

**MATHIS  
INDEPENDENT SCHOOL DISTRICT**

***ANNUAL FINANCIAL REPORT***

***FOR THE YEAR ENDED AUGUST 31, 2020***



**Lovvorn & Kieschnick**

CERTIFIED PUBLIC ACCOUNTANTS

LOVVORN & KIESCHNICK, LLP

*This page is left blank intentionally.*

**MATHIS INDEPENDENT SCHOOL DISTRICT**

**DIRECTORY OF OFFICIALS**

**AUGUST 31, 2020**

**BOARD OF TRUSTEES**

MELINDA BARAJAS	PRESIDENT
RICK CORTEZ, JR.	VICE-PRESIDENT
ANGIE TREJO	SECRETARY
MOISES ALFARO	MEMBER
ABEL MONSIBAIZ	MEMBER
MICHELLE DAVILA	MEMBER
JUSTINE SABLATURA	MEMBER

**OTHER OFFICIALS**

BENNY P. HERNANDEZ	SUPERINTENDENT
LACY BRAUCHLE	READING CURRICULUM INSTRUCTIONAL COACH
GAIL SHEPLER	FINANCE OFFICER
DERWARD STEVENS	ATHLETIC DIRECTOR
VERONICA GARZA	DIRECTOR OF SPECIAL EDUCATION
VERONICA GUTIERREZ	MATH CURRICULUM INSTRUCTIONAL COACH
CHRISTINA ALVARADO	FEDERAL PROGRAMS AND ASSESSMENTS DIRECTOR

*This page is left blank intentionally.*

Mathis Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2020

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
 INTRODUCTORY SECTION		
Certificate of Board.....	1	
 FINANCIAL SECTION		
Independent Auditor's Report.....	2	
Management's Discussion and Analysis (Required Supplementary Information).....	5	
 <u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	12	A-1
Statement of Activities.....	13	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	14	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	15	C-1R
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	16	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	17	C-3
Statement of Net Position - Internal Service Fund.....	18	D-1
Statement of Revenues, Expenses, and Changes in		
Fund Net Position - Internal Service Fund.....	19	D-2
Statement of Cash Flows - Proprietary Funds.....	20	D-3
Statement of Fiduciary Net Position - Fiduciary Funds.....	21	E-1
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	22	E-2
Notes to the Financial Statements .....	23	
 <u>Required Supplementary Information</u>		
Budgetary Comparison Schedules:		
General Fund.....	47	G-1
Schedule of the District's Proportionate Share of the		
Net Pension Liability - Teacher Retirement System.....	49	G-2
Schedule of District's Contributions - Teacher Retirement System.....	50	G-3
Schedule of the District's Proportionate Share of the		
Net OPEB Liability - TRS-Care OPEB Plan.....	51	G-4
Schedule of District's Contributions - TRS -Care OPEB Plan.....	52	G-5
Notes to Required Supplementary Information.....	53	

Mathis Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2020

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable.....	54	J-1
Fund Balance and Cash Flow Calculation Worksheet (Unaudited)-General Fund.....	56	J-2
Budgetary Comparison Schedules Required by the Texas Education Agency:		
Debt Service Fund.....	57	J-3
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	58	
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance.....	60	
Schedule of Findings and Questioned Costs .....	62	
Summary Schedule of Prior Audit Findings.....	63	
Corrective Action Plan.....	64	
Schedule of Expenditures of Federal Awards .....	65	K-1
Notes to the Schedule of Expenditures of Federal Awards.....	66	

## *Introductory Section*

*This page is left blank intentionally.*



CERTIFICATE OF BOARD

Mathis Independent School District  
Name of School District

San Patricio  
County

205-904  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) \_\_\_\_\_approved \_\_\_\_\_disapproved for the year ended August 31, 2020, at a meeting of the board of trustees of such school district on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

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

*This page is left blank intentionally.*

*Financial Section*

*This page is left blank intentionally.*

**Lovvorn & Kieschnick, LLP**  
418 Peoples Street, Ste. 308  
Corpus Christi, TX 78401

**Independent Auditor's Report**

To the Board of Trustees  
Mathis Independent School District  
P. O. Box 1177  
Mathis, Texas 78368

**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 the Mathis Independent School District ("the District") as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Mathis Independent School District as of August 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020 on our consideration of Mathis Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's 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 Mathis Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

*Lovvorn + Kieschnick, LLP*

Lovvorn & Kieschnick, LLP

Corpus Christi, TX  
December 10, 2020

*This page is left blank intentionally.*



## *Management's Discussion and Analysis*

*This page is left blank intentionally.*

# MATHIS INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2020 UNAUDITED

This section of Mathis Independent School District (the "District") financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

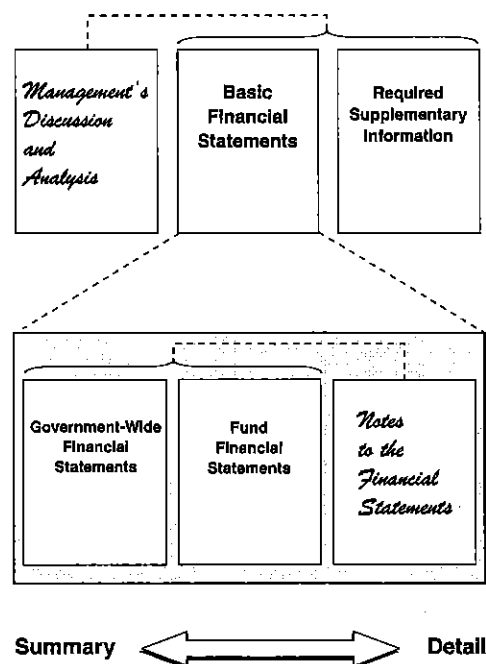
- The District's total combined net position was \$16,518,426 as of August 31, 2020.
- During the year, the District's expenses were \$161,184 more than the \$26,257,403 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$9,641,085.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

## Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All

of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the District's financial health or *position*.

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

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

### **Fund Financial Statements**

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

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

### **The District has the following kinds of funds:**

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Internal Service fund*—The District's worker compensation insurance coverage costs are accounted for in an internal service fund. Costs related to worker compensation insurance coverage services provided to parties inside the District are distributed to the users of support services on a cost-reimbursement basis.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### Net Position

Net position may serve time as a useful indicator of the District's financial position. The District's combined net position was \$16,518,426 as of August 31, 2020. (See Table A-1.)

**Table A-1**  
Mathis Independent School District's Net Position

	Governmental Activities		Total Percentage Change 2020-2019
	2020	2019	
<b>Assets:</b>			
Cash and Cash Equivalents	5,782,641	23,460,014	-75.4%
Investments	17,432,287	1,152,835	1412.1%
Property Taxes Receivable (Net)	1,581,488	1,605,405	-1.5%
Due from Other Governments	1,957,092	1,952,375	0.2%
Other Receivables (Net)	9,800	9,800	0.0%
Other Assets	18,132	26,542	-31.7%
<b>Capital Assets:</b>			
Land	715,385	715,385	0.0%
Construction in Progress	3,918,722	411,280	852.8%
Buildings, Furniture, and Equipment, (Net)	27,663,618	28,775,234	-3.9%
<b>Total Assets</b>	<b>59,079,165</b>	<b>58,108,870</b>	<b>1.7%</b>
<b>Deferred Outflows of Resources:</b>			
Deferred Charge for Refunding	299,252	284,807	5.1%
Deferred Outflow Related to Pensions	3,010,472	2,514,629	19.7%
Deferred Outflow Related to OPEB	1,829,631	706,105	159.1%
<b>Total Deferred Outflows of Resources</b>	<b>5,139,355</b>	<b>3,505,541</b>	<b>46.6%</b>
<b>Liabilities:</b>			
Accounts Payable	1,278,475	288,417	343.3%
Interest Payable	44,657	46,533	-4.0%
Accrued Expenses	1,310,960	1,033,280	26.9%
Due to Other Governments	777,446	131,924	489.3%
Unearned Revenue	3,581	2,833	26.4%
<b>Non-current Liabilities:</b>			
Due Within One Year	1,255,932	1,389,450	-9.6%
Due in More than One Year	26,048,797	27,628,644	-5.7%
Net Pension Liability	5,597,231	4,949,501	13.1%
Net OPEB Liability	7,175,144	6,803,664	5.5%
<b>Total Liabilities</b>	<b>43,492,223</b>	<b>42,274,246</b>	<b>2.9%</b>
<b>Deferred Inflows of Resources:</b>			
Deferred Inflow Related to Pensions	1,103,797	509,073	116.8%
Deferred Inflow Related to OPEB	3,104,074	2,151,483	44.3%
<b>Total Deferred Inflows of Resources</b>	<b>4,207,871</b>	<b>2,660,556</b>	<b>58.2%</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	15,972,380	14,311,093	11.6%
Restricted for:			
State & Federal Programs	1,152,006	925,714	24.4%
Debt Service	1,055,894	967,036	9.2%
Unrestricted	(1,661,854)	475,766	-449.3%
<b>Total Net Position</b>	<b>16,518,426</b>	<b>16,679,609</b>	<b>-1.0%</b>

The District continues to be fiscally conservative and has unrestricted net position of (\$1,661,854). The unrestricted net position of the District has decreased by \$2,137,620 during the current fiscal year.

