,393            | \$ 1,048,558                | \$ -                     | \$ 1,793                       | \$ 1,055,744        |
| Non-major Gov. Act.             | (4,133)             | 375,763                     | 275,333                  | -                              | 646,963             |
| Total Gov. Act.                 | <u>\$ 1,260</u>     | <u>\$ 1,424,321</u>         | <u>\$ 275,333</u>        | <u>\$ 1,793</u>                | <u>\$ 1,702,707</u> |

**F. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended June 30, 2016, was as follows:

|  | Beginning<br>Balance | Additions             | Reclass/<br>Adjustments | Retirements    | Ending<br>Balance    |
|--|----------------------|-----------------------|-------------------------|----------------|----------------------|
| <b>Governmental Activities:</b>              |                      |                       |                         |                |                      |
| Land   | \$ 1,086,528         | \$ -                  | \$ -                    | \$ -           | \$ 1,086,528         |
| Buildings and Improvements                   | 41,867,040           | 42,956                | -                       | -              | 41,909,996           |
| Furniture and Equipment                      | 4,107,439            | 9,999                 | -                       | (3,437)        | 4,114,001            |
| Capital Leases                               | 561,794              | -                     | -                       | -              | 561,794              |
| Totals at Historic Cost                      | <u>47,622,801</u>    | <u>52,955</u>         | <u>-</u>                | <u>(3,437)</u> | <u>47,672,319</u>    |
| Less: Accumulated Depreciation for:          |                      |                       |                         |                |                      |
| Buildings and Improvements                   | (14,522,735)         | (1,265,637)           | -                       | -              | (15,788,372)         |
| Furniture and Equipment                      | (3,358,198)          | (271,086)             | -                       | 3,437          | (3,625,847)          |
| Capital Leases                               | (224,703)            | (37,450)              | -                       | -              | (262,153)            |
| Total Accumulated Depreciation               | <u>(18,105,636)</u>  | <u>(1,574,173)</u>    | <u>-</u>                | <u>3,437</u>   | <u>(19,676,372)</u>  |
| Governmental Activities, Capital Assets, Net | <u>\$ 29,517,165</u> | <u>\$ (1,521,218)</u> | <u>\$ -</u>             | <u>\$ -</u>    | <u>\$ 27,995,947</u> |

Depreciation expense was charged to governmental functions as follows:

|  |                     |
|--|---------------------|
| Instruction                                  | \$ 980,389          |
| Instructional Resources and Media Services   | 12,261              |
| Instructional Leadership                     | 12,261              |
| School Leadership                            | 115,201             |
| Guidance, Counseling and Evaluation Services | 49,043              |
| Health Services                              | 12,261              |
| Student (Pupil) Transportation               | 77,019              |
| Food Services                                | 115,146             |
| Co-curricular/Extracurricular Activities     | 136,257             |
| General Administration                       | 9,708               |
| Plant Maintenance and Operations             | 4,376               |
| Security and Monitoring Service              | 33,136              |
| Data Processing Services                     | 4,854               |
| Community Services                           | 12,261              |
| Total Depreciation Expense                   | <u>\$ 1,574,173</u> |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**G. BONDS AND LONG-TERM NOTES PAYABLE**

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended June 30, 2016, is as follows:

| <u>DESCRIPTION</u>               | Interest<br>Rate<br>Payable | Amounts<br>Original<br>Issue | Interest<br>Current<br>Year | Beginning<br>Balances<br>Outstanding | Issued    | Retired      | Ending<br>Balances<br>Outstanding |
|----------------------------------|-----------------------------|------------------------------|-----------------------------|--------------------------------------|-----------|--------------|-----------------------------------|
| Maintenance Tax Notes            |                             |                              |                             |                                      |           |              |                                   |
| Taxable Series 2005              |                             | \$ 2,500,000                 | \$ -                        | \$ 2,500,000                         | \$ -      | \$ -         | \$ 2,500,000                      |
| Unlimited Tax School Building    |                             |                              |                             |                                      |           |              |                                   |
| Series 2007                      | 4.10-6.00%                  | 28,800,000                   | -                           | 640,000                              | -         | 640,000      | -                                 |
| Unlimited Tax Refunding Bonds    |                             |                              |                             |                                      |           |              |                                   |
| Series 2013                      | 2.00-3.50%                  | 8,465,000                    | -                           | 8,180,000                            | -         | 100,000      | 8,080,000                         |
| Series 2014                      | 2.75-4.00%                  | 8,215,000                    | -                           | 8,095,000                            | -         | 85,000       | 8,010,000                         |
| Series 2015                      | 2.00-4.00%                  | 7,595,000                    | -                           | 7,595,000                            | -         | 110,000      | 7,485,000                         |
| Premium                          |                             |                              |                             |                                      |           |              |                                   |
| Series 2007                      |                             | 630,000                      | -                           | 17,843                               | -         | 17,843       | -                                 |
| Series 2013                      |                             | 1,554,968                    | -                           | 1,404,488                            | -         | 66,880       | 1,337,608                         |
| Series 2014                      |                             | 1,112,123                    | -                           | 1,024,594                            | -         | 61,785       | 962,809                           |
| Series 2015                      |                             | 608,395                      | -                           | 596,870                              | -         | 27,130       | 569,740                           |
| Loss on Issuance                 |                             |                              |                             |                                      |           |              |                                   |
| Series 2013                      |                             | 1,199,664                    | -                           | (1,083,565)                          | -         | 51,598       | (1,031,967)                       |
| Series 2014                      |                             | 797,634                      | -                           | (734,857)                            | -         | 44,313       | (690,544)                         |
| Series 2015                      |                             | 268,378                      | -                           | (280,954)                            | -         | 13,016       | (267,938)                         |
| Capital Appreciation Bonds (CAB) |                             |                              |                             |                                      |           |              |                                   |
| Series 2013                      |                             | 134,998                      | -                           | 134,998                              | -         | -            | 134,998                           |
| Series 2014                      |                             | 789,998                      | -                           | 789,998                              | -         | -            | 789,998                           |
| Accreted Interest                |                             |                              |                             |                                      |           |              |                                   |
| Series 2013, CAB Bonds           |                             |                              | -                           | 763,496                              | 11,546    | -            | 775,042                           |
| Series 2014, CAB Bonds           |                             |                              | -                           | 236,882                              | 10,819    | -            | 247,701                           |
|                                  |                             |                              | \$ -                        | \$ 29,879,793                        | \$ 22,365 | \$ 1,217,565 | \$ 28,902,447                     |

**Maintenance Tax Notes**

The District issued \$2,500,000 of Rockdale Independent School District Maintenance Tax Notes, Taxable Series 2005, (the Notes) as authorized by Chapter 45 of the Texas Education Code. The proceeds were used for construction and renovation of several buildings and for equipment related to the renovation. The Notes were issued as "Qualified Zone Academy Bonds" and qualified holders receive an income tax credit from the Federal government intended to offset interest costs. The interest rate to the District is 0.0%. The District is required to deposit \$126,118 annually to a Sinking Fund Deposit Account. The total of the deposits plus interest earnings at 2.77% will be used to pay the principal of the Notes at maturity. The Sinking Fund Deposit Account is held in trust and can only be used to pay the Notes. The value of the Sinking Fund Deposit Account was \$1,471,475 as of June 30, 2016. The required sinking fund deposits to maturity are as follows:



ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**G. BONDS AND LONG-TERM NOTES PAYABLE (Continued)**

| Year Ending<br>June 30 | Deposit<br>Amount |
|------------------------|-------------------|
| 2017                   | \$ 126,118        |
| 2018                   | 126,118           |
| 2019                   | 126,118           |
| 2020                   | 126,118           |
| 2021                   | 126,118           |
| Total                  | <u>\$ 630,590</u> |

**H. DEBT SERVICE REQUIREMENTS - BONDS AND CAPITAL LEASES**

Series 2013 Refunding Bonds

On April 1, 2013, the District issued \$8,465,000 in Unlimited Tax Refunding Bonds and \$134,998 in Capital Appreciation Bonds, Series 2013. The bonds carry an interest rate of 2.00% - 3.50% with the final maturity date of February 15, 2036. The bonds were issued to refund a portion of the Unlimited Tax School Building Bonds, Series 2007. This advance refunding was undertaken to reduce total debt service payments over the next 23 years by \$1,203,454 and resulted in an economic gain of \$1,470,713.

Series 2014 Refunding Bonds

On February 1, 2014, the District issued \$8,215,000 in Unlimited Tax Refunding Bonds and \$789,998 in Capital Appreciation Bonds, Series 2014. The bonds carry an interest rate of 2.75% - 4.00% with the final maturity date of February 15, 2032. The bonds were issued to refund a portion of the Unlimited Tax School Building Bonds, Series 2007. This advance refunding was undertaken to reduce total debt service payments over the next 18 years by \$2,138,029 and resulted in an economic gain of \$1,001,904.

