MATHIS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2019

Lovvorn & Kieschnick

CERTIFIED PUBLIC ACCOUNTANTS

LOVVORN & KIESCHNICK, LLP

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MATHIS INDEPENDENT SCHOOL DISTRICT

DIRECTORY OF OFFICIALS

AUGUST 31, 2019

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

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Mathis Independent School District
Annual Financial Report
For The Year Ended August 31, 2019

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Introductory Section

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CERTIFICATE OF BOARD

Mathis Independent School District	San Patricio	205-904
Name of School District	County	Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____approved _____disapproved for the year ended August 31, 2019, 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)

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Financial Section

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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, 2019, 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, 2019, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2019, Mathis Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements.* Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2019, Mathis Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 83, *Certain Asset Retirement Obligations.* Our opinion is not modified with respect to this matter.

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 Requirement, 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 13, 2019 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 13, 2019

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Management's Discussion and Analysis

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MATHIS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2019
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, 2019. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

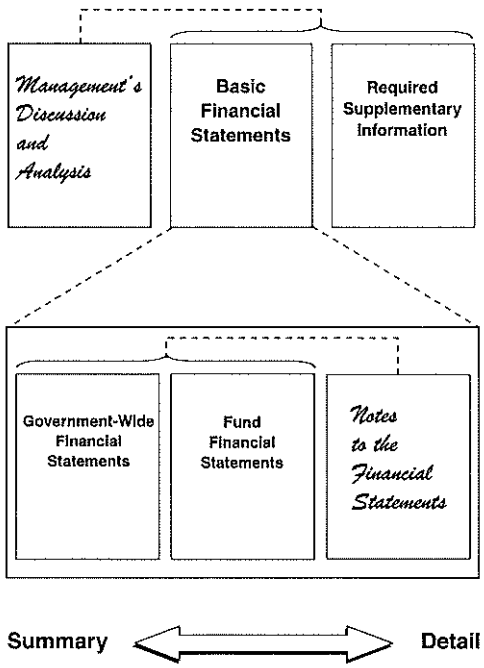
- The District's total combined net position was $16,679,609 as of August 31, 2019.
- During the year, the District's expenses were $177,801 more than the $23,834,219 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of $11,178,044.

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 $16,679,609 as of August 31, 2019. (See Table A-1.)

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

	Governmental Activities 2019	Governmental Activities 2018	Total Percentage Change 2019-2018
Assets:			
Cash and Cash Equivalents	23,460,014	9,778,935	139.9%
Investments	1,152,835	1,126,645	2.3%
Property Taxes Receivable (Net)	1,605,405	1,514,379	6.0%
Due from Other Governments	1,952,375	2,314,027	-15.6%
Other Receivables (Net)	9,800	9,800	0.0%
Other Assets	26,542	34,542	-23.2%
Capital Assets:			
Land	715,385	715,385	0.0%
Construction in Progress	411,280	-	0.0%
Buildings, Furniture, and Equipment, (Net)	28,775,234	30,301,729	-5.0%
Total Assets	58,108,870	45,795,442	26.9%
Deferred Outflows of Resources:			
Deferred Charge for Refunding	284,807	300,539	-5.2%
Deferred Outflow Related to Pensions	2,514,629	920,464	173.2%
Deferred Outflow Related to OPEB	706,105	94,913	643.9%
Total Deferred Outflows of Resources	3,505,541	1,315,916	166.4%
Liabilities:			
Accounts Payable	288,417	208,656	38.2%
Interest Payable	46,533	26,412	76.2%
Accrued Expenses	1,033,280	1,206,746	-14.4%
Due to Other Governments	131,924	337,025	-60.9%
Unearned Revenue	2,833	1,335	112.2%
Non-current Liabilities:			
Due Within One Year	1,389,450	1,289,902	7.7%
Due in More than One Year	27,628,644	15,309,974	80.5%
Net Pension Liability	4,949,501	3,052,861	62.1%
Net OPEB Liability	6,803,664	5,828,098	16.7%
Total Liabilities	42,274,246	27,261,009	55.1%
Deferred Inflows of Resources:			
Deferred Inflow Related to Pensions	509,073	555,034	-8.3%
Deferred Inflow Related to OPEB	2,151,483	2,437,905	-11.7%
Total Deferred Inflows of Resources	2,660,556	2,992,939	-11.1%
Net Position:			
Net Investment in Capital Assets	14,311,093	14,740,133	-2.9%
Restricted for:			
State & Federal Programs	925,714	1,039,014	-10.9%
Debt Service	967,036	1,000,673	-3.4%
Unrestricted	475,766	77,589	513.2%
Total Net Position	16,679,609	16,857,409	-1.1%

The District continues to be fiscally conservative and has unrestricted net position of $475,766. The unrestricted net position of the District has increased by $398,177 during the current fiscal year.