## Changes in Net Position

The District's total revenues were \$26,257,403. A portion, 21.0%, of the District's revenue comes from local taxes, approximately 47.9% comes from state aid, 25.5% from operating grants, 1.0% from charges for services, and 4.6% other.

The total cost of all programs and services was \$26,418,587.

## Governmental Activities

Property tax rates were \$1.47255: M&O \$1.06835 and I&S \$0.4042.

**Table A-2**  
Changes in Mathis Independent School District's Net Position

	Governmental Activities		Total Percentage Change 2020-2019
	2020	2019	
<b>Program Revenues:</b>			
Charges for Services	147,338	216,562	-32.0%
Operating Grants and Contributions	6,704,022	6,364,409	5.3%
<b>General Revenues:</b>			
Property Taxes	5,513,241	5,119,226	7.7%
State Aid	12,585,764	11,796,232	6.7%
Other Local Revenues	1,307,038	337,790	286.9%
<b>Total Revenues</b>	<b>26,257,403</b>	<b>23,834,219</b>	<b>10.2%</b>
<b>Expenses:</b>			
Instruction	13,971,313	13,328,300	4.8%
Instructional Resources and Media Services	579,643	362,309	60.0%
Curriculum and Staff Development	72,071	83,759	-14.0%
Instructional Leadership	11,823	1,710	591.4%
School Leadership	1,456,910	1,319,726	10.4%
Guidance, Counseling and Evaluation Services	395,593	376,926	5.0%
Social Work Services	-	1,089	-100.0%
Health Services	209,815	132,139	58.8%
Student Transportation	469,653	625,560	-24.9%
Food Services	2,181,231	1,877,701	16.2%
Extracurricular Activities	880,307	835,090	5.4%
General Administration	1,118,616	1,019,644	9.7%
Plant Maintenance & Operations	2,944,197	2,496,793	17.9%
Security & Monitoring Services	83,309	39,740	109.6%
Data Processing Services	297,591	299,669	-0.7%
Community Services	156,120	203,851	-23.4%
Interest on Long-term Debt	823,505	694,753	18.5%
Bond Issuance Costs and Fees	114,553	224,106	-48.9%
Capital Outlay	564,167	-	0.0%
Other Intergovernmental Charges	88,170	89,155	-1.1%
<b>Total Expenses</b>	<b>26,418,587</b>	<b>24,012,020</b>	<b>10.0%</b>
<b>Change in Net Position</b>	<b>(161,184)</b>	<b>(177,801)</b>	<b>-9.3%</b>

- The cost of all governmental activities this year was \$26,418,587. (See Table A-2.)
- However, the amount that our taxpayers paid for these activities through property taxes was \$5,513,241.
- Grants and contributions \$6,704,022.

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

**Table A-3**  
Net Cost of Selected Mathis Independent School District Functions

	Total Cost of Services			Net Cost of Services		
	2020	2019	% Change	2020	2019	% Change
Instruction	13,971,313	13,328,300	4.8%	10,296,436	10,502,290	-2.0%
General Administration	1,118,616	1,019,644	9.7%	1,103,316	978,692	12.7%
Plant Maintenance & Operations	2,944,197	2,496,793	17.9%	2,804,517	2,289,396	22.5%
Food Services	2,181,231	1,877,701	16.2%	(239,206)	4,973	-4910.1%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$24,611,609.

### General Fund Budgetary Highlights

Over the course of the year, the District revised its budget as necessary to cover unforeseen expenses. Staffing is budgeted for full employment throughout the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2020, the District had assets of \$54,822,403 in a broad range of capital assets, including land, construction in progress, equipment, buildings, and vehicles. (See Table A-4.)

**Table A-4**  
Mathis Independent School District's Capital Assets  
(in millions of dollars)

	Governmental Activities		Total Percentage Change
	2020	2019	2020-2019
Land	0.72	0.72	0.0%
Construction in Progress	3.92	0.41	856.1%
Buildings and Improvements	46.31	46.17	0.3%
Vehicles	1.97	2.01	-2.0%
Equipment	1.90	1.73	9.8%
Total Assets at Historical Cost	54.82	51.04	7.4%
Total Accumulated Depreciation	(22.52)	(21.13)	6.6%
Net Capital Assets	32.30	29.91	8.0%

## Long-Term Obligations

During the year, the District issued \$2,575,000 Unlimited Tax Refunding Bonds to advance refund \$2,845,000 of outstanding Series 2010 Unlimited Tax School Building and Refunding Bonds. See Note F. to the Financial Statements for more detailed information. At year-end the District had \$40,077,104 in obligation for bonds, capital leases outstanding and net pension and net OPEB liability as shown in Table A-5. More detailed information about the District's obligations is presented in the notes to the financial statements.

### Bond Ratings

The District's unlimited-tax school building bonds presently carry "BBB+" from Standard and Poors underlying rating (SPUR) with outlook as Stable.

The District had the following obligations at August 31, 2020:

**Table A-5**  
Mathis Independent School District's Long-Term Obligations

	Governmental Activities		Total Percentage Change 2020-2019
	2020	2019	
Bonds and Notes Payable	27,304,729	28,923,311	-5.6%
Capital Leases	-	94,783	-100.0%
Total Bonds and Capital Leases	27,304,729	29,018,094	-5.9%
Net Pension Liability	5,597,231	4,949,501	13.1%
Net OPEB Liability	7,175,144	6,803,664	5.5%
Total Long-Term Obligations	40,077,104	40,771,259	-1.7%

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

- The District's 2019-20 total enrollment was 1,506, and the District's refined average daily attendance in 2019-2020 was 1,278.350. However, the ADA is based on a formulated calculation by TEA to offset federal funding given to the District through ESSER Grant funding. TEA reduced the MISD state funding approximately \$750,000 due to ESSER funding given by the US Department of Education in approximately the same amount.
- The Appraisal values used for the 2020 budget have increased for the 2020 budget year. The District tax rate for M & O will be, \$0.963050.
- Grant opportunities and the increase in property value will help the District close the financial gap in budgeting to allow for a balanced budget due to continual reductions in Federal Funding. In 2019-2020 MISD was awarded the 21<sup>st</sup> Century, Year 2 Grant, GEAR-UP Year 2 Grant and the Perkins Reserve Grant, Year 1. In the 2020 fiscal year MISD will be applying for additional CTE Grants.
- The District is working on the approval of a Windmill Project expansion, which will add 50 windmills to our current 313 agreements. The estimated value of the project expansion will be an estimated \$89 million.
- The District passed the 2019 bonds to build 25 new classrooms at the High School. The undesignated fund balance will be used to supplement the construction at the High School. Any additional funds will be used to re-roof the Middle School. Other funds will be used throughout the District for repairs and renovation as needed. The construction is projected to be completed in May 2021.
- Mathis ISD will conduct facility reviews to establish a working list of infrastructure repairs needed.



- Mathis ISD remains prudent in its spending while ensuring the students receive a quality education.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate 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, Mathis ISD, 602 E. San Patricio, (PO Box 1179) Mathis, TX 78368.