Series 2015 Refunding Bonds

On February 1, 2015, the District issued \$7,595,000 in Unlimited Tax Refunding Bonds, Series 2015. The bonds carry an interest rate of 2.00% - 4.00% with the final maturity date of February 15, 2037. The bonds were issued to refund a portion of the Unlimited Tax School Building Bonds, Series 2007. This advance refunding was undertaken to reduce total debt service payments over the next 22 years by \$4,186,032 and resulted in an economic gain of \$2,145,253.

The required general obligation bond payments to maturity are as follows:

| Year Ended<br>June 30, | General Obligations  |                      | Total<br>Requirements |
|------------------------|----------------------|----------------------|-----------------------|
|                        | Principal            | Interest             |                       |
| 2017                   | \$ 595,511           | \$ 1,151,552         | \$ 1,747,063          |
| 2018                   | 555,899              | 1,198,663            | 1,754,562             |
| 2019                   | 703,586              | 1,068,376            | 1,771,962             |
| 2020                   | 1,015,000            | 757,563              | 1,772,563             |
| 2021                   | 1,050,000            | 720,263              | 1,770,263             |
| 2022-2026              | 5,835,000            | 3,032,287            | 8,867,287             |
| 2027-2031              | 6,585,000            | 2,090,375            | 8,675,375             |
| 2032-2036              | 7,035,000            | 905,450              | 7,940,450             |
| 2037                   | 1,125,000            | 36,563               | 1,161,563             |
| Total                  | <u>\$ 24,499,996</u> | <u>\$ 10,961,092</u> | <u>\$ 35,461,088</u>  |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**H. DEBT SERVICE REQUIREMENTS - BONDS AND CAPITAL LEASES (Continued)**

Capital Lease Obligations

A summary of changes in capitalized lease obligations for the year ended June 30, 2016, is as follows:

| <u>DESCRIPTION</u>                   | <u>Interest<br/>Rate</u> | <u>Amounts<br/>Original<br/>Issue</u> | <u>Beginning<br/>Balances<br/>Outstanding</u> | <u>Issued</u> | <u>Retired</u>   | <u>Ending<br/>Balances<br/>Outstanding</u> |
|--------------------------------------|--------------------------|---------------------------------------|---|---------------|------------------|--|
| Classic Bank of Purchase<br>of Buses | 4.13%                    | \$ 570,324                            | \$ 154,719                                    | \$ -          | \$ 75,795        | \$ 78,924                                  |
|                                      |                          | <u>\$ 570,324</u>                     | <u>\$ 154,719</u>                             | <u>\$ -</u>   | <u>\$ 75,795</u> | <u>\$ 78,924</u>                           |

The required capital lease payments are as follows:

| <u>Year Ended<br/>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total<br/>Requirements</u> |
|--------------------------------|------------------|-----------------|-------------------------------|
| 2017                           | \$ 78,924        | \$ 3,260        | \$ 82,184                     |
| Total Capital Lease Payments   | <u>\$ 78,924</u> | <u>\$ 3,260</u> | <u>\$ 82,184</u>              |

**I. DEFINED BENEFIT PENSION PLAN**

*Plan Description* - Rockdale 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/>, by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2015 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2015.

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

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**I. DEFINED BENEFIT PENSION PLAN (Continued)**

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

*Contributions* - Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to 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's 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, GAA established the employer contribution rates for fiscal years 2016 and 2017.

| <b>Contribution Rates</b>                    |             |             |
|--|-------------|-------------|
|  | <u>2015</u> | <u>2016</u> |
| Member                                       | 6.7%        | 7.2%        |
| Non-Employer Contributing Entity (State)     | 6.7%        | 6.7%        |
| Employers                                    | 6.8%        | 6.8%        |
|  |             |             |
| District's 2015 Employer Contributions       | \$ 362,094  |             |
| District's 2015 Member Contributions         | 356,769     |             |
| District's 2015 NECE On-Behalf Contributions | 484,161     |             |

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 GAA.

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

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

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2016

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**I. DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

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

|  |                             |
|--|-----------------------------|
| Actuarial valuation date               | August 31, 2015             |
| Actuarial cost method                  | Individual Entry Age Normal |
| Asset valuation method                 | Market Value                |
| Single Discount rate                   | 8.00%                       |
| Long-term expected rate of return      | 8.00%                       |
| Inflation                              | 2.50%                       |
| Salary increases, including inflation  | 3.50% to 9.50%              |
| Payroll growth rate                    | 2.50%                       |
| 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 TRS's target asset allocation as of August 31, 2015 are summarized below:

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**I. DEFINED BENEFIT PENSION PLAN (Continued)**

| 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%                | -20.0%                      | 0.0%  |
| Real Return                   |                   |                             |   |
| Global Inflation Linked Bonds | 3%                | 90.0%                       | 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                         | <u>100%</u>       |                             | <u>8.7%</u>                                       |

\* 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 presents the net pension liability of the District, calculated using the discount rate of 8.00%, as well as what the District's net pension asset would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate.

|  | 1%<br>Decrease<br>7.00% | Current<br>Discount Rate<br>8.00% | 1%<br>Increase<br>9.00% |
|--|-------------------------|-----------------------------------|-------------------------|
| District's proportionate share of the net pension liability: | \$ 6,772,774            | \$ 4,322,647                      | \$ 2,281,844            |

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* - At June 30, 2016, the District reported a liability of \$4,322,647 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

|  |                      |
|--|----------------------|
| District's proportionate share of the collective net pension liability | \$ 4,322,647         |
| State's proportionate share that is associated with the District       | <u>5,778,152</u>     |
| Total  | <u>\$ 10,100,799</u> |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**I. DEFINED BENEFIT PENSION PLAN (Continued)**

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

At August 31, 2015, the employer's proportion of the collective net pension liability was 0.000122286% which was an increase of 0.000031825% from its proportion measured as of August 31, 2014.

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

Economic Assumptions

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

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore the 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2016

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**I. DEFINED BENEFIT PENSION PLAN (Continued)**

Actuarial Methods and Policies

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

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

For the measurement period August 31, 2015, the District recognized pension expense of \$823,294 and revenue of \$823,294 for support provided by the State in the Government-Wide Statement of Activities.

At August 31, 2015, the 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<br>Outflow of<br>Resources | Deferred<br>Inflow of<br>Resources |
|---|-------------------------------------|------------------------------------|
| Differences between expected and actual economic experience   | \$ 31,078                           | \$ 166,123                         |
| Changes in actuarial assumptions  | 130,626                             | 154,213                            |
| Difference between projected and actual investment earnings   | 510,673                             | -                                  |
| Changes in proportion and difference between the District's<br>contributions and the proportionate share of contributions | 727,511                             | 1,406                              |
| Contributions paid to TRS subsequent to the measurement date  | 311,864                             | -                                  |
| Total   | \$ 1,711,752                        | \$ 321,742                         |

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<br>August 31, | Pension Expense<br>Amount |
|--------------------------|---------------------------|
| 2017                     | \$ 182,962                |
| 2018                     | 182,962                   |
| 2019                     | 182,962                   |
| 2020                     | 367,595                   |
| 2021                     | 99,515                    |
| Thereafter               | 62,150                    |
|                          | \$ 1,078,146              |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2016

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**J. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES**

Retiree Health Care Coverage

*Plan Description* - The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by TRS. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under TRS. The statutory authority for the program is the Texas Insurance Code, Chapter 1575. Chapter 1575 grants the TRS Board of Trustees the authority to "establish and amend basic and optional group insurance coverage for participants". 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 calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS website, under "Publications," www.trs.state.tx.us.

*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 contribution 1.0 %

*Contributions* - Contributions made by the State on behalf of the District are recorded in the governmental funds financial statements as both revenue and expenditures. State contributions to TRS made on behalf of the District's employees as well as the District's required contributions and federal grant program contributions for the years ended June 30, 2016, 2015 and 2014 are as follows:

|                                 | 2016      | 2015      | 2014      |
|---------------------------------|-----------|-----------|-----------|
| Required District Contributions | \$ 52,260 | \$ 75,645 | \$ 73,016 |
| Actual District Contributions   | 52,260    | 75,645    | 73,016    |
| State Contributions             | 99,016    | 102,789   | 97,626    |
| Employee Contributions          | 61,760    | 67,229    | 65,803    |

*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 Employees Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2014, 2015, 2016 the subsidy payments received by TRS-Care on behalf of the District were \$28,052, \$44,394, and \$41,355, respectively. This information was 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.



ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**J. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES (Continued)**

The District sponsors a modified self-insurance plan to provide health care benefits to staff members and their dependents. Transactions related to the plan are accounted for in the Health Insurance Fund (the Fund), an internal service fund of the District. Partial staff member contributions are required for personal coverage and total staff member contributions are required for coverage of dependents. The District obtained excess loss insurance which limited annual claims paid from the Fund for the year ended June 30, 2016, to \$100,000 for any individual participant and an aggregate limit equal to \$500,000.