Changes in Net Position

The District's total revenues were $23,834,219. A portion, 21.5%, of the District's revenue comes from local taxes, approximately 49.5% comes from state aid, 26.7% from operating grants, 1.0% from charges for services, and 1.3% other.

The total cost of all programs and services was $24,012,020.

Governmental Activities

Property tax rates were $1.4296: M&O $1.17 and I&S $0.2596.

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

	Governmental Activities		Total Percentage Change
	2019	2018*	2019-2018
Program Revenues:			
Charges for Services	216,562	209,832	3.2%
Operating Grants and Contributions	6,364,409	5,259,967	21.0%
General Revenues:			
Property Taxes	5,119,226	5,154,796	-0.7%
State Aid	11,796,232	7,682,386	53.5%
Other Local Revenues	337,790	210,288	60.6%
Total Revenues	23,834,219	18,517,269	28.7%
Expenses:			
Instruction	13,328,300	7,029,377	89.6%
Instructional Resources and Media Services	362,309	255,458	41.8%
Curriculum and Staff Development	83,759	89,753	-6.7%
Instructional Leadership	1,710	16,168	-89.4%
School Leadership	1,319,726	864,721	52.6%
Guidance, Counseling and Evaluation Services	376,926	260,893	44.5%
Social Work Services	1,089	44,187	-97.5%
Health Services	132,139	141,790	-6.8%
Student Transportation	625,560	581,955	7.5%
Food Services	1,877,701	1,430,859	31.2%
Extracurricular Activities	835,090	691,521	20.8%
General Administration	1,019,644	806,711	26.4%
Plant Maintenance & Operations	2,496,793	2,375,065	5.1%
Security & Monitoring Services	39,740	46,415	-14.4%
Data Processing Services	299,669	261,875	14.4%
Community Services	203,851	35,144	480.0%
Interest on Long-term Debt	694,753	523,989	32.6%
Bond Issuance Costs and Fees	224,106	64,959	245.0%
Other Intergovernmental Charges	89,155	99,098	-10.0%
Total Expenses	24,012,020	15,619,938	53.7%
Change in Net Position	(177,801)	2,897,331	-106.1%

- The cost of all governmental activities this year was $24,012,020. (See Table A-2.)
- However, the amount that our taxpayers paid for these activities through property taxes was $5,119,226.
- Grants and contributions $6,364,409.

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		
	2019	2018*	% Change	2019	2018*	% Change
Instruction	13,328,300	7,029,377	89.6%	10,502,290	5,153,514	103.8%
General Administration	1,019,644	806,711	26.4%	978,692	767,984	27.4%
Plant Maintenance & Operations	2,496,793	2,375,065	5.1%	2,289,396	2,134,739	7.2%
Food Services	1,877,701	1,430,859	31.2%	4,973	(446,529)	-101.1%

*The functional expenses reported for 2018 in Tables A-2 and A-3 were significantly reduced due to negative NECE expenses due to changes in benefits within the TRS-care plan.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled $23,250,289.

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.

Continued

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the District had assets of $51,034,844 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
	2019	2018	2019-2018
Land	0.72	0.72	0.0%
Construction in Progress	0.41	-	0.0%
Buildings and Improvements	46.17	47.29	-2.4%
Vehicles	2.01	2.45	-18.0%
Equipment	1.73	1.72	0.6%
Total Assets at Historical Cost	51.04	52.18	-2.2%
Total Accumulated Depreciation	(21.13)	(21.16)	-0.1%
Net Capital Assets	29.91	31.02	-3.6%

Long-Term Obligations

During the year, the District issued $12,200,000 Unlimited Tax School Building Bonds to construct, acquire and equip school buildings in the District. See Note F. to the Financial Statements for more detailed information. At year-end the District had $40,771,259 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, 2019:

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

	Governmental Activities		Total Percentage Change
	2019	2018	2019-2018
Bonds and Notes Payable	28,923,311	16,412,937	76.2%
Capital Leases	94,783	186,939	-49.3%
Total Bonds and Capital Leases	29,018,094	16,599,876	74.8%
Net Pension Liability	4,949,501	3,052,861	62.1%
Net OPEB Liability	6,803,664	5,828,098	16.7%
Total Long-Term Obligations	40,771,259	25,480,835	60.0%

ECONOMIC FACTORS, NEXT YEAR'S BUDGETS AND RATES

- The Districts 2018-2019 total enrollment was 1,506, and the District's refined average daily attendance in 2018-2019 was 1,478. This is approximately a 1% decrease in enrollment. However, the attendance rate has remained steady; therefore, the District will receive less state funding due to state funding cuts but not related to enrollment and attendance factors.