*This page is left blank intentionally.*

## *Basic Financial Statements*

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2020**

Data		1
Control		Governmental
Codes		Activities
<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 5,782,641
1120	Current Investments	17,432,287
1225	Property Taxes Receivable (Net)	1,581,488
1240	Due from Other Governments	1,957,092
1290	Other Receivables (Net)	9,800
Capital Assets:		
1510	Land	715,385
1520	Buildings and Improvements, Net	26,288,492
1530	Furniture and Equipment, Net	1,375,126
1580	Construction in Progress	3,918,722
1990	Other Assets	18,132
1000	Total Assets	<u>59,079,165</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
1701	Deferred Charge for Refunding	299,252
1705	Deferred Outflow Related to Pensions	3,010,472
1706	Deferred Outflow Related to OPEB	1,829,631
1700	Total Deferred Outflows of Resources	<u>5,139,355</u>
<b>LIABILITIES:</b>		
2110	Accounts Payable	1,278,475
2140	Interest Payable	44,657
2165	Accrued Liabilities	1,310,960
2180	Due to Other Governments	777,446
2300	Unearned Revenue	3,581
Noncurrent Liabilities:		
2501	Due Within One Year	1,255,932
2502	Due in More Than One Year	26,048,797
2540	Net Pension Liability	5,597,231
2545	Net OPEB Liability	7,175,144
2000	Total Liabilities	<u>43,492,223</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
2605	Deferred Inflow Related to Pensions	1,103,797
2606	Deferred Inflow Related to OPEB	3,104,074
2600	Total Deferred Inflows of Resources	<u>4,207,871</u>
<b>NET POSITION:</b>		
3200	Net Investment in Capital Assets	15,972,380
Restricted For:		
3820	Federal and State Programs	1,152,006
3850	Debt Service	1,055,894
3900	Unrestricted	(1,661,854)
3000	Total Net Position	<u>\$ 16,518,426</u>

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT****STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Functions/Programs	1  Expenses	3  Charges for Services	4  Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position  Governmental Activities
	<b>Governmental Activities:</b>				
11	Instruction	\$ 13,971,313	\$ 39,136	\$ 3,635,741	\$ (10,296,436)
12	Instructional Resources and Media Services	579,643	--	8,003	(571,640)
13	Curriculum and Staff Development	72,071	--	24,905	(47,166)
21	Instructional Leadership	11,823	--	177	(11,646)
23	School Leadership	1,456,910	--	27,795	(1,429,115)
31	Guidance, Counseling, & Evaluation Services	395,593	--	5,251	(390,342)
33	Health Services	209,815	--	2,575	(207,240)
34	Student Transportation	469,653	--	5,024	(464,629)
35	Food Service	2,181,231	69,852	2,350,585	239,206
36	Cocurricular/Extracurricular Activities	880,307	38,350	2,020	(839,937)
41	General Administration	1,118,616	--	15,300	(1,103,316)
51	Facilities Maintenance and Operations	2,944,197	--	139,680	(2,804,517)
52	Security and Monitoring Services	83,309	--	783	(82,526)
53	Data Processing Services	297,591	--	4,140	(293,451)
61	Community Services	156,120	--	130,590	(25,530)
72	Interest on Long-term Debt	823,505	--	342,768	(480,737)
73	Bond Issuance Costs and Fees	114,553	--	--	(114,553)
81	Capital Outlay	564,167	--	8,685	(555,482)
99	Other Intergovernmental Charges	88,170	--	--	(88,170)
TG	Total Governmental Activities	<u>26,418,587</u>	<u>147,338</u>	<u>6,704,022</u>	<u>(19,567,227)</u>
TP	Total Primary Government	<u>\$ 26,418,587</u>	<u>\$ 147,338</u>	<u>\$ 6,704,022</u>	<u>(19,567,227)</u>
	<b>General Revenues:</b>				
MT	Property Taxes, Levied for General Purposes				4,002,182
DT	Property Taxes, Levied for Debt Service				1,511,059
IE	Investment Earnings				136,317
GC	Grants and Contributions Not Restricted to Specific Programs				12,585,764
MI	Miscellaneous				192,248
	<b>Special and Extraordinary Items:</b>				
S1	Litigation Settlement				978,473
TR	Total General Revenues				<u>19,406,043</u>
CN	Change in Net Position				(161,184)
NB	Net Position - Beginning				<u>16,679,610</u>
NE	Net Position - Ending				<u>\$ 16,518,426</u>

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT****BALANCE SHEET - GOVERNMENTAL FUNDS**

AUGUST 31, 2020

Data Control Codes	10 General Fund	60 Capital Renovations Fund	Other Governmental Funds	98 Total Governmental Funds
<b>ASSETS:</b>				
1110 <i>Cash and Cash Equivalents</i>	\$ 3,325,578	\$ 1,266,024	\$ 1,104,427	\$ 5,696,029
1120 <i>Current Investments</i>	6,796,712	10,542,620	92,955	17,432,287
1225 <i>Taxes Receivable, Net</i>	1,269,102	--	312,386	1,581,488
1240 <i>Due from Other Governments</i>	1,496,567	--	460,525	1,957,092
1290 <i>Other Receivables</i>	9,800	--	--	9,800
1000 <b>Total Assets</b>	<u>12,897,759</u>	<u>11,808,644</u>	<u>1,970,293</u>	<u>26,676,696</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ 46,886	\$ 1,128,498	\$ 54,354	\$ 1,229,738
2150 <i>Payroll Deductions &amp; Withholdings</i>	76,306	--	--	76,306
2160 <i>Accrued Wages Payable</i>	1,138,695	--	95,959	1,234,654
2180 <i>Due to Other Governments</i>	725,686	--	51,760	777,446
2300 <i>Unearned Revenue</i>	--	--	3,581	3,581
2000 <b>Total Liabilities</b>	<u>1,987,573</u>	<u>1,128,498</u>	<u>205,654</u>	<u>3,321,725</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
2601 <i>Unavailable Revenue - Property Taxes</i>	1,269,101	--	312,386	1,581,487
2600 <b>Total Deferred Inflows of Resources</b>	<u>1,269,101</u>	<u>--</u>	<u>312,386</u>	<u>1,581,487</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450 <i>Federal/State Funds Grant Restrictions</i>	489,663	--	662,343	1,152,006
3470 <i>Capital Acquisitions &amp; Contractual Obligations</i>	--	10,680,146	--	10,680,146
3480 <i>Retirement of Long-Term Debt</i>	--	--	788,165	788,165
Committed Fund Balances:				
3510 <i>Construction</i>	550,000	--	--	550,000
3545 <i>Other Committed Fund Balance</i>	650,000	--	1,745	651,745
3600 <i>Unassigned</i>	7,951,422	--	--	7,951,422
3000 <b>Total Fund Balances</b>	<u>9,641,085</u>	<u>10,680,146</u>	<u>1,452,253</u>	<u>21,773,484</u>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<u>\$ 12,897,759</u>	<u>\$ 11,808,644</u>	<u>\$ 1,970,293</u>	<u>\$ 26,676,696</u>

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**AUGUST 31, 2020**

Total fund balances - governmental funds balance sheet	\$ 21,773,484
--	---------------

Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Capital assets used in governmental activities are not reported in the funds.	32,297,725
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,581,487
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	37,875
Payables for bond principal which are not due in the current period are not reported in the funds.	(21,995,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(44,657)
Payables for notes which are not due in the current period are not reported in the funds.	(2,529,491)
Premiums on issuance of bonds to be amortized over life of debt.	(2,780,238)
Long-term note receivables unavailable to pay for current period expenditures are deferred in the funds.	18,132
Deferred charge for refunding is expended in the funds, but is amortized in the statement of net position.	299,252
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(5,597,231)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(1,103,797)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	3,010,472
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(7,175,144)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(3,104,074)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>1,829,631</u>

Net position of governmental activities - Statement of Net Position	\$ <u>16,518,426</u>
---	----------------------

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes	10 General Fund	60 Capital Renovations Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 4,444,970	\$ 66,621	\$ 1,509,880	\$ 6,021,471
5800 <i>State Program Revenues</i>	12,223,376	--	647,128	12,870,504
5900 <i>Federal Program Revenues</i>	1,660,069	--	4,059,565	5,719,634
5020 <i>Total Revenues</i>	<u>18,328,415</u>	<u>66,621</u>	<u>6,216,573</u>	<u>24,611,609</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	9,047,161	--	3,073,389	12,120,550
0012 <i>Instructional Resources and Media Services</i>	520,088	--	--	520,088
0013 <i>Curriculum and Staff Development</i>	40,376	--	24,273	64,649
0021 <i>Instructional Leadership</i>	11,200	--	--	11,200
0023 <i>School Leadership</i>	1,252,708	--	8,504	1,261,212
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	340,454	--	--	340,454
0033 <i>Health Services</i>	166,583	--	--	166,583
0034 <i>Student Transportation</i>	327,206	--	--	327,206
0035 <i>Food Service</i>	1,705,873	--	466,347	2,172,220
0036 <i>Cocurricular/Extracurricular Activities</i>	760,244	--	31,944	792,188
0041 <i>General Administration</i>	994,781	--	--	994,781
0051 <i>Facilities Maintenance and Operations</i>	2,762,257	--	2,117	2,764,374
0052 <i>Security and Monitoring Services</i>	50,783	--	26,326	77,109
0053 <i>Data Processing Services</i>	269,268	--	--	269,268
0061 <i>Community Services</i>	470	--	130,589	131,059
0071 <i>Principal on Long-term Debt</i>	802,218	--	845,000	1,647,218
0072 <i>Interest on Long-term Debt</i>	92,901	--	889,866	982,767
0073 <i>Bond Issuance Costs and Fees</i>	--	--	114,553	114,553
0081 <i>Capital Outlay</i>	632,634	3,507,442	--	4,140,076
0099 <i>Other Intergovernmental Charges</i>	88,170	--	--	88,170
6030 <i>Total Expenditures</i>	<u>19,865,375</u>	<u>3,507,442</u>	<u>5,612,908</u>	<u>28,985,725</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	<u>(1,536,960)</u>	<u>(3,440,821)</u>	<u>603,665</u>	<u>(4,374,116)</u>
Other Financing Sources and (Uses):				
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	--	2,575,000	2,575,000
7916 <i>Premium on Issuance of Bonds</i>	--	--	407,528	407,528
8949 <i>Payment to Escrow Agent</i>	--	--	(2,905,734)	(2,905,734)
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>--</u>	<u>--</u>	<u>76,794</u>	<u>76,794</u>
<b>SPECIAL ITEM:</b>				
7918 <i>Litigation Settlement</i>	--	978,473	--	978,473
1200 <i>Net Change in Fund Balances</i>	<u>(1,536,960)</u>	<u>(2,462,348)</u>	<u>680,459</u>	<u>(3,318,849)</u>
0100 <i>Fund Balances - Beginning</i>	11,178,045	13,142,494	771,794	25,092,333
3000 <i>Fund Balances - Ending</i>	<u>\$ 9,641,085</u>	<u>\$ 10,680,146</u>	<u>\$ 1,452,253</u>	<u>\$ 21,773,484</u>

The accompanying notes are an integral part of this statement.