Estimates of claims payable and of claims incurred, but not reported at June 30, 2016, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

Changes in the balances of claims liabilities during the past year are as follows:

|                                      | 2016      |
|--------------------------------------|-----------|
| Unpaid claims, beginning of the year | \$ 15,467 |
| Incurred claims (including IBNR'S)   | 101,046   |
| Claim Payments                       | (26,358)  |
| Unpaid claims, end of fiscal year    | \$ 90,155 |

**K. UNEARNED REVENUE**

Unearned revenue at year end consisted of the following:

|                                      | General<br>Fund | Debt<br>Service<br>Fund | Other<br>Funds | Total        |
|--------------------------------------|-----------------|-------------------------|----------------|--------------|
| Delinquent Property Taxes Receivable | \$ 2,262,845    | \$ 686,205              | \$ -           | \$ 2,949,050 |
| Lease Revenues                       | 40,002          | -                       | -              | 40,002       |
| Other Revenues                       | 36,844          | -                       | 3,124          | 39,968       |
| Total Unearned Revenue               | \$ 2,339,691    | \$ 686,205              | \$ 3,124       | \$ 3,029,020 |

**L. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

During the year ended June 30, 2016, revenues from local and intermediate sources consisted of the following:

|                                  | General<br>Fund | Debt<br>Service<br>Fund | Other<br>Funds | Total        |
|----------------------------------|-----------------|-------------------------|----------------|--------------|
| Property Taxes                   | \$ 5,584,911    | \$ 1,702,123            | \$ -           | \$ 7,287,034 |
| Property Tax Payment Penalties   | 60,191          | 17,211                  | -              | 77,402       |
| Interest Income                  | 28,226          | 49,324                  | -              | 77,550       |
| Donation & Local Grants          | 850             | -                       | 5,000          | 5,850        |
| Food Sales                       | -               | -                       | 215,931        | 215,931      |
| Shared Services Arrangement      | 5,806           | -                       | 505,954        | 511,760      |
| Co-Curricular Student Activities | 98,146          | -                       | -              | 98,146       |
| E-rate Revenues                  | 47,011          | -                       | -              | 47,011       |
| Rental Fees                      | 29,880          | -                       | -              | 29,880       |
| Other                            | 126,299         | -                       | 145            | 126,444      |
| Total                            | \$ 5,981,320    | \$ 1,768,658            | \$ 727,030     | \$ 8,477,008 |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**M. LITIGATION**

The District was not involved in any litigation at year-end that the District's attorney feels would result in a negative outcome or present any material liability to the District.

**N. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS**

The District participates in the Burleson-Milam Special Services Cooperative, a shared services arrangement for special education resource services under IDEA, Part B (Formula and Preschool). This shared service arrangement includes nine participating independent school districts. The District is acting as fiscal agent and is also a member district. Funding is provided through state and local funds from member districts and through federal funds received by the Burleson-Milam Special Service Cooperative. The District has a joint ownership interest in fixed assets purchased and the net equity of the Burleson-Milam Special Services Cooperative; however, as the fiscal agent, the District is not accumulating significant resources or obligations that would give rise to a future additional benefit or burden to the District. Member districts reimburse the fiscal agent for expenditures which exceed state and federal funding sources. The District received \$501,852 from state and local funding sources related to this shared services arrangement during the year ended June 30, 2016. Member districts reimburse the fiscal agent for expenditures which exceed state and federal funding sources; the District's share of reimbursements for the year ended June 30, 2016, was \$130,352.

The District participates in the Brazos Valley Regional Day School, a shared services arrangement for deaf education services. This shared service arrangement includes numerous participating independent school districts. Bryan ISD is acting as fiscal agent and is also a member district. Funding is provided through state and local funds from member districts and through federal funds received by the Brazos Valley Regional Day School. The District has no material joint ownership interest in fixed assets purchased or the net equity of the Brazos Valley Regional Day School. Member districts reimburse the fiscal agent for expenditures which exceed state and federal funding sources; the District's share of reimbursements for the year ended June 30, 2016, was \$5,521.

The District participates in shared service arrangements to provide education funding from federal grant funds. The District does not have a joint ownership interest in any assets of net equity interest in these shared service arrangements as they exist only to administer federal grant funds. Funding received through these shared service arrangements included \$536,232 for Title IV, Part B – 21st Century Learning Centers and \$859 for Title III, Bilingual/ESI. The fiscal agents for these shared service arrangements are the Education Service Center, Region XIII.

The District operated its own District Alternative Education Program (DAEP) services for 2015-16 and offered these services to Milano ISD and Buckholts ISD on a contractual basis. The agreement did not operate as a shared services arrangement and the District was solely responsible for decisions regarding the operation of the DAEP. The services were offered in a cooperative effort to assist area districts and to offset some of the costs of the operation of the DAEP. The participating districts each paid a set annual fee with additional fees payable if net enrollment exceeded a specified number. Neither participating district had a joint ownership interest in any assets or net equity interest of the DAEP. Buckholts ISD chose to participate and paid \$5,806 for the year ended June 30, 2016.

The District participates in a shared service arrangement with other districts in the state to purchase electricity from electrical providers. Deer Park ISD is the fiscal agent and a member district. The District does not have a joint ownership interest in any assets of net equity interests of the shared service arrangement. The District recognized \$393,906 for the year ended June 30, 2016, as its share of costs.

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**O. RISK MANAGEMENT**

During the year ended June 30, 2016, the District participated in the TASB Risk Management Fund's Property Casualty Program (the Fund), with coverage in auto liability and physical damage, property, general liability, crime and liability for misconduct. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The TASB Risk Management Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The TASB Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended June 30, 2016, the TASB Fund anticipates the District has no additional liability.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February the following year. The Fund's audited financial statements as of August 31, 2016, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

During the year ended June 30, 2016, the District met its statutory workers' compensation obligations through participation with other school districts in the Texas Educational Insurance Association (the Association), operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Association's workers compensation program is authorized by Chapter 504, Texas Labor Code. All districts participating in the Association execute Interlocal Agreements that define the responsibilities of the parties. The Association provides statutory workers' compensation benefits to its members and their injured employees.

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

**P. ARBITRAGE**

In accordance with the provisions of Section 148(1) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District does not have a liability for arbitrage as of June 30, 2016.

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2016

**V. PRIOR PERIOD ADJUSTMENT**

The prior period inflows and outflows on the government wide statements were understated and the differences are noted below:

Government-Wide Financial Statements

|   | As Previously<br>Stated | As Restated | Difference   |
|---|-------------------------|-------------|--------------|
| <u>Statement of Net Position</u>            |                         |             |              |
| Deferred inflows related to TRS             | \$ 591,332              | \$ 739,165  | \$ (147,833) |
| Deferred outflows related to TRS            | 534,123                 | 495,403     | 38,720       |
| Unrestricted net position                   | 365,957                 | 179,404     | 186,553      |
| <br><u>Statement of Activities</u>          |                         |             |              |
| Prior year ending net assets as reported    | \$ 4,883,575            |             |              |
| Correction of deferred inflows and outflows | (186,553)               |             |              |
| Prior year ending net assets as adjusted    | <u>\$ 4,697,022</u>     |             |              |