- The Appraisal values used for the 2020 budget are expected to remain level with the 2019 budget year. The District tax rate for M & O remained the same, $1.068350

- 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 2018-2019 MISD was awarded the 21st 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 approved the Windmill Project expansion, which will add 54 to 80 windmills to our current 313 agreement with Pacific Wind. The estimated value of the project expansion will be an estimated $195 million.

- The District passed the 2019 bonds to building 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.

- 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.

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Basic Financial Statements

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MATHIS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
AUGUST 31, 2019

Data Control Codes		1 Governmental Activities
	ASSETS:	
1110	*Cash and Cash Equivalents*	$ 23,460,014
1120	*Current Investments*	1,152,835
1225	*Property Taxes Receivable (Net)*	1,605,405
1240	*Due from Other Governments*	1,952,375
1290	*Other Receivables (Net)*	9,800
	Capital Assets:	
1510	*Land*	715,385
1520	*Buildings and Improvements, Net*	27,337,878
1530	*Furniture and Equipment, Net*	1,437,356
1580	*Construction in Progress*	411,280
1990	*Other Assets*	26,542
1000	Total Assets	58,108,870
	DEFERRED OUTFLOWS OF RESOURCES:	
1701	*Deferred Charge for Refunding*	284,807
1705	*Deferred Outflow Related to Pensions*	2,514,629
1706	*Deferred Outflow Related to OPEB*	706,105
1700	Total Deferred Outflows of Resources	3,505,541
	LIABILITIES:	
2110	*Accounts Payable*	288,417
2140	*Interest Payable*	46,533
2165	*Accrued Liabilities*	1,033,280
2180	*Due to Other Governments*	131,924
2300	*Unearned Revenue*	2,833
	Noncurrent Liabilities:	
2501	*Due Within One Year*	1,389,450
2502	*Due in More Than One Year*	27,628,644
2540	*Net Pension Liability*	4,949,501
2545	*Net OPEB Liability*	6,803,664
2000	Total Liabilities	42,274,246
	DEFERRED INFLOWS OF RESOURCES:	
2605	*Deferred Inflow Related to Pensions*	509,072
2606	*Deferred Inflow Related to OPEB*	2,151,483
2600	Total Deferred Inflows of Resources	2,660,556
	NET POSITION:	
3200	Net Investment in Capital Assets	14,311,093
	Restricted For:	
3820	State and Federal Programs	925,714
3850	Debt Service	967,036
3900	Unrestricted	475,766
3000	Total Net Position	$ 16,679,609

The accompanying notes are an integral part of this statement.

MATHIS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues: Charges for Services	4 Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
	Governmental Activities:				
11	*Instruction*	$ 13,328,300	$ 48,796	$ 2,777,214	$ (10,502,290)
12	*Instructional Resources and Media Services*	362,309	--	14,498	(347,811)
13	*Curriculum and Staff Development*	83,759	--	32,286	(51,473)
21	*Instructional Leadership*	1,710	--	64	(1,646)
23	*School Leadership*	1,319,726	--	71,226	(1,248,500)
31	*Guidance, Counseling, & Evaluation Services*	376,926	--	14,944	(361,982)
32	*Social Work Services*	1,089	--	64	(1,025)
33	*Health Services*	132,139	--	5,278	(126,861)
34	*Student Transportation*	625,560	--	21,875	(603,685)
35	*Food Service*	1,877,701	102,883	1,769,845	(4,973)
36	*Cocurricular/Extracurricular Activities*	835,090	64,883	2,989	(767,218)
41	*General Administration*	1,019,644	--	40,952	(978,692)
51	*Facilities Maintenance and Operations*	2,496,793	--	207,397	(2,289,396)
52	*Security and Monitoring Services*	39,740	--	1,590	(38,150)
53	*Data Processing Services*	299,669	--	12,146	(287,523)
61	*Community Services*	203,851	--	873,851	670,000
72	*Interest on Long-term Debt*	694,753	--	518,190	(176,563)
73	*Bond Issuance Costs and Fees*	224,106	--	--	(224,106)
99	*Other Intergovernmental Charges*	89,155	--	--	(89,155)
TG	Total Governmental Activities	24,012,020	216,562	6,364,409	(17,431,049)
TP	Total Primary Government	$ 24,012,020	$ 216,562	$ 6,364,409	(17,431,049)