**MATHIS INDEPENDENT SCHOOL DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2020**

Net change in fund balances - total governmental funds \$ (3,318,849)

Amounts reported for governmental activities in the Statement of Activities  
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	3,827,219
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,431,393)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(23,917)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	845,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	94,783
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	707,435
(Increase) decrease in accrued interest from beginning of period to end of period.	1,876
The net revenue (expense) of internal service funds is reported with governmental activities.	11,637
Payments to an escrow agent on refunding bonds are not reported as an other financing use in the SOA.	2,905,734
Collection of long-term note receivables do not provide revenue in the SOA, but are reported as current resources in the funds.	(8,410)
Amortization of bond premium and deferred amount is an expense in the SOA, but not in the funds.	157,386
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(2,575,000)
Bond premiums are reported in the funds but not in the SOA.	(407,528)
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(746,612)
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	(200,545)

Change in net position of governmental activities - Statement of Activities \$ (161,184)

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT****STATEMENT OF NET POSITION****INTERNAL SERVICE FUND****AUGUST 31, 2020**

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
<b>ASSETS:</b>		
Current Assets:		
1110	<i>Cash and Cash Equivalents</i>	\$ 86,612
	Total Current Assets	86,612
1000	Total Assets	86,612
<b>LIABILITIES:</b>		
Current Liabilities:		
2110	<i>Accounts Payable</i>	\$ 48,737
	Total Current Liabilities	48,737
2000	Total Liabilities	48,737
<b>NET POSITION:</b>		
3900	<i>Unrestricted</i>	37,875
3000	Total Net Position	\$ 37,875

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION - INTERNAL SERVICE FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	<b>OPERATING REVENUES:</b>	
5700	<i>Local and Intermediate Sources</i>	\$ 132,205
5020	Total Revenues	<u>132,205</u>
	<b>OPERATING EXPENSES:</b>	
6400	<i>Other Operating Costs</i>	<u>120,568</u>
6030	Total Expenses	<u>120,568</u>
1300	Change in Net Position	11,637
0100	Total Net Position - Beginning	26,238
3300	Total Net Position - Ending	<u>\$ 37,875</u>

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>	
<i>Cash Received from Customers</i>	\$ --
<i>Cash Received from Grants</i>	--
<i>Cash Receipts (Payments) for Quasi-external         Operating Transactions with Other Funds</i>	132,205
<i>Cash Payments to Employees for Services</i>	--
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(119,093)
<i>Cash Payments for Grants to Other Organizations</i>	--
<i>Other Operating Cash Receipts (Payments)</i>	--
Net Cash Provided (Used) by Operating Activities	<u>13,112</u>
<b>Cash Flows from Non-capital Financing Activities:</b>	
<i>Proceeds (Payments) from (for) Borrowings</i>	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
<b>Cash Flows from Investing Activities:</b>	
<i>Interest and Dividends on Investments</i>	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	13,112
Cash and Cash Equivalents at Beginning of Year	73,500
Cash and Cash Equivalents at End of Year	<u>\$ 86,612</u>
<b>Reconciliation of Operating Income to Net Cash     Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ 11,637
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
<i>Depreciation</i>	--
<i>Provision for Uncollectible Accounts</i>	--
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	--
<i>Decrease (Increase) in Prepaid Expenses</i>	--
<i>Increase (Decrease) in Accounts Payable</i>	1,475
<i>Increase (Decrease) in Interfund Payables</i>	--
<i>Increase (Decrease) in Accrued Expenses</i>	--
Total Adjustments	<u>1,475</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 13,112</u>

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT****STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****AUGUST 31, 2020**

AUGUST 31, 2020

Data Control Codes		Private-purpose Trust Fund	Custodial Fund
		Private-Purpose Trust Fund	Student Activity
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$ --	\$ 66,028
1800	Restricted Assets	17,135	--
1000	Total Assets	17,135	66,028
<b>LIABILITIES:</b>			
Current Liabilities:			
2190	Due to Student Groups	\$ --	\$ 66,028
2000	Total Liabilities	--	66,028
<b>NET POSITION:</b>			
3800	Held in Trust	17,135	--
3000	Total Net Position	\$ 17,135	\$ --

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

	Private Purpose Trusts
<b>Additions:</b>	
Investment Income	\$ 33
Total Additions	<u>33</u>
<b>Deductions:</b>	
Scholarship Awards	<u>--</u>
Total Deductions	<u>--</u>
<b>Change in Net Position</b>	33
Net Position-Beginning of the Year	17,102
Net Position-End of the Year	<u>\$ 17,135</u>

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**A. Summary of Significant Accounting Policies**

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

**1. Reporting Entity**

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

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation**

**Government-wide Financial Statements:** The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

**Capital Projects Fund:** This fund is used to account for construction activities.

In addition, the District reports the following fund types:

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**Internal Service Funds:** These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

**Private-Purpose Trust Funds:** These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

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

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

**b. Measurement Focus, Basis of Accounting**

**Government-wide, Proprietary, and Fiduciary Fund Financial Statements:** These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

**3. Financial Statement Amounts**

**a. Cash and Cash Equivalents**

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

**b. Property Taxes**



**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

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

c. Inventories and Prepaid Items

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

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

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Vehicles	5-10
Equipment	5-20
Computer Equipment	3-15

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) 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 and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

f. Receivable and Payable Balances

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

Except for delinquent taxes, there are no significant receivables which are not scheduled for collection within one year of year end.

g. Interfund Activity

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

h. Use of Estimates

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

i. Data Control Codes

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

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

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

k. Net Position Flow Assumption

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

l. Fund Balance Flow Assumptions

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

4. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS'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.

At August 31, 2020, the District reported the following:

Net Pension Asset	\$	
Net Pension Liability	\$	5,597,231

5. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan 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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to / deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**GASB Statement No. 92, Omnibus 2020**

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms *derivative* and *derivatives* in existing standards to *derivative instrument* and *derivative instruments*, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope of Statement 95 because paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84*, and a Supersession of GASB Statement No. 32.

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

**7. Future Implementation of New Standards**

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

The effective dates for the following pronouncements are postponed by one year:

Statement No. 84, *Fiduciary Activities*

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Statement No. 90, *Majority Equity Interests*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

The effective dates for the following pronouncements are postponed by 18 months:

Statement No. 87, *Leases*

**B. Compliance and Accountability**

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The Public Funds Investment Act (Texas 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 requirements of the Act and with local policies.

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

1. Cash Deposits:

At August 31, 2020, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was 5,865,808 and the bank balance was 6,605,550. The District's cash deposits at August 31, 2020 and during the year ended August 31, 2020, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

As of August 31, 2020 the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>
Investment Pools:				

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Investment in TexPool	\$ 16,227,353	\$ 16,227,353	\$ --	\$ --
Total Fair Value	\$ 17,432,286	\$ 17,432,286	\$ --	\$ --

Interest Rate Risk - In accordance with state law and District policy, the District does not purchase any investments with maturities greater than 10 years.

Credit Risk - In accordance with state law and the District's investment policy investments in mutual funds, and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A. The District's investments in investment pools were rated AAA.

Concentration of Credit Risk - The District does not place a limit on the amount the District may invest in any one issuer. The District does not have a concentration of credit risk.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a custodial credit risk.

The local government investment pool such as TexPool and Lone Star Pool is not evidenced by securities in physical form. They are managed conservatively to provide safe, efficient and liquid investments to Texas governmental entities. The pool seeks to maintain a \$1 value per share as required by the Texas Public Investment Act.