**REQUIRED SUPPLEMENTARY  
INFORMATION**



ROCKDALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

| Data Control Codes                     | Budgeted Amounts  |              | Actual Amounts<br>(GAAP BASIS) | Variance With<br>Final Budget<br>Positive or<br>(Negative) |                |
|--|---|--------------|--------------------------------|--|----------------|
|  | Original  | Final        |                                |  |                |
| <b>REVENUES:</b>                       |   |              |                                |  |                |
| 5700                                   | Total Local and Intermediate Sources                      | \$ 9,356,626 | \$ 9,376,333                   | \$ 5,981,320   | \$ (3,395,013) |
| 5800                                   | State Program Revenues                                    | 3,486,645    | 3,486,645                      | 5,165,822  | 1,679,177      |
| 5900                                   | Federal Program Revenues                                  | 15,000       | 15,000                         | 23,612   | 8,612          |
| 5020                                   | Total Revenues  | 12,858,271   | 12,877,978                     | 11,170,754   | (1,707,224)    |
| <b>EXPENDITURES:</b>                   |   |              |                                |  |                |
| Current:                               |   |              |                                |  |                |
| 0011                                   | Instruction   | 6,819,615    | 6,739,500                      | 6,722,437  | 17,063         |
| 0012                                   | Instructional Resources and Media Services                | 96,591       | 98,591                         | 97,824   | 767            |
| 0013                                   | Curriculum and Instructional Staff Development            | 13,856       | 20,472                         | 18,229   | 2,243          |
| 0021                                   | Instructional Leadership                                  | 271,096      | 271,787                        | 264,252  | 7,535          |
| 0023                                   | School Leadership   | 978,747      | 983,415                        | 983,413  | 2              |
| 0031                                   | Guidance, Counseling and Evaluation Services              | 298,798      | 298,798                        | 296,361  | 2,437          |
| 0033                                   | Health Services   | 141,218      | 141,218                        | 139,597  | 1,621          |
| 0034                                   | Student (Pupil) Transportation                            | 375,561      | 383,061                        | 377,479  | 5,582          |
| 0036                                   | Extracurricular Activities                                | 678,056      | 721,930                        | 715,988  | 5,942          |
| 0041                                   | General Administration                                    | 674,458      | 516,034                        | 512,128  | 3,906          |
| 0051                                   | Facilities Maintenance and Operations                     | 1,229,593    | 1,259,758                      | 1,249,743  | 10,015         |
| 0052                                   | Security and Monitoring Services                          | 21,860       | 21,860                         | 13,848   | 8,012          |
| 0053                                   | Data Processing Services                                  | 223,371      | 225,468                        | 220,676  | 4,792          |
| 0061                                   | Community Services  | 7,516        | 7,516                          | 4,486  | 3,030          |
| Debt Service:                          |   |              |                                |  |                |
| 0071                                   | Principal on Long Term Debt                               | 75,795       | 75,795                         | 75,795   | -              |
| 0072                                   | Interest on Long Term Debt                                | 6,390        | 6,390                          | 6,390  | -              |
| Intergovernmental:                     |   |              |                                |  |                |
| 0093                                   | Payments to Fiscal Agent/Member Districts of SSA          | 547,000      | 544,000                        | 493,554  | 50,446         |
| 0099                                   | Other Intergovernmental Charges                           | 270,000      | 433,635                        | 419,182  | 14,453         |
| 6030                                   | Total Expenditures  | 12,729,521   | 12,749,228                     | 12,611,382   | 137,846        |
| 1100                                   | Excess (Deficiency) of Revenues Over (Under) Expenditures | 128,750      | 128,750                        | (1,440,628)  | (1,569,378)    |
| <b>OTHER FINANCING SOURCES (USES):</b> |   |              |                                |  |                |
| 8911                                   | Transfers Out (Use)                                       | (128,750)    | (128,750)                      | (128,723)  | 27             |
| <b>SPECIAL ITEMS:</b>                  |   |              |                                |  |                |
| 8912                                   | Special Item - (Use)                                      | -            | -                              | (3,700)  | (3,700)        |
| 1200                                   | Net Change in Fund Balances                               | -            | -                              | (1,573,051)  | (1,573,051)    |
| 0100                                   | Fund Balance - July 1 (Beginning)                         | 4,133,286    | 4,133,286                      | 4,133,286  | -              |
| 3000                                   | Fund Balance - June 30 (Ending)                           | \$ 4,133,286 | \$ 4,133,286                   | \$ 2,560,235   | \$ (1,573,051) |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT G-6

|   | <u>2016</u>          | <u>2015</u>         |
|---|----------------------|---------------------|
| District's Proportion of the Net Pension Liability (Asset)  | 0.000122286%         | 0.000090461%        |
| District's Proportionate Share of Net Pension Liability (Asset)   | \$ 4,322,647         | \$ 2,416,338        |
| State's Proportionate Share of the Net Pension Liability (Asset) associated with the District                       | 5,778,152            | 5,053,974           |
| Total   | <u>\$ 10,100,799</u> | <u>\$ 7,470,312</u> |
| District's Covered-Employee Payroll   | \$ 10,391,738        | \$ 10,343,037       |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 41.60%               | 23.36%              |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability  | 78.43%               | 83.25%              |

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

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



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

EXHIBIT G-7

|   | 2016          | 2015          |
|---|---------------|---------------|
| Contractually Required Contribution                                 | \$ 362,094    | \$ 336,055    |
| Contribution in Relation to the Contractually Required Contribution | (362,094)     | (336,055)     |
| Contribution Deficiency (Excess)                                    | \$ -0-        | \$ -0-        |
| District's Covered-Employee Payroll                                 | \$ 10,391,738 | \$ 10,343,037 |
| Contributions as a Percentage of Covered-Employee Payroll           | 3.48%         | 3.25%         |

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

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

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## **COMBINING AND OTHER STATEMENTS**



**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS**

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2016

| Data<br>Control<br>Codes   | 211<br>ESEA I, A<br>Improving<br>Basic Program | 240<br>National<br>Breakfast and<br>Lunch Program | 244<br>Career and<br>Technical -<br>Basic Grant | 255<br>ESEA II,A<br>Training and<br>Recruiting |                  |
|----------------------------|--|---|---|--|------------------|
| <b>ASSETS</b>              |  |   |   |  |                  |
| 1110                       | Cash and Cash Equivalents                      | \$ -  | \$ 88,118                                       | \$ -   | \$ -             |
| 1240                       | Receivables from Other Governments             | 54,568  | 10,433  | 2,066  | 15,886           |
| 1290                       | Other Receivables                              | -   | -   | -  | -                |
| 1300                       | Inventories                                    | -   | 11,169  | -  | -                |
| 1000                       | Total Assets                                   | <u>\$ 54,568</u>                                  | <u>\$ 109,720</u>                               | <u>\$ 2,066</u>                                | <u>\$ 15,886</u> |
| <b>LIABILITIES</b>         |  |   |   |  |                  |
| 2110                       | Accounts Payable                               | \$ -  | \$ 1,420  | \$ -   | \$ 130           |
| 2150                       | Payroll Deductions and Withholdings Payable    | 2,645   | 5,272   | -  | 701              |
| 2160                       | Accrued Wages Payable                          | 40,135  | 41,515  | -  | 8,308            |
| 2170                       | Due to Other Funds                             | 11,788  | -   | 2,066  | 6,747            |
| 2300                       | Unearned Revenues                              | -   | 3,124   | -  | -                |
| 2000                       | Total Liabilities                              | <u>54,568</u>                                     | <u>51,331</u>                                   | <u>2,066</u>                                   | <u>15,886</u>    |
| <b>FUND BALANCES</b>       |  |   |   |  |                  |
| Nonspendable Fund Balance: |  |   |   |  |                  |
| 3410                       | Inventories                                    | -   | 11,169  | -  | -                |
| Restricted Fund Balance:   |  |   |   |  |                  |
| 3450                       | Federal or State Funds Grant Restriction       | -   | 47,220  | -  | -                |
| 3470                       | Capital Acquisition and Contractual Obligation | -   | -   | -  | -                |
| Committed Fund Balance:    |  |   |   |  |                  |
| 3545                       | Other Committed Fund Balance                   | -   | -   | -  | -                |
| 3000                       | Total Fund Balances                            | <u>-</u>  | <u>58,389</u>                                   | <u>-</u>                                       | <u>-</u>         |
| 4000                       | Total Liabilities and Fund Balances            | <u>\$ 54,568</u>                                  | <u>\$ 109,720</u>                               | <u>\$ 2,066</u>                                | <u>\$ 15,886</u> |

| 263<br>Title III, A<br>English Lang.<br>Acquisition | 265<br>Title IV, B<br>Community<br>Learning | 270<br>ESEA VI, Pt B<br>Rural & Low<br>Income | 289<br>Other Federal<br>Special<br>Revenue Funds | 313<br>SSA<br>IDEA, Part B<br>Formula | 314<br>SSA<br>IDEA, Part B<br>Preschool | 385<br>Visually<br>Impaired<br>SSVI | 397<br>Advanced<br>Placement<br>Incentives |
|---|---|---|--|---------------------------------------|---|-------------------------------------|--|
| \$ -  | \$ -  | \$ -  | \$ 3,333   | \$ -                                  | \$ -                                    | \$ -                                | \$ 1,776                                   |
| 859   | 195,385                                     | 8,194   | 927  | 307,857                               | -                                       | 85                                  | -  |
| -   | -   | -   | -  | -                                     | -                                       | -                                   | -  |
| -   | -   | -   | -  | -                                     | -                                       | -                                   | -  |
| <u>\$ 859</u>                                       | <u>\$ 195,385</u>                           | <u>\$ 8,194</u>                               | <u>\$ 4,260</u>                                  | <u>\$ 307,857</u>                     | <u>\$ -</u>                             | <u>\$ 85</u>                        | <u>\$ 1,776</u>                            |
| \$ -  | \$ -  | \$ -  | \$ -   | \$ -                                  | \$ -                                    | \$ -                                | \$ -                                       |
| -   | 2,262                                       | 57  | 39   | 9,374                                 | -                                       | -                                   | -  |
| -   | 82,567                                      | 3,074   | 2,001  | 160,314                               | -                                       | -                                   | -  |
| 859   | 110,556                                     | 5,063   | -  | 138,169                               | -                                       | 85                                  | -  |
| -   | -   | -   | -  | -                                     | -                                       | -                                   | -  |
| <u>859</u>  | <u>195,385</u>                              | <u>8,194</u>                                  | <u>2,040</u>                                     | <u>307,857</u>                        | <u>-</u>                                | <u>85</u>                           | <u>-</u>                                   |
| -   | -   | -   | -  | -                                     | -                                       | -                                   | -  |
| -   | -   | -   | 2,220  | -                                     | -                                       | -                                   | 1,776                                      |
| -   | -   | -   | -  | -                                     | -                                       | -                                   | -  |
| -   | -   | -   | -  | -                                     | -                                       | -                                   | -  |
| <u>-</u>  | <u>-</u>                                    | <u>-</u>                                      | <u>2,220</u>                                     | <u>-</u>                              | <u>-</u>                                | <u>-</u>                            | <u>1,776</u>                               |
| <u>\$ 859</u>                                       | <u>\$ 195,385</u>                           | <u>\$ 8,194</u>                               | <u>\$ 4,260</u>                                  | <u>\$ 307,857</u>                     | <u>\$ -</u>                             | <u>\$ 85</u>                        | <u>\$ 1,776</u>                            |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2016