	General Revenues:	
MT	*Property Taxes, Levied for General Purposes*	4,198,921
DT	*Property Taxes, Levied for Debt Service*	920,305
IE	*Investment Earnings*	87,017
GC	*Grants and Contributions Not Restricted to Specific Programs*	11,796,232
MI	*Miscellaneous*	310,773
	Special and Extraordinary Items:	
S2	*Special Item Outflow - City Matching Grant*	(60,000)
TR	Total General Revenues	17,253,248
CN	Change in Net Position	(177,801)
NB	Net Position - Beginning	16,857,410
NE	Net Position - Ending	$ 16,679,609

The accompanying notes are an integral part of this statement.

MATHIS INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2019

Data Control Codes		10 General Fund	60 Capital Renovations Fund	Other Governmental Funds	98 Total Governmental Funds
	ASSETS:				
1110	*Cash and Cash Equivalents*	$ 9,631,673	$ 13,142,473	$ 612,368	$ 23,386,514
1120	*Current Investments*	1,060,901	22	91,912	1,152,835
1225	*Taxes Receivable, Net*	1,333,421	--	271,984	1,605,405
1240	*Due from Other Governments*	1,736,663	--	215,712	1,952,375
1290	*Other Receivables*	9,800	--	--	9,800
1000	Total Assets	13,772,458	13,142,495	1,191,976	28,106,929
	LIABILITIES:				
	Current Liabilities:				
2110	*Accounts Payable*	$ 199,079	$ --	$ 42,076	$ 241,155
2150	*Payroll Deductions & Withholdings*	51,087	--	--	51,087
2160	*Accrued Wages Payable*	905,017	--	77,176	982,193
2180	*Due to Other Governments*	105,810	--	26,114	131,924
2300	*Unearned Revenue*	--	--	2,833	2,833
2000	Total Liabilities	1,260,993	--	148,199	1,409,192
	DEFERRED INFLOWS OF RESOURCES:				
2601	*Unavailable Revenue - Property Taxes*	1,333,421	--	271,984	1,605,405
2600	Total Deferred Inflows of Resources	1,333,421	--	271,984	1,605,405
	FUND BALANCES:				
	Restricted Fund Balances:				
3450	*Federal/State Funds Grant Restrictions*	897,251	--	28,463	925,714
3470	*Capital Acquisitions & Contractual Obligations*	--	13,142,495	--	13,142,495
3480	*Retirement of Long-Term Debt*	--	--	741,585	741,585
	Committed Fund Balances:				
3510	*Construction*	550,000	--	--	550,000
3545	*Other Committed Fund Balance*	650,000	--	1,745	651,745
3600	Unassigned	9,080,793	--	--	9,080,793
3000	Total Fund Balances	11,178,044	13,142,495	771,793	25,092,332
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 13,772,458	$ 13,142,495	$ 1,191,976	$ 28,106,929

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, 2019

Total fund balances - governmental funds balance sheet	$ 25,092,332
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.	29,901,899
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,605,404
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	26,238
Payables for bond principal which are not due in the current period are not reported in the funds.	(23,110,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(94,783)
Payables for bond interest which are not due in the current period are not reported in the funds.	(46,533)
Payables for notes which are not due in the current period are not reported in the funds.	(3,236,926)
Premiums on issuance of bonds to be amortized over life of debt.	(2,576,385)
Long-term note receivables unavailable to pay for current period expenditures are deferred in the funds.	26,542
Deferred charge for refunding is expended in the funds, but is amortized in the statement of net position.	284,807
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(4,949,501)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(509,072)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,514,629
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(6,803,664)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(2,151,483)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	706,105
Net position of governmental activities - Statement of Net Position	$ 16,679,609