Federated Investors manages the assets, provides participant services, and arranges for all custody and other functions in support of TexPool operations under a contract with the State Comptroller of Public Accounts. The state comptroller maintains oversight responsibility for TexPool, including the ability to influence operations, designation of management and accountability for fiscal matters. Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB 31 allows 2a7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than market value to report net assets to compute share price. The fair value of the District's position in TexPool is the same as the value of TexPool shares.

Limitations exist for withdrawals in this way: ACH (Automated Clearing House) withdrawals from TexPool or Lone Star are restricted to the account designated by the direct deposit form currently on record. The current authorized direct deposit form designates only the District Depository Bank as the entity to use for deposits or withdrawals by ACH. The Superintendent must authorize any new or replacement direct deposit form that would alter or replace the depository bank.

Limitations exist for wire transfers in this way: A Wire Transfer to or from TexPool requires two signatures from authorized representatives in order to be processed.

**D. Capital Assets**

Capital asset activity for the year ended August 31, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 715,385	\$ --	\$ --	\$ 715,385
Construction in progress	411,280	3,507,442	--	3,918,722
Total capital assets not being depreciated	1,126,665	3,507,442	--	4,634,107
<i>Capital assets being depreciated:</i>				
Buildings and improvements	46,169,351	137,648	--	46,306,999
Equipment	1,731,904	182,129	--	1,914,033

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Vehicles	1,967,264	--	--	1,967,264
Total capital assets being depreciated	49,868,519	319,777	--	50,188,296
Less accumulated depreciation for:				
Buildings and improvements	(18,831,476)	(1,187,034)	--	(20,018,510)
Equipment	(1,024,958)	(110,630)	--	(1,135,588)
Vehicles	(1,236,865)	(133,729)	--	(1,370,594)
Total accumulated depreciation	(21,093,299)	(1,431,393)	--	(22,524,692)
Total capital assets being depreciated, net	28,775,220	(1,111,616)	--	27,663,604
Governmental activities capital assets, net	\$ 29,901,885	\$ 2,395,826	\$ --	\$ 32,297,711

Depreciation was charged to functions as follows:

Instruction	\$ 739,831
Instructional Resources and Media Services	30,564
Curriculum and Staff Development	3,800
Instructional Leadership	623
School Leadership	76,822
Guidance, Counseling, & Evaluation Services	20,859
Health Services	11,063
Student Transportation	133,729
Food Services	121,487
Extracurricular Activities	46,418
General Administration	58,984
Plant Maintenance and Operations	158,894
Security and Monitoring Services	4,393
Data Processing Services	15,692
Community Services	8,234
	<u>\$ 1,431,393</u>

**E. Interfund Balances and Activities**

**1. Due To and From Other Funds**

There were no balances due to and from other funds at August 31, 2020.

**2. Transfers To and From Other Funds**

There were no transfers to and from other funds at August 31, 2020.

**F. Long-Term Obligations**

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

**1. Long-Term Obligation Activity**

**Refunding Bonds**

On July 31, 2020, the District issued \$2,575,000 Unlimited Tax Refunding Bonds, Series 2020 with interest rates varying from 3.00% to 4.00%. The District issued the bonds to advance refund \$2,845,000 of outstanding series 2010 Unlimited Tax School Building and refunding bonds with interest rates from 3.375% to 4.50%. The District used the net proceeds to purchase U.S government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portions of the 2010

# MATHIS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

series bonds. As a result, that portion of the 2010 series bonds are considered defeased, and the District has removed the liability from its accounts. The advance refunding reduced total debt service payments over the next 20 years by approximately \$555,744. This results in an economic gain (difference between the present values of the debt service payments of old and new debt) of \$478,439. The average interest rates of the bonds refunded is 3.94%. The net proceeds from the refunding were \$2,905,734 after payment of \$112,034 in issuance costs and underwriting fees.

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended 2020, Mathis Independent School District, are as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 9/1/19	Issued	Retired	Amounts Outstanding 8/31/20	Amounts Due Within One Year
Unlimited Tax School Building and Refunding Bonds, Series 2010	2.00% to 4.50%	8,145,000	3,005,000	--	3,005,000	--	--
Unlimited Tax Refunding Bonds Series 2016	2.00% to 4.00%	5,185,000	4,145,000	--	490,000	3,655,000	500,000
Unlimited Tax Refunding Bonds Series 2017	2.00% to 4.00%	4,180,000	3,760,000	--	195,000	3,565,000	200,000
Unlimited Tax School Building Bonds, Series 2019	2.00% to 5.00%	12,200,000	12,200,000	--	--	12,200,000	--
Unlimited Tax Refunding Bonds Series 2020	3.00% to 4.00%	2,575,000	--	2,575,000	--	2,575,000	150,000
Sub-Total - Bonds			23,110,000	2,575,000	3,690,000	21,995,000	850,000
Maintenance Tax Notes Series 2008	4.95%	1,465,000	495,000	--	495,000	--	--
Maintenance Tax Notes Series 2012	3.50%	1,030,000	745,887	--	46,291	699,596	47,911
Loan STAR Revolving Loan Series 2016	0.25%	405,592	256,039	--	51,144	204,895	51,176
Maintenance Tax Notes Series 2017	2.57%	1,900,000	1,740,000	--	115,000	1,625,000	115,000
Sub-Total - Bonds & Notes			26,346,926	2,575,000	4,397,435	24,524,491	1,064,087

Bond Premiums



**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

on Refunding	<u>2,576,385</u>	<u>407,528</u>	<u>203,675</u>	<u>2,780,238</u>	<u>191,845</u>
Total Bonds & Notes	<u>28,923,311</u>	<u>2,982,528</u>	<u>4,601,110</u>	<u>27,304,729</u>	<u>1,255,932</u>
Other Liabilities:					
Capital Leases	94,783	--	94,783	--	--
Net Pension Liability	4,949,501	1,024,602	376,872	5,597,231	--
Net OPEB Liability	<u>6,803,664</u>	<u>479,161</u>	<u>107,681</u>	<u>7,175,144</u>	<u>--</u>
Total Governmental Activities	<u>\$ 40,771,259</u>	<u>\$ 4,486,291</u>	<u>\$ 1,289,902</u>	<u>\$ 40,077,104</u>	<u>\$ 1,255,932</u>

**2. Debt Service Requirements**

Governmental Activity Debt service requirements on long-term debt at August 31, 2020, are as follows:

Year Ending August 31,	General Obligation Bonds			Maintenance Tax Notes and Revolving Loan		
	Principal	Interest	Total	Principal	Interest	Total
2021	850,000	889,525	1,739,525	214,086	66,374	280,460
2022	700,000	862,025	1,562,025	220,796	61,710	282,506
2023	725,000	844,425	1,569,425	227,564	56,858	284,422
2024	780,000	819,175	1,599,175	229,392	51,818	281,210
2025	795,000	795,100	1,590,100	184,979	46,716	231,695
2026-2030	4,335,000	3,544,350	7,879,350	1,010,142	151,418	1,161,560
2031-2035	5,385,000	2,564,200	7,949,200	442,532	19,085	461,617
2036-2040	5,355,000	1,351,750	6,706,750	--	--	--
2041-2044	3,070,000	393,250	3,463,250	--	--	--
Totals	<u>\$ 21,995,000</u>	<u>\$ 12,063,800</u>	<u>\$ 34,058,800</u>	<u>\$ 2,529,491</u>	<u>\$ 453,979</u>	<u>\$ 2,983,470</u>

General Obligation Bonds are paid by the Debt Service Fund. Maintenance Tax Notes are paid by the General Fund.

Defeased Bonds Outstanding -

The District had no defeased bonds outstanding as of August 31, 2020.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions

Mathis Independent School District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Events Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC rule 15c2-12 to enable investors to analyze the financial condition and operations of Mathis Independent School District.

**G. Risk Management**

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 fiscal year 2020, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**Unemployment Compensation**

During the year ended August 31, 2020, Mathis ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code.

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. The Fund meets its 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 Unemployment Compensation pool members.