| Data<br>Control<br>Codes   | 410<br>State<br>Textbook<br>Fund               | 429<br>Other State<br>Special<br>Revenue Funds | 437<br>SSA<br>Special<br>Education | 461<br>Campus<br>Activity<br>Funds |                  |
|----------------------------|--|--|------------------------------------|------------------------------------|------------------|
| <b>ASSETS</b>              |  |  |                                    |                                    |                  |
| 1110                       | Cash and Cash Equivalents                      | \$ 172   | \$ 110                             | \$ 768,441                         | \$ 50,864        |
| 1240                       | Receivables from Other Governments             | 1,644  | -                                  | -                                  | -                |
| 1290                       | Other Receivables                              | -  | -                                  | -                                  | -                |
| 1300                       | Inventories                                    | -  | -                                  | -                                  | -                |
| 1000                       | <b>Total Assets</b>                            | <u>\$ 1,816</u>                                | <u>\$ 110</u>                      | <u>\$ 768,441</u>                  | <u>\$ 50,864</u> |
| <b>LIABILITIES</b>         |  |  |                                    |                                    |                  |
| 2110                       | Accounts Payable                               | \$ -   | \$ -                               | \$ 97                              | \$ 220           |
| 2150                       | Payroll Deductions and Withholdings Payable    | -  | -                                  | 502                                | 30               |
| 2160                       | Accrued Wages Payable                          | -  | -                                  | 15,617                             | 1,350            |
| 2170                       | Due to Other Funds                             | -  | -                                  | -                                  | -                |
| 2300                       | Unearned Revenues                              | -  | -                                  | -                                  | -                |
| 2000                       | <b>Total Liabilities</b>                       | <u>-</u>                                       | <u>-</u>                           | <u>16,216</u>                      | <u>1,600</u>     |
| <b>FUND BALANCES</b>       |  |  |                                    |                                    |                  |
| Nonspendable Fund Balance: |  |  |                                    |                                    |                  |
| 3410                       | Inventories                                    | -  | -                                  | -                                  | -                |
| Restricted Fund Balance:   |  |  |                                    |                                    |                  |
| 3450                       | Federal or State Funds Grant Restriction       | 1,816  | 110                                | 752,225                            | -                |
| 3470                       | Capital Acquisition and Contractual Obligation | -  | -                                  | -                                  | -                |
| Committed Fund Balance:    |  |  |                                    |                                    |                  |
| 3545                       | Other Committed Fund Balance                   | -  | -                                  | -                                  | 49,264           |
| 3000                       | <b>Total Fund Balances</b>                     | <u>1,816</u>                                   | <u>110</u>                         | <u>752,225</u>                     | <u>49,264</u>    |
| 4000                       | <b>Total Liabilities and Fund Balances</b>     | <u>\$ 1,816</u>                                | <u>\$ 110</u>                      | <u>\$ 768,441</u>                  | <u>\$ 50,864</u> |



| 499<br>Other Local<br>Special<br>Revenue Funds | Total<br>Nonmajor<br>Special<br>Revenue Funds | 698<br>Capital<br>Project<br>Fund | 699<br>Capital<br>Project<br>Fund | Total<br>Nonmajor<br>Capital<br>Project Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|---|-----------------------------------|-----------------------------------|---|--|
| \$ 36,260                                      | \$ 949,074                                    | \$ 146,113                        | \$ 61,233                         | \$ 207,346                                    | \$ 1,156,420                               |
| -  | 597,904                                       | -                                 | -                                 | -   | 597,904                                    |
| 7,333  | 7,333   | -                                 | -                                 | -   | 7,333                                      |
| -  | 11,169  | -                                 | -                                 | -   | 11,169                                     |
| <u>\$ 43,593</u>                               | <u>\$ 1,565,480</u>                           | <u>\$ 146,113</u>                 | <u>\$ 61,233</u>                  | <u>\$ 207,346</u>                             | <u>\$ 1,772,826</u>                        |
| \$ -   | \$ 1,867                                      | \$ -                              | \$ (6,000)                        | \$ (6,000)                                    | \$ (4,133)                                 |
| -  | 20,882  | -                                 | -                                 | -   | 20,882                                     |
| -  | 354,881                                       | -                                 | -                                 | -   | 354,881                                    |
| -  | 275,333                                       | -                                 | -                                 | -   | 275,333                                    |
| -  | 3,124   | -                                 | -                                 | -   | 3,124                                      |
| -  | 656,087                                       | -                                 | (6,000)                           | (6,000)                                       | 650,087                                    |
| -  | 11,169  | -                                 | -                                 | -   | 11,169                                     |
| -  | 805,367                                       | -                                 | -                                 | -   | 805,367                                    |
| -  | -   | 146,113                           | 67,233                            | 213,346                                       | 213,346                                    |
| 43,593   | 92,857  | -                                 | -                                 | -   | 92,857                                     |
| <u>43,593</u>                                  | <u>909,393</u>                                | <u>146,113</u>                    | <u>67,233</u>                     | <u>213,346</u>                                | <u>1,122,739</u>                           |
| <u>\$ 43,593</u>                               | <u>\$ 1,565,480</u>                           | <u>\$ 146,113</u>                 | <u>\$ 61,233</u>                  | <u>\$ 207,346</u>                             | <u>\$ 1,772,826</u>                        |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

| Data<br>Control<br>Codes                            | 211<br>ESEA I, A<br>Improving<br>Basic Program | 240<br>National<br>Breakfast and<br>Lunch Program | 244<br>Career and<br>Technical -<br>Basic Grant | 255<br>ESEA II, A<br>Training and<br>Recruiting |
|---|--|---|---|---|
| <b>REVENUES:</b>                                    |  |   |   |   |
| 5700 Total Local and Intermediate Sources           | \$ -   | \$ 215,931  | \$ -  | \$ -  |
| 5800 State Program Revenues                         | -  | 12,739  | -   | -   |
| 5900 Federal Program Revenues                       | <u>421,168</u>                                 | <u>755,866</u>                                    | <u>23,194</u>                                   | <u>75,981</u>                                   |
| 5020 Total Revenues                                 | <u>421,168</u>                                 | <u>984,536</u>                                    | <u>23,194</u>                                   | <u>75,981</u>                                   |
| <b>EXPENDITURES:</b>                                |  |   |   |   |
| Current:  |  |   |   |   |
| 0011 Instruction                                    | 367,943  | -   | 12,371  | 59,636  |
| 0012 Instructional Resources and Media Services     | -  | -   | -   | -   |
| 0013 Curriculum and Instructional Staff Development | 49,584   | -   | 5,949   | 6,130   |
| 0021 Instructional Leadership                       | 2,275  | -   | 500   | 3,302   |
| 0023 School Leadership                              | -  | -   | -   | 6,913   |
| 0031 Guidance, Counseling and Evaluation Services   | -  | -   | 1,500   | -   |
| 0034 Student (Pupil) Transportation                 | -  | -   | -   | -   |
| 0035 Food Services                                  | -  | 975,532   | -   | -   |
| 0036 Extracurricular Activities                     | -  | -   | 2,874   | -   |
| 0041 General Administration                         | -  | -   | -   | -   |
| 0051 Facilities Maintenance and Operations          | -  | -   | -   | -   |
| 0052 Security and Monitoring Services               | -  | -   | -   | -   |
| 0053 Data Processing Services                       | -  | -   | -   | -   |
| 0061 Community Services                             | <u>1,366</u>                                   | <u>-</u>  | <u>-</u>  | <u>-</u>  |
| 6030 Total Expenditures                             | <u>421,168</u>                                 | <u>975,532</u>                                    | <u>23,194</u>                                   | <u>75,981</u>                                   |
| 1200 Net Change in Fund Balance                     | -  | 9,004   | -   | -   |
| 0100 Fund Balance - July 1 (Beginning)              | <u>-</u>                                       | <u>49,385</u>                                     | <u>-</u>  | <u>-</u>  |
| 3000 Fund Balance - June 30 (Ending)                | <u>\$ -</u>                                    | <u>\$ 58,389</u>                                  | <u>\$ -</u>                                     | <u>\$ -</u>                                     |