The Fund engages the services of an independent auditor to conduct an independent 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 of the following year. The Fund's audited financial statements as of August 31, 2019, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

**Worker's Compensation**

The District has established the Worker's Compensation fund to account for and finance workers compensation claims. It is a modified self-insurance plan known as School Comp. The plan year began September 1, 2019 and ended September 1, 2020. The District's maximum financial exposure for the plan year is \$126,287. Any costs above \$126,287 for the 2019-2020 plan year are the shared responsibility of the remaining School Comp members. The District's self-insured retention per occurrence is \$37,886. Costs for any one claim above the self-insured retention are the shared responsibility of the remaining School Comp members. Excess insurance is provided by Safety National Casualty Corporation and admitted carrier. The policy provides for specific stop-loss attachment at \$350,000 per occurrence and aggregate stop-loss attachment at \$11,653,213. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the District participated in the program and make payments to the fund based on actuarial estimates of the amounts needed to pay prior-year and current-year claims and to establish a reserve for losses relating to catastrophes. That reserve was \$37,875 at 8/31/20, and is reported as reserved Net Assets of the Worker's Compensation Internal Service Fund. The claims liability of \$48,737 reported in the fund at 8/31/20, is based on the requirements of Governmental Accounting Standards board 10, which requires that a liability for claims be reported if information prior to the insurance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

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

	Year Ended 08/31/20	Year Ended 08/31/19
Unpaid claims, beginning of year	47,262 \$	--
Current year claims and changes in estimate	73,306	118,497
Claim payments	(71,831)	(71,235)
Unpaid claims, end of year	<u>48,737 \$</u>	<u>47,262</u>

**H. Pension Plan**

**1. Plan Description**

The 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

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**2. Pension Plan Fiduciary Net Position**

Detail 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 <https://www.trs.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

**3. Benefits Provided**

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

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

In May, 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

**4. Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

<b>Contribution Rates</b>		
	<b>2019</b>	<b>2020</b>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
District's 2020 Employer Contributions	\$ 416,256	
District's 2020 Member Contributions	\$ 886,420	

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

2019 NECE On-Behalf Contributions (state) \$ 519,626

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non(OASDI) surcharge that was in effect in fiscal year 2019.

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 or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution

**5. Actuarial Assumptions**

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.63%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Benefit Changes during the year	None

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Ad hoc post-employment benefit changes      None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2018.

**6. Discount Rate**

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019 are summarized below:

<b>Asset Class</b>	<b>FY 2019 Target Allocation *</b>	<b>New Target Allocation **</b>	<b>Long-Term Expected Geometric Real Rate of Return ***</b>
<b>Global Equity</b>			
USA	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	-	-
Private Equity	13.0%	14.0%	8.4%
<b>Stable Value</b>			
U.S. Treasuries ****	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return	0.0%	0.0%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds ****	3.0%	-	-
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources & Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
<b>Risk Parity</b>			
Risk Parity	5.0%	8.0%	5.8%/6.5%*****
<b>Leverage</b>			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	-	-6.0%	2.7%
<b>Expected Return</b>	<b>100.0%</b>	<b>100.0%</b>	<b>7.23%</b>

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

- \* Target allocations are based on the Strategic Asset Allocation as of FY2019
- \*\* New allocations are based on the Strategic Asset Allocation to be implemented FY2020
- \*\*\* 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%
- \*\*\*\* New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds
- \*\*\*\*\* 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

**7. Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
District's proportionate share of the net pension liability:	\$ 8,603,758	\$ 5,597,231	\$ 3,161,365

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

At August 31, 2020, the District reported a liability of \$5,597,231 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	\$ 5,597,231
State's proportionate share that is associated with District	<u>7,736,898</u>
Total	<u>\$ 13,334,129</u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.0107674007%, which was an increase (decrease) of 0.0017752443% from its proportion measured as of August 31, 2018.

**Changes Since the Prior Actuarial Valuation -**

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

For the year ended August 31, 2020, the District recognized pension expense of \$2,375,211 and revenue of

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

\$1,215,358 for support provided by the State.

At August 31, 2020, 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 Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 23,513	\$ 194,345
Changes in actuarial assumptions	1,736,536	717,619
Difference between projected and actual investment earnings	56,202	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	777,965	191,833
Contributions paid to TRS subsequent to the measurement date	416,256	--
Total	<u>\$ 3,010,472</u>	<u>\$ 1,103,797</u>

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

Year Ended August 31	Pension Expense Amount
2021	\$ 337,721
2022	\$ 274,753
2023	\$ 358,173
2024	\$ 354,536
2025	\$ 178,505
Thereafter	\$ (13,269)

**I. Defined Other Post-Employment Benefit Plans**

**1. Plan Description**

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

**2. OPEB Plan Fiduciary Net Position**

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf>, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698.

**3. Benefits Provided**

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for retirees are reflected in the following table.

TRS-Care Monthly Premium Rates		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

4. Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2019	2020
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
District's 2020 Employer Contributions	\$	115,395
District's 2020 Member Contributions	\$	74,828
2019 NECE On-Behalf Contributions (state)	\$	143,075

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are



**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

subject to (regardless of whether or not they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS-Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$73.6 million in fiscal year 2019.

**5. Actuarial Assumptions**

The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation that was rolled forward to August 31, 2019:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

**Additional Actuarial Methods and Assumptions:**

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation *
Healthcare Trend Rates	7.30% **
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. ***
Ad Hoc Post-Employment Benefit Changes	None

\* Includes inflation at 2.5%.

\*\*7.3% for FY2020, 7.4% for FY 2021, 7.0% for FY 2022, decreasing 0.5% per year to an ultimate rate of 4.5% for FY 2027 and later years.

\*\*\* 25% of pre-65 retirees are assumed to discontinue coverage at age 65.

**6. Discount Rate**

A single discount rate of 2.63% was used to measure the total OPEB liability. There was an increase of 1.06% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**7. Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of net OPEB liability	\$ 8,662,702	\$ 7,175,144	\$ 6,011,427

**8. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs**

At August 31, 2020, the District reported a liability of \$7,175,144 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 7,175,144
State's proportionate share that is associated with the District	\$ 9,534,162
Total	\$ 16,709,306

The Net OPEB liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2018 thru August 31, 2019.

At August 31, 2019 the District's proportion of the collective net OPEB liability was 0.0151722533%, which was an increase (decrease) of 0.0015460973% from its proportion measured as of August 31, 2018.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 8.5% rate is used.

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
District's proportionate share of net OPEB liability	\$ 5,853,231	\$ 7,175,144	\$ 8,945,901

**9. Changes Since the Prior Actuarial Valuation**

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB Liability (TOL) since the prior measurement period:

- The discount rate was changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

was no lapse assumption in the prior valuation. These changes decreased the TOL.

- [The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, the District recognized OPEB expense of \$567,221 and revenue of \$251,281 for support provided by the State.

At August 31, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 352,002	\$ 1,174,136
Changes in actuarial assumptions	398,523	1,929,938
Differences between projected and actual investment earnings	931	157
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	962,937	--
Contributions paid to TRS subsequent to the measurement date	115,395	
Total	\$ 1,829,788	\$ 3,104,231

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

Year ended August 31,	OPEB Expense Amount
2021	\$ (274,149)
2022	\$ (274,149)
2023	\$ (274,400)
2024	\$ (274,543)
2025	\$ (274,505)
Thereafter	\$ (18,092)

**10. Medicare Part D Subsidies**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the current fiscal year ended August 31, 2020, the subsidy payment received by TRS-Care on behalf of the District was \$50,054.

**J. Employee Health Care Coverage**

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

During the year ended August 31, 2020, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$378 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, 2020, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Aetna are available for the year ended and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

**K. Commitments and Contingencies**

**1. Contingencies**

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

**2. Litigation**

At August 31, 2020 the District was not involved in any lawsuits or other legal actions which, in Administrations opinion, (based on discussions with legal counsel) would result in any direct loss to the District which would be material to its financial position.

**L. Due From Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2020, are reported on the combined financial statements as Due from Other Governments and are summarized below:

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$ 1,459,257	\$ 37,310	\$ 1,496,567
Special Revenue	142,593	317,932	460,525
Total	<u>\$ 1,601,850</u>	<u>\$ 355,242</u>	<u>\$ 1,957,092</u>

**M. Unearned Revenue**

Unearned revenue at year end consisted of the following:

<u>Revenue Description</u>	<u>Special Revenue</u>	<u>Total</u>
Grant Programs	\$ 3,581	\$ 3,581
Total Unearned Revenue	<u>\$ 3,581</u>	<u>\$ 3,581</u>

**N. Fund Balances**

The following is a summary of Governmental Fund fund balances of the District at the year ended August 31, 2020:

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

General Fund

Restricted:  
Child Nutrition Program \$ 489,662

Committed:  
Construction and renovation 550,000  
Capital expenditures for equipment 150,000  
Technology 250,000  
Storm replacement 250,000  
1,200,000

Unassigned: 7,951,422

Total General Fund fund balance 9,641,084

Capital Projects Fund:

Restricted:  
Construction of facilities 10,680,147

Other Governmental Funds

Restricted:  
Summer Feeding 633,880  
State Textbook 28,463  
Retirement of long-term debt 788,165  
1,450,508

Committed:  
Campus Activity Funds 1,745

Total Other Governmental Fund fund balance 1,452,253

Total Governmental fund balance \$ 21,773,484

**O. Food Service Operations Reported in General Fund**

Beginning in 2011 fiscal year end, the District entered into a Provision #2 program with Child Nutrition, and such Districts do not charge students for meals. As required by the Financial Accountability System Resource Guide, revenues and expenditures for the Provision #2 Child Nutrition Program have been reported in the General Fund for 2019-2020. The following is a summary of the Food Service Operations included in the General Fund.