| 263<br>Title III, A<br>English Lang.<br>Acquisition | 265<br>Title IV, B<br>Community<br>Learning | 270<br>ESEA VI, Pt B<br>Rural & Low<br>Income | 289<br>Other Federal<br>Special<br>Revenue Funds | 313<br>SSA<br>IDEA, Part B<br>Formula | 314<br>SSA<br>IDEA, Part B<br>Preschool | 385<br>Visually<br>Impaired<br>SSVI | 397<br>Advanced<br>Placement<br>Incentives |
|---|---|---|--|---------------------------------------|---|-------------------------------------|--|
| \$ -  | \$ -  | \$ -  | \$ -   | \$ -                                  | \$ -                                    | \$ -                                | \$ -                                       |
| -   | -   | -   | -  | -                                     | -                                       | 3,465                               | 2,700                                      |
| <u>859</u>  | <u>536,232</u>                              | <u>34,215</u>                                 | <u>2,040</u>                                     | <u>1,460,914</u>                      | <u>21,536</u>                           | <u>-</u>                            | <u>-</u>                                   |
| <u>859</u>  | <u>536,232</u>                              | <u>34,215</u>                                 | <u>2,040</u>                                     | <u>1,460,914</u>                      | <u>21,536</u>                           | <u>3,465</u>                        | <u>2,700</u>                               |
| 859   | 535,744                                     | -   | 2,040  | 816,202                               | 21,536                                  | 3,465                               | -  |
| -   | -   | -   | -  | -                                     | -                                       | -                                   | -  |
| -   | 488   | -   | -  | 7,364                                 | -                                       | -                                   | 924  |
| -   | -   | -   | -  | -                                     | -                                       | -                                   | -  |
| -   | -   | -   | -  | 529,228                               | -                                       | -                                   | -  |
| -   | -   | -   | -  | -                                     | -                                       | -                                   | -  |
| -   | -   | -   | -  | -                                     | -                                       | -                                   | -  |
| -   | -   | -   | -  | 108,120                               | -                                       | -                                   | -  |
| -   | -   | -   | -  | -                                     | -                                       | -                                   | -  |
| -   | -   | -   | -  | -                                     | -                                       | -                                   | -  |
| -   | -   | 34,215  | -  | -                                     | -                                       | -                                   | -  |
| <u>859</u>  | <u>536,232</u>                              | <u>34,215</u>                                 | <u>2,040</u>                                     | <u>1,460,914</u>                      | <u>21,536</u>                           | <u>3,465</u>                        | <u>924</u>                                 |
| -   | -   | -   | -  | -                                     | -                                       | -                                   | 1,776                                      |
| -   | -   | -   | 2,220  | -                                     | -                                       | -                                   | -  |
| <u>\$ -</u>   | <u>\$ -</u>                                 | <u>\$ -</u>                                   | <u>\$ 2,220</u>                                  | <u>\$ -</u>                           | <u>\$ -</u>                             | <u>\$ -</u>                         | <u>\$ 1,776</u>                            |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

| Data<br>Control<br>Codes | 410<br>State<br>Textbook<br>Fund               | 429<br>Other State<br>Special<br>Revenue Funds | 437<br>SSA<br>Special<br>Education | 461<br>Campus<br>Activity<br>Funds |                  |
|--------------------------|--|--|------------------------------------|------------------------------------|------------------|
| <b>REVENUES:</b>         |  |  |                                    |                                    |                  |
| 5700                     | Total Local and Intermediate Sources           | \$ -   | \$ -                               | \$ 505,954                         | \$ -             |
| 5800                     | State Program Revenues                         | 164,818  | -                                  | 12,837                             | -                |
| 5900                     | Federal Program Revenues                       | -  | -                                  | -                                  | -                |
| 5020                     | Total Revenues                                 | <u>164,818</u>                                 | <u>-</u>                           | <u>518,791</u>                     | <u>-</u>         |
| <b>EXPENDITURES:</b>     |  |  |                                    |                                    |                  |
| Current:                 |  |  |                                    |                                    |                  |
| 0011                     | Instruction                                    | 164,818  | -                                  | 112,667                            | (414)            |
| 0012                     | Instructional Resources and Media Services     | -  | -                                  | -                                  | 511              |
| 0013                     | Curriculum and Instructional Staff Development | -  | -                                  | 7,927                              | -                |
| 0021                     | Instructional Leadership                       | -  | -                                  | -                                  | -                |
| 0023                     | School Leadership                              | -  | -                                  | -                                  | -                |
| 0031                     | Guidance, Counseling and Evaluation Services   | -  | -                                  | 58,007                             | -                |
| 0034                     | Student (Pupil) Transportation                 | -  | -                                  | -                                  | -                |
| 0035                     | Food Services                                  | -  | -                                  | -                                  | -                |
| 0036                     | Extracurricular Activities                     | -  | -                                  | -                                  | (8,439)          |
| 0041                     | General Administration                         | -  | -                                  | 256,837                            | -                |
| 0051                     | Facilities Maintenance and Operations          | -  | -                                  | 51,497                             | -                |
| 0052                     | Security and Monitoring Services               | -  | -                                  | 75                                 | (45)             |
| 0053                     | Data Processing Services                       | -  | -                                  | 1,659                              | -                |
| 0061                     | Community Services                             | -  | -                                  | -                                  | -                |
| 6030                     | Total Expenditures                             | <u>164,818</u>                                 | <u>-</u>                           | <u>488,669</u>                     | <u>(8,387)</u>   |
| 1200                     | Net Change in Fund Balance                     | -  | -                                  | 30,122                             | 8,387            |
| 0100                     | Fund Balance - July 1 (Beginning)              | <u>1,816</u>                                   | <u>110</u>                         | <u>722,103</u>                     | <u>40,877</u>    |
| 3000                     | Fund Balance - June 30 (Ending)                | <u>\$ 1,816</u>                                | <u>\$ 110</u>                      | <u>\$ 752,225</u>                  | <u>\$ 49,264</u> |

| 499<br>Other Local<br>Special<br>Revenue Funds | Total<br>Nonmajor<br>Special<br>Revenue Funds | 698<br>Capital<br>Project<br>Fund | 699<br>Capital<br>Project<br>Fund | Total<br>Nonmajor<br>Capital<br>Project Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|---|-----------------------------------|-----------------------------------|---|--|
| \$ 5,000                                       | \$ 726,885                                    | \$ -                              | \$ 145                            | \$ 145  | \$ 727,030                                 |
| 6  | 196,565                                       | -                                 | -                                 | -   | 196,565                                    |
| -  | 3,332,005                                     | -                                 | -                                 | -   | 3,332,005                                  |
| <u>5,006</u>                                   | <u>4,255,455</u>                              | <u>-</u>                          | <u>145</u>                        | <u>145</u>                                    | <u>4,255,600</u>                           |
| (11,330)                                       | 2,085,537                                     | -                                 | -                                 | -   | 2,085,537                                  |
| -  | 511   | -                                 | -                                 | -   | 511  |
| (5,366)  | 73,000  | -                                 | -                                 | -   | 73,000                                     |
| -  | 6,077   | -                                 | -                                 | -   | 6,077                                      |
| 8  | 6,921   | -                                 | -                                 | -   | 6,921                                      |
| -  | 588,735                                       | -                                 | -                                 | -   | 588,735                                    |
| (3,790)  | (3,790)                                       | -                                 | -                                 | -   | (3,790)                                    |
| -  | 975,532                                       | -                                 | -                                 | -   | 975,532                                    |
| 1,216  | (4,349)                                       | -                                 | -                                 | -   | (4,349)                                    |
| -  | 364,957                                       | -                                 | -                                 | -   | 364,957                                    |
| -  | 51,497  | -                                 | -                                 | -   | 51,497                                     |
| -  | 30  | -                                 | -                                 | -   | 30   |
| -  | 1,659   | -                                 | -                                 | -   | 1,659                                      |
| -  | 35,581  | -                                 | -                                 | -   | 35,581                                     |
| <u>(19,262)</u>                                | <u>4,181,898</u>                              | <u>-</u>                          | <u>-</u>                          | <u>-</u>                                      | <u>4,181,898</u>                           |
| 24,268   | 73,557  | -                                 | 145                               | 145   | 73,702                                     |
| <u>19,325</u>                                  | <u>835,836</u>                                | <u>146,113</u>                    | <u>67,088</u>                     | <u>213,201</u>                                | <u>1,049,037</u>                           |
| <u>\$ 43,593</u>                               | <u>\$ 909,393</u>                             | <u>\$ 146,113</u>                 | <u>\$ 67,233</u>                  | <u>\$ 213,346</u>                             | <u>\$ 1,122,739</u>                        |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 JUNE 30, 2016