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Revenue:	Original	Final		
5700	Local	\$ 102,788	\$ 102,788	\$ 74,074	\$ (28,714)
5800	State Program	13,737	13,737	5,893	(7,844)
5900	Federal Program	2,097,758	2,097,758	1,342,493	(755,265)
5020	Total Revenue	<u>2,214,283</u>	<u>2,214,283</u>	<u>1,422,460</u>	<u>(791,823)</u>
	Expenditures:				
0035	Food Services	2,095,283	2,341,844	1,705,873	635,971
0051	Plant Maintenance and Operations	119,000	134,000	124,175	9,825
6030	Total Expenditures	<u>2,214,283</u>	<u>2,475,844</u>	<u>1,830,048</u>	<u>645,796</u>

**MATHIS INDEPENDENT SCHOOL DISTRICT****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2020**

7915	Operating Transfer In	--	--	--	--
1200	Net Change in Fund Balance	--	(261,561)	(407,588)	(146,027)
0100	Fund Balance - Beginning	897,251	897,251	897,251	--
3000	Fund Balance - Ending	<u>\$ 897,251</u>	<u>\$ 635,690</u>	<u>\$ 489,663</u>	<u>\$ (146,027)</u>

**P. COVID - 19**

On March 11, 2020, The World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The District is closely monitoring the situation, but the extent of financial impact to the District is unknown at this time.

### *Required Supplementary Information*

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

# MATHIS INDEPENDENT SCHOOL DISTRICT

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 4,194,308	\$ 4,269,308	\$ 4,444,970	\$ 175,662
5800	State Program Revenues	13,064,268	13,064,268	12,223,376	(840,892)
5900	Federal Program Revenues	2,572,758	2,572,758	1,660,069	(912,689)
5020	Total Revenues	19,831,334	19,906,334	18,328,415	(1,577,919)
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	9,141,691	9,163,391	9,047,161	116,230
0012	Instructional Resources and Media Services	467,989	579,989	520,088	59,901
0013	Curriculum and Staff Development	97,625	97,625	40,376	57,249
	Total Instruction & Instr. Related Services	9,707,305	9,841,005	9,607,625	233,380
Instructional and School Leadership:					
0021	Instructional Leadership	15,000	15,000	11,200	3,800
0023	School Leadership	1,209,162	1,289,162	1,252,708	36,454
	Total Instructional & School Leadership	1,224,162	1,304,162	1,263,908	40,254
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	346,298	381,298	340,454	40,844
0032	Social Work Services	5,025	5,025	--	5,025
0033	Health Services	166,429	196,429	166,583	29,846
0034	Student (Pupil) Transportation	668,305	513,305	327,206	186,099
0035	Food Services	2,095,283	2,341,844	1,705,873	635,971
0036	Cocurricular/Extracurricular Activities	899,381	968,481	760,244	208,237
	Total Support Services - Student (Pupil)	4,180,721	4,406,382	3,300,360	1,106,022
Administrative Support Services:					
0041	General Administration	980,472	1,105,472	994,781	110,691
	Total Administrative Support Services	980,472	1,105,472	994,781	110,691
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	2,639,227	2,876,727	2,762,257	114,470
0052	Security and Monitoring Services	123,570	123,570	50,783	72,787
0053	Data Processing Services	339,802	339,802	269,268	70,534
	Total Support Services - Nonstudent Based	3,102,599	3,340,099	3,082,308	257,791
Ancillary Services:					
0061	Community Services	9,000	9,000	470	8,530
	Total Ancillary Services	9,000	9,000	470	8,530
Debt Service:					
0071	Principal on Long-Term Debt	423,300	918,300	802,218	116,082
0072	Interest on Long-Term Debt	98,775	106,275	92,901	13,374
0073	Bond Issuance Costs and Fees	2,000	2,000	--	2,000
	Total Debt Service	524,075	1,026,575	895,119	131,456
Capital Outlay:					
0081	Capital Outlay	--	635,000	632,634	2,366
	Total Capital Outlay	--	635,000	632,634	2,366
0099	Other Intergovernmental Charges	103,000	103,000	88,170	14,830



**MATHIS INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2020

**EXHIBIT G-1**

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Total Intergovernmental Charges	<u>103,000</u>	<u>103,000</u>	<u>88,170</u>	<u>14,830</u>
6030	Total Expenditures	<u>19,831,334</u>	<u>21,770,695</u>	<u>19,865,375</u>	<u>1,905,320</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>--</u>	<u>(1,864,361)</u>	<u>(1,536,960)</u>	<u>327,401</u>
1200	Net Change in Fund Balance	<u>--</u>	<u>(1,864,361)</u>	<u>(1,536,960)</u>	<u>327,401</u>
0100	Fund Balance - Beginning	<u>11,178,045</u>	<u>11,178,045</u>	<u>11,178,045</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 11,178,045</u>	<u>\$ 9,313,684</u>	<u>\$ 9,641,085</u>	<u>\$ 327,401</u>

MATHIS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2020

	Measurement Year Ended August 31,					
	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0107674007%	0.0089921564%	0.0095477644%	0.0097162229%	0.0102482000%	0.0073772000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 5,597,231	\$ 4,949,501	\$ 3,052,861	\$ 3,671,616	\$ 3,622,602	\$ 1,970,552
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	7,717,708	9,088,516	5,089,027	6,466,382	6,145,538	5,407,526
Total	<u>\$ 13,314,939</u>	<u>\$ 14,038,017</u>	<u>\$ 8,141,888</u>	<u>\$ 10,137,998</u>	<u>\$ 9,768,140</u>	<u>\$ 7,378,078</u>
District's Covered Payroll	\$ 11,227,246	\$ 10,656,824	\$ 10,109,296	\$ 10,350,557	\$ 22,327,598	\$ 21,554,555
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	49.85%	46.44%	30.20%	35.47%	16.22%	9.14%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only six years of data is presented in accordance with GASB #68, paragraph 138. "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."

MATHIS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2020

	Fiscal Year Ended August 31,					
	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 416,256	\$ 376,872	\$ 303,312	\$ 302,848	\$ 653,258	\$ 646,499
Contribution in Relation to the Contractually Required Contribution	(416,256)	(376,872)	(303,312)	(302,848)	(653,258)	(646,499)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 11,511,921	\$ 11,227,246	\$ 10,656,824	\$ 10,109,296	\$ 23,453,444	\$ 22,327,598
Contributions as a percentage of Covered Payroll	3.62%	3.36%	2.85%	3.00%	2.79%	2.90%

Note: Only six years of data is presented in accordance with GASB #68, paragraph 138. "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."

MATHIS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2020

	Measurement Year Ended August 31,		
	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0151722533%	0.0136261560%	0.0134021639%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 7,175,144	\$ 6,803,664	\$ 5,828,098
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	9,534,162	8,639,806	7,238,740
Total	<u>\$ 16,709,306</u>	<u>\$ 15,443,470</u>	<u>\$ 13,066,838</u>
District's Covered Payroll	\$ 11,227,246	\$ 10,656,824	\$ 10,109,296
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	63.91%	63.84%	57.65%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	2.66%	1.57%	0.91%

Note: Only three years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years 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."

MATHIS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2020

	Fiscal Year Ended August 31,		
	2020	2019	2018
Contractually Required Contribution	\$ 115,395	\$ 107,681	\$ 94,001
Contribution in Relation to the Contractually Required Contribution	<u>(115,395)</u>	<u>(107,681)</u>	<u>(94,001)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 11,511,921	\$ 11,227,246	\$ 10,656,824
Contributions as a percentage of Covered Payroll	1.00%	0.96%	0.88%

Note: Only three years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years 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."

## **MATHIS INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2020**

#### **Budget**

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

#### **Defined Benefit Pension Plan**

##### *Changes of benefit terms*

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

##### *Changes of assumptions*

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

### *Other Supplementary Information*

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

**MATHIS INDEPENDENT SCHOOL DISTRICT****SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2020**

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2011 and Prior Years	\$	Various	\$	Various	\$	Various
2012		1.17		.255		241,201,895
2013		1.1314		.2164		277,122,125
2014		1.17		.2048		347,579,066
2015		1.17		.234		365,149,786
2016		1.17		.233		365,256,166
2017		1.17		.2647		343,341,495
2018		1.17		.2647		342,647,104
2019		1.17		.2596		342,930,039
2020 (School Year Under Audit)		1.06835		.4042		367,131,507
1000 Totals						



## EXHIBIT J-1

10 Beginning Balance 9/1/19	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/20
\$ 388,263	\$ --	\$ 40,033	\$ 8,760	\$ 1	\$ 339,471
82,555	--	15,605	3,401	--	63,549
93,085	--	15,255	2,918	1	74,913
120,240	--	19,660	3,441	(2)	97,137
140,905	--	23,732	4,746	895	113,322
170,332	--	25,987	5,175	1,582	140,752
220,806	--	32,790	7,418	2,479	183,077
306,641	--	45,874	10,377	(1,185)	249,205
483,929	--	157,906	35,039	(3,340)	287,644
--	5,406,195	3,599,525	1,361,840	(17,041)	427,789
<u>\$ 2,006,756</u>	<u>\$ 5,406,195</u>	<u>\$ 3,976,367</u>	<u>\$ 1,443,115</u>	<u>\$ (16,610)</u>	<u>\$ 1,976,859</u>

## Levies and Collections

Fiscal Year End	Levy Year	Tax Levy	Total Tax Collection	Percent of Levy
08/31/11	2011	3,524,083	3,424,899	97.19%
08/31/12	2012	3,414,930	3,344,464	97.94%
08/31/13	2013	3,727,794	3,637,059	97.57%
08/31/14	2014	4,748,081	4,562,856	96.10%
08/31/15	2015	5,083,776	4,969,731	97.76%
08/31/16	2016	5,121,721	4,944,565	96.54%
08/31/17	2017	4,928,900	4,781,759	97.01%
08/31/18	2018	4,999,424	4,734,001	94.69%
08/31/19	2019	4,995,832	4,882,049	97.72%
08/31/20	2020	5,389,585	5,419,482	100.55%

**MATHIS INDEPENDENT SCHOOL DISTRICT**

FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)

GENERAL FUND

AS OF AUGUST 31, 2020

**EXHIBIT J-2**

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2020 (Exhibit C-1 object 3000 for the General Fund only)	\$ 9,641,085
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	--
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	489,663
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	1,200,000
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	--
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
7	Estimate of two months' average cash disbursements during the fiscal year	3,310,896
8	Estimate of delayed payments from state sources (58XX)	1,601,850
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	354,242
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	6,956,651
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ 2,684,434

If Item 11 is a Positive Number

Explanation of need for and/or projected use of net positive

Unassigned General Fund Fund Balance:

Property taxes are expected to remain level, while state and federal revenue will continue to decrease due to federal funding reductions. The District will have to adjust the budget to compensate for the decrease in revenues and continue funding programs we currently offer.

# MATHIS INDEPENDENT SCHOOL DISTRICT

## DEBT SERVICE FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT J-3

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts			Positive
		Original	Final	Actual	(Negative)
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 1,403,492	\$ 1,403,492	\$ 1,476,436	\$ 72,944
5800	State Program Revenues	387,689	387,689	342,768	(44,921)
5020	Total Revenues	<u>1,791,181</u>	<u>1,791,181</u>	<u>1,819,204</u>	<u>28,023</u>
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long-Term Debt	845,000	845,000	845,000	--
0072	Interest on Long-Term Debt	942,181	942,181	889,866	52,315
0073	Bond Issuance Costs and Fees	4,000	132,260	114,553	17,707
	Total Debt Service	<u>1,791,181</u>	<u>1,919,441</u>	<u>1,849,419</u>	<u>70,022</u>
6030	Total Expenditures	<u>1,791,181</u>	<u>1,919,441</u>	<u>1,849,419</u>	<u>70,022</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(128,260)	(30,215)	98,045
Other Financing Sources (Uses):					
7911	Capital-Related Debt Issued (Regular Bonds)	--	2,575,000	2,575,000	--
7916	Premium on Issuance of Bonds	--	407,600	407,528	(72)
8949	Payment to Escrow Agent	--	(2,906,000)	(2,905,734)	266
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>76,600</u>	<u>76,794</u>	<u>194</u>
1200	Net Change in Fund Balance	--	(51,660)	46,579	98,239
0100	Fund Balance - Beginning	741,586	741,586	741,586	--
3000	Fund Balance - Ending	\$ 741,586	\$ 689,926	\$ 788,165	\$ 98,239

*This page is left blank intentionally.*

**Lovvorn & Kieschnick, LLP**  
418 Peoples Street, Ste. 308  
Corpus Christi, TX 78401

Independent Auditor's Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With *Government Auditing Standards*

Board of Trustees  
Mathis Independent School District  
P. O. Box 1177  
Mathis, Texas 78368

**Members of the Board of Trustees:**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mathis Independent School District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise Mathis Independent School District's basic financial statements, and have issued our report thereon dated December 10, 2020.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,

A handwritten signature in black ink that reads "Lovvorn & Kieschnick, LLP". The script is cursive and fluid.

Lovvorn & Kieschnick, LLP

Corpus Christi, TX  
December 10, 2020

**Lovvorn & Kieschnick, LLP**  
418 Peoples Street, Ste. 308  
Corpus Christi, TX 78401

Independent Auditor's Report on Compliance for Each Major Federal Program and  
Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees  
Mathis Independent School District  
P. O. Box 1177  
Mathis, Texas 78368

Members of the Board of Trustees:

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

We have audited the Mathis Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Mathis Independent School District's major federal programs for the year ended August 31, 2020. Mathis Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the Mathis Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

## Report on Internal Control Over Compliance

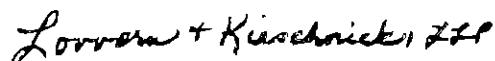
Management of the Mathis Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Mathis Independent School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

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

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

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

Respectfully submitted,



Lovvorn & Kieschnick, LLP

Corpus Christi, TX  
December 10, 2020



**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**A. Summary of Auditor's Results**

**1. Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Version of compliance supplement used in audit: August 2020

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	Child Nutrition Cluster:
10.555	School Breakfast Program
10.559	National School Lunch Program
84.010A	Summer Feeding Program
	Title I, Part A - Improving Basic Programs

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes        No

**B. Financial Statement Findings**

NONE

**C. Federal Award Findings and Questioned Costs**

NONE

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A - No prior findings		

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
***CORRECTIVE ACTION PLAN***  
***FOR THE YEAR ENDED AUGUST 31, 2020***

Program

Corrective Action Plan

N/A

No corrective action required

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**EXHIBIT K-1**

(1)	(2)	(2A)	(3)	
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>U. S. Department of Health and Human Services</u>				
Passed Through Texas Department of Health & Human Services:				
Medicaid Administration Claiming Program	93.778	529-15-0048 -00022	\$ --	\$ 6,122
Total U. S. Department of Health and Human Services			--	6,122
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010A	20610101205904	--	925,821
ESEA Title I Part C - Education of Migratory Children	84.011A	20615001205904	--	54,385
IDEA-B Cluster:				
IDEA-B Formula	84.027A	206600012059046600	--	267,534
IDEA-B Preschool	84.173A	206610012059046610	--	3,958
Total IDEA-B Cluster			--	271,492
Career and Technical - Basic Grant	84.048A	20420006205904	--	34,493
Career and Technical - Basic Grant	84.048A	204200287110053	--	30,000
Total CFDA 84.048A			--	64,493
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	20694501205904	--	92,406
Title IV Part B21st Century Community Learning Centers	84.287C	206950267110031	--	1,287,475
Title IV Part B21st Century Community Learning Centers	84.287C	216950267110031	--	23,010
Total CFDA 84.287C			--	1,310,485
ESSER Grant	84.425D	20521001205904	--	57,408
ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	20696001205904	--	21,922
GEAR UP	84.334S	195111017110003	--	166,029
GEAR UP	84.334S	185111017110003	--	3,457
Total CFDA Number 84.334s			--	169,486
Title IV, Part A, Subpart 1	84.424A	20680101205904	--	51,757
Total Passed Through State Department of Education			--	3,019,655
Total U. S. Department of Education			--	3,019,655
<u>U. S. Department of Agriculture</u>				
Passed Through Texas Department of Agriculture:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	806780706	--	316,964
National School Lunch Program	10.555	806780706	--	557,424
Summer Feeding Program	10.559	806780706	--	1,100,227
Total Child Nutrition Cluster:			--	1,974,615
Commodity Supplemental Food Program	10.565	806780706	--	99,492
Child and Adult Care Food Program	10.558	806780706	--	368,613
Total Passed Through Texas Department of Agriculture			--	2,442,720
Total U. S. Department of Agriculture			--	2,442,720
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ --</b>	<b>\$ 5,468,497</b>

The accompanying notes are an integral part of this schedule.

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Federal Assistance Reconciliation

Federal Grants and Contracts Revenues per Exhibit C-2	5,719,634
Less: School Health & Related Services (SHARS) reported in General Fund	<u>(251,137)</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>5,468,497</u>

Basis of Presentation

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

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Mathis Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.