|                                   | BALANCE<br>JULY 1<br>2015 |               |    | ADDITIONS      | DEDUCTIONS | BALANCE<br>JUNE 30<br>2016 |
|-----------------------------------|---------------------------|---------------|----|----------------|------------|----------------------------|
| <b>STUDENT ACTIVITY ACCOUNT</b>   |                           |               |    |                |            |                            |
| Assets:                           |                           |               |    |                |            |                            |
| Cash and Temporary Investments    | \$                        | 60,538        | \$ | 172,982        | \$         | 158,360                    |
|                                   |                           | <u>60,538</u> |    | <u>172,982</u> |            | <u>158,360</u>             |
| Liabilities:                      |                           |               |    |                |            |                            |
| Accounts Payable                  | \$                        | -             | \$ | 40             | \$         | -                          |
| Payroll Deductions & Withholdings |                           | 5,280         |    | 2,386          |            | 5,280                      |
| Due to Other Funds                |                           | 1,032         |    | 1,063          |            | 1,032                      |
| Due to Student Groups             |                           | 54,271        |    | 179,147        |            | 161,747                    |
| Total Liabilities                 | \$                        | <u>60,583</u> | \$ | <u>182,636</u> | \$         | <u>168,059</u>             |
|                                   |                           | <u>60,583</u> |    | <u>182,636</u> |            | <u>168,059</u>             |
| <b>TOTAL AGENCY FUNDS</b>         |                           |               |    |                |            |                            |
| Assets:                           |                           |               |    |                |            |                            |
| Cash and Temporary Investments    | \$                        | 60,538        | \$ | 172,982        | \$         | 158,360                    |
|                                   |                           | <u>60,538</u> |    | <u>172,982</u> |            | <u>158,360</u>             |
| Liabilities:                      |                           |               |    |                |            |                            |
| Accounts Payable                  | \$                        | -             | \$ | 40             | \$         | -                          |
| Payroll Deductions & Withholdings |                           | 5,280         |    | 2,386          |            | 5,280                      |
| Due to Other Funds                |                           | 1,032         |    | 1,063          |            | 1,032                      |
| Due to Student Groups             |                           | 54,271        |    | 179,147        |            | 161,747                    |
| Total Liabilities                 | \$                        | <u>60,583</u> | \$ | <u>182,636</u> | \$         | <u>168,059</u>             |
|                                   |                           | <u>60,583</u> |    | <u>182,636</u> |            | <u>168,059</u>             |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 JUNE 30, 2016

|                               | 829                      | 836                      | Total<br>Private<br>Purpose<br>Trust Fund |
|-------------------------------|--------------------------|--------------------------|---|
|                               | Blue Gold<br>Scholarship | New Salem<br>Scholarship |   |
| <b>ASSETS</b>                 |                          |                          |   |
| Cash and Cash Equivalents     | \$ 3,123                 | \$ -                     | \$ 3,123                                  |
| Restricted Assets             | -                        | 57,981                   | 57,981                                    |
| Total Assets                  | <u>3,123</u>             | <u>57,981</u>            | <u>61,104</u>                             |
| <b>NET POSITION</b>           |                          |                          |   |
| Restricted for Other Purposes | <u>3,123</u>             | <u>57,981</u>            | <u>61,104</u>                             |
| Total Net Position            | <u>\$ 3,123</u>          | <u>\$ 57,981</u>         | <u>\$ 61,104</u>                          |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

|   | 829                      | 836                      | Total<br>Private<br>Purpose<br>Trust Fund |
|---|--------------------------|--------------------------|---|
|   | Blue Gold<br>Scholarship | New Salem<br>Scholarship |   |
| ADDITIONS:                              |                          |                          |   |
| Local and Intermediate Sources          | \$ 2,425                 | \$ (706)                 | \$ 1,719                                  |
| Total Additions                         | <u>2,425</u>             | <u>(706)</u>             | <u>1,719</u>                              |
| DEDUCTIONS:                             |                          |                          |   |
| Professional and Contracted Services    | <u>3,000</u>             | <u>-</u>                 | <u>3,000</u>                              |
| Total Deductions                        | <u>3,000</u>             | <u>-</u>                 | <u>3,000</u>                              |
| Change in Net Position                  | (575)                    | (706)                    | (1,281)                                   |
| Total Net Position - July 1 (Beginning) | <u>3,698</u>             | <u>58,687</u>            | <u>62,385</u>                             |
| Total Net Position - June 30 (Ending)   | <u><u>\$ 3,123</u></u>   | <u><u>\$ 57,981</u></u>  | <u><u>\$ 61,104</u></u>                   |



## **T.E.A. REQUIRED SCHEDULES**

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED JUNE 30, 2016

| Last 10 Years                  | (1)         | (2)          | (3)  |
|--------------------------------|-------------|--------------|--|
|                                | Tax Rates   |              | Assessed/Appraised<br>Value for School<br>Tax Purposes |
|                                | Maintenance | Debt Service |  |
| 2007 and prior years           | Various     | Various      | \$ Various   |
| 2008                           | 1.040000    | 0.187500     | 704,920,278  |
| 2009                           | 1.040000    | 0.187500     | 830,995,917  |
| 2010                           | 1.040000    | 0.173500     | 927,425,997  |
| 2011                           | 1.040000    | 0.173500     | 1,149,037,826  |
| 2012                           | 1.040000    | 0.185000     | 1,592,251,667  |
| 2013                           | 1.040000    | 0.198400     | 1,576,624,661  |
| 2014                           | 1.040000    | 0.213400     | 886,908,094  |
| 2015                           | 1.040000    | 0.221450     | 830,754,510  |
| 2016 (School year under audit) | 1.040000    | 0.320000     | 850,636,654  |
| 1000 TOTALS                    |             |              |  |

| (10)<br>Beginning<br>Balance<br>7/1/2015 | (20)<br>Current<br>Year's<br>Total Levy | (31)<br>Maintenance<br>Collections | (32)<br>Debt Service<br>Collections | (40)<br>Entire<br>Year's<br>Adjustments | (50)<br>Ending<br>Balance<br>6/30/2016 |
|--|---|------------------------------------|-------------------------------------|---|--|
| \$ 21,995                                | \$ -                                    | \$ 374                             | \$ -                                | \$ 21,840                               | \$ 43,461                              |
| 3,627                                    | -                                       | 179                                | 32                                  | (150)                                   | 3,266                                  |
| 5,394                                    | -                                       | 519                                | 93                                  | (137)                                   | 4,645                                  |
| 6,863                                    | -                                       | 1,271                              | 212                                 | (141)                                   | 5,239                                  |
| 7,717                                    | -                                       | 1,005                              | 168                                 | 137                                     | 6,681                                  |
| 23,151                                   | -                                       | 1,891                              | 336                                 | 374                                     | 21,298                                 |
| 10,442                                   | -                                       | 2,857                              | 545                                 | 121                                     | 7,161                                  |
| 40,031                                   | -                                       | 22,684                             | 4,654                               | (453)                                   | 12,240                                 |
| 213,669                                  | -                                       | 135,937                            | 28,946                              | (4,259)                                 | 44,527                                 |
| -  | 11,905,242                              | 5,418,194                          | 1,667,137                           | (10,550)                                | 4,809,361                              |
| <u>\$ 332,889</u>                        | <u>\$ 11,905,242</u>                    | <u>\$ 5,584,911</u>                | <u>\$ 1,702,123</u>                 | <u>\$ 6,782</u>                         | <u>\$ 4,957,879</u>                    |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED JUNE 30, 2016

| Data<br>Control<br>Codes                  | Budgeted Amounts |                  | Actual Amounts<br>(GAAP BASIS) | Variance With<br>Final Budget<br>Positive or<br>(Negative) |
|---|------------------|------------------|--------------------------------|--|
|   | Original         | Final            |                                |  |
| <b>REVENUES:</b>                          |                  |                  |                                |  |
| 5700 Total Local and Intermediate Sources | \$ 264,750       | \$ 264,750       | \$ 215,931                     | \$ (48,819)  |
| 5800 State Program Revenues               | 5,000            | 5,000            | 12,739                         | 7,739  |
| 5900 Federal Program Revenues             | 756,000          | 756,000          | 755,866                        | (134)  |
| 5020 Total Revenues                       | <u>1,025,750</u> | <u>1,025,750</u> | <u>984,536</u>                 | <u>(41,214)</u>  |
| <b>EXPENDITURES:</b>                      |                  |                  |                                |  |
| 0035 Food Services                        | <u>1,015,745</u> | <u>1,015,745</u> | <u>975,532</u>                 | <u>40,213</u>  |
| 6030 Total Expenditures                   | <u>1,015,745</u> | <u>1,015,745</u> | <u>975,532</u>                 | <u>40,213</u>  |
| 1200 Net Change in Fund Balances          | 10,005           | 10,005           | 9,004                          | (1,001)  |
| 0100 Fund Balance - July 1 (Beginning)    | <u>49,385</u>    | <u>49,385</u>    | <u>49,385</u>                  | <u>-</u>   |
| 3000 Fund Balance - June 30 (Ending)      | <u>\$ 59,390</u> | <u>\$ 59,390</u> | <u>\$ 58,389</u>               | <u>\$ (1,001)</u>  |

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2016

| Data Control Codes                     | Budgeted Amounts                     |              | Actual Amounts<br>(GAAP BASIS) | Variance With<br>Final Budget<br>Positive or<br>(Negative) |              |
|--|--------------------------------------|--------------|--------------------------------|--|--------------|
|  | Original                             | Final        |                                |  |              |
| <b>REVENUES:</b>                       |                                      |              |                                |  |              |
| 5700                                   | Total Local and Intermediate Sources | \$ 1,945,375 | \$ 1,945,375                   | \$ 1,768,658   | \$ (176,717) |
| 5800                                   | State Program Revenues               | -            | -                              | 34,920   | 34,920       |
| 5020                                   | Total Revenues                       | 1,945,375    | 1,945,375                      | 1,803,578  | (141,797)    |
| <b>EXPENDITURES:</b>                   |                                      |              |                                |  |              |
| Debt Service:                          |                                      |              |                                |  |              |
| 0071                                   | Principal on Long Term Debt          | 935,000      | 935,000                        | 935,000  | -            |
| 0072                                   | Interest on Long Term Debt           | 803,983      | 830,540                        | 830,540  | -            |
| 0073                                   | Bond Issuance Cost and Fees          | 1,200        | 3,605                          | 4,355  | (750)        |
| 6030                                   | Total Expenditures                   | 1,740,183    | 1,769,145                      | 1,769,895  | (750)        |
| 1100                                   | Excess of Revenues Over Expenditures | 205,192      | 176,230                        | 33,683   | (142,547)    |
| <b>OTHER FINANCING SOURCES (USES):</b> |                                      |              |                                |  |              |
| 7915                                   | Transfers In                         | 128,750      | 128,750                        | 128,723  | (27)         |
| 1200                                   | Net Change in Fund Balances          | 333,942      | 304,980                        | 162,406  | (142,574)    |
| 0100                                   | Fund Balance - July 1 (Beginning)    | 2,752,376    | 2,752,376                      | 2,752,376  | -            |
| 3000                                   | Fund Balance - June 30 (Ending)      | \$ 3,086,318 | \$ 3,057,356                   | \$ 2,914,782   | \$ (142,574) |

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







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

Board of Trustees  
Rockdale Independent School District  
520 Davilla  
Rockdale, Texas 76567

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 Rockdale Independent School District (the District) which collectively comprise the District's basic financial statements as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated November 7, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting 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 over financial reporting. 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 the 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 of 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 result 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.

*Atebley & Associates, LLP*

Austin, Texas

November 7, 2016



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE**

Board of Trustees  
Rockdale Independent School District  
520 Davilla  
Rockdale, Texas 76567

**Report on Compliance for Each Major Federal Program**

We have audited Rockdale Independent School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditors' results section of the accompanying *Schedule of Findings and Questioned Costs*.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and 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 June 30, 2016.

## Report on Internal Control Over Compliance

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

*Ateley & Associates, LLP*

Austin, Texas  
November 7, 2016

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016

**I. Summary of Auditors' Results**

1. The type of report issued on the financial statements of the Rockdale Independent School District was an unmodified opinion.
2. Internal control over financial reporting:
  - There were no material weaknesses identified.
  - There were no significant deficiencies reported that are not considered to be material weaknesses.
3. The audit disclosed no noncompliance which is material to the financial statements.
4. Internal control over major programs:
  - There were no material weaknesses identified.
  - There were no significant deficiencies reported that are not considered to be material weaknesses.
5. The type of report issued on compliance for major programs was an unmodified opinion.
6. The audit did not disclose any audit findings which the auditor is required to report in accordance with 2 CFR 200.516(a).
7. The major programs were:
  - Special Education Cluster
    - CFDA 84.027 SSA - IDEA - Part B, Formula
    - CFDA 84.173 SSA - IDEA - Part B, Preschool
    - CFDA 10.553 and 10.555 - School Breakfast and Lunch Programs
    - CFDA 84.010 - Title 1
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The auditee qualified as a low-risk auditee.

**II. Findings Relating to Financial Statements Required to be Reported in Accordance with *Generally Accepted Government Auditing Standards*:**

None

**III. Findings and Questioned Costs for Federal Awards Including Audit Findings:**

None

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ROCKDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016

| (1)   | (2)                       | (3)  | (4)                     |
|---|---------------------------|--|-------------------------|
| FEDERAL GRANTOR/<br>PASS-THROUGH GRANTOR/<br>PROGRAM or CLUSTER TITLE | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
| <b>U.S. DEPARTMENT OF EDUCATION</b>                                   |                           |  |                         |
| <u>Passed Through State Department of Education</u>                   |                           |  |                         |
| ESEA, Title I, Part A - Improving Basic Programs                      | 84.010A                   | 15610101166904                               | \$ 19,325               |
| ESEA, Title I, Part A - Improving Basic Programs                      | 84.010A                   | 16610101166904                               | 401,843                 |
| Total CFDA Number 84.010A   |                           |  | 421,168                 |
| *SSA - IDEA - Part B, Formula   | 84.027                    | 156600011669046600                           | 14,275                  |
| *SSA - IDEA - Part B, Formula   | 84.027                    | 166600011669046600                           | 1,446,639               |
| Total CFDA Number 84.027  |                           |  | 1,460,914               |
| *SSA - IDEA - Part B, Preschool                                       | 84.173                    | 166610011669046000                           | 21,536                  |
| Total Special Education Cluster (IDEA)                                |                           |  | 1,482,450               |
| Career and Technical - Basic Grant                                    | 84.048                    | 15420006166904                               | 23,194                  |
| Title IV, Pt B-21st Cent. Community Learning Cent.                    | 84.287                    | 156950167110016                              | 15,167                  |
| Title IV, Pt B-21st Cent. Community Learning Cent.                    | 84.287                    | 166950167110016                              | 521,065                 |
| Total CFDA Number 84.287  |                           |  | 536,232                 |
| ESEA, Title VI, Part B - Rural & Low Income Prog.                     | 84.358B                   | 16696001166904                               | 34,215                  |
| Title III, Part A - English Language Acquisition                      | 84.365A                   | 16691001327950                               | 859                     |
| ESEA, Title II, Part A, Teacher/Principal Training                    | 84.367A                   | 15694501166904                               | 623                     |
| ESEA, Title II, Part A, Teacher/Principal Training                    | 84.367A                   | 16694501166904                               | 75,358                  |
| Total CFDA Number 84.367A   |                           |  | 75,981                  |
| LEP Summer School   | 84.369A                   | 69551502                                     | 2,040                   |
| Total Passed Through State Department of Education                    |                           |  | 2,576,139               |
| <b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>                             |                           |  | 2,576,139               |
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                 |                           |  |                         |
| <u>Passed Through the State Department of Agriculture</u>             |                           |  |                         |
| *School Breakfast Program   | 10.553                    | 71401601                                     | 242,364                 |
| *National School Lunch Program - Cash Assistance                      | 10.555                    | 71301601                                     | 470,058                 |
| *National School Lunch Prog. - Non-Cash Assistance                    | 10.555                    | 71301601                                     | 43,444                  |
| Total CFDA Number 10.555  |                           |  | 513,502                 |
| Total Child Nutrition Cluster   |                           |  | 755,866                 |
| Total Passed Through the State Department of Agriculture              |                           |  | 755,866                 |
| <b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>                           |                           |  | 755,866                 |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                           |                           |  | \$ 3,332,005            |

\*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

ROCKDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resource 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 balances 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 the 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 availability of Federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the Federal project period extended 30 days beyond the Federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Compliance Supplement.



## ROCKDALE INDEPENDENT SCHOOL DISTRICT

## Schedule L-1 – Schools First Questionnaire

June 30, 2016

|      |   |              |
|------|---|--------------|
| SF2  | Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?                            | No           |
| SF4  | Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?  | Yes          |
| SF5  | Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?                        | No           |
| SF6  | Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?  | No           |
| SF7  | Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?                | Yes          |
| SF8  | Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship? | No           |
| SF10 | Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.  | \$ 22,364    |
| SF11 | Net Pension Assets (1920) at fiscal year-end.   | \$ -         |
| SF12 | Net Pension Liabilities (2540) at fiscal year-end.  | \$ 4,322,647 |
| SF13 | Pension Expense (6147) at fiscal year-end.  | \$ 272,537   |