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, 2019

Data Control Codes		10 General Fund	60 Capital Renovations Fund	Other Governmental Funds	98 Total Governmental Funds
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 4,660,964	$ 19,442	$ 970,147	$ 5,650,553
5800	*State Program Revenues*	11,169,697	--	895,241	12,064,938
5900	*Federal Program Revenues*	2,423,866	--	3,110,932	5,534,798
5020	Total Revenues	18,254,527	19,442	4,976,320	23,250,289
	EXPENDITURES:				
	Current:				
0011	*Instruction*	8,113,290	--	3,234,786	11,348,076
0012	*Instructional Resources and Media Services*	324,579	--	--	324,579
0013	*Curriculum and Staff Development*	47,090	--	30,189	77,279
0021	*Instructional Leadership*	1,612	--	--	1,612
0023	*School Leadership*	1,149,049	--	19,957	1,169,006
0031	*Guidance, Counseling, & Evaluation Services*	334,581	--	--	334,581
0032	*Social Work Services*	1,027	--	--	1,027
0033	*Health Services*	117,654	--	--	117,654
0034	*Student Transportation*	489,667	--	--	489,667
0035	*Food Service*	1,994,590	--	20,923	2,015,513
0036	*Cocurricular/Extracurricular Activities*	701,774	--	61,832	763,606
0041	*General Administration*	917,282	--	--	917,282
0051	*Facilities Maintenance and Operations*	2,553,179	--	--	2,553,179
0052	*Security and Monitoring Services*	36,304	--	--	36,304
0053	*Data Processing Services*	272,857	--	--	272,857
0061	*Community Services*	2,128	--	184,030	186,158
0071	*Principal on Long-term Debt*	407,994	--	820,000	1,227,994
0072	*Interest on Long-term Debt*	110,682	--	635,261	745,943
0073	*Bond Issuance Costs and Fees*	400	221,293	2,413	224,106
0081	*Capital Outlay*	--	411,280	--	411,280
0099	*Other Intergovernmental Charges*	89,155	--	--	89,155
6030	Total Expenditures	17,664,894	632,573	5,009,391	23,306,858
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	589,633	(613,131)	(33,071)	(56,569)
	Other Financing Sources and (Uses):				
7911	*Capital-Related Debt Issued (Regular Bonds)*	--	12,200,000	--	12,200,000
7916	*Premium on Issuance of Bonds*	--	1,533,255	--	1,533,255
7080	Total Other Financing Sources and (Uses)	--	13,733,255	--	13,733,255
	SPECIAL ITEM:				
8912	*Special Item (Use) - City Matching Grant*	(60,000)	--	--	(60,000)
1200	Net Change in Fund Balances	529,633	13,120,124	(33,071)	13,616,686
0100	Fund Balances - Beginning	10,648,411	22,371	804,864	11,475,646
3000	Fund Balances - Ending	$ 11,178,044	$ 13,142,495	$ 771,793	$ 25,092,332

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, 2019

Net change in fund balances - total governmental funds	$ 13,616,686
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	281,019
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,396,234)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	91,026
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	820,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	92,156
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	315,838
(Increase) decrease in accrued interest from beginning of period to end of period.	(20,121)
The net revenue (expense) of internal service funds is reported with governmental activities.	26,238
Collection of long-term note receivables do not provide revenue in the SOA, but are reported as current resources.	(8,000)
Amortization of bond premium and deferred amount is an expense in the SOA, but not in the funds.	71,311
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(12,200,000)
Bond premiums are reported in the funds but not in the SOA.	(1,533,255)
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(256,513)
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	(77,952)
Change in net position of governmental activities - Statement of Activities	$ (177,801)

The accompanying notes are an integral part of this statement.

MATHIS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
AUGUST 31, 2019

Data Control Codes		Nonmajor Internal Service Fund Insurance Fund
	ASSETS:	
	Current Assets:	
1110	*Cash and Cash Equivalents*	$ 73,500
	Total Current Assets	73,500
1000	Total Assets	73,500
	LIABILITIES:	
	Current Liabilities:	
2110	*Accounts Payable*	$ 47,262
	Total Current Liabilities	47,262
2000	Total Liabilities	47,262
	NET POSITION:	
3900	*Unrestricted*	26,238
3000	Total Net Position	$ 26,238

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, 2019

Data Control Codes		Nonmajor Internal Service Fund Insurance Fund
	OPERATING REVENUES:	
5700	*Local and Intermediate Sources*	$ 71,235
5020	Total Revenues	71,235
	OPERATING EXPENSES:	
6400	*Other Operating Costs*	44,997
6030	Total Expenses	44,997
1300	Change in Net Position	26,238
0100	Total Net Position - Beginning	--
3300	Total Net Position - Ending	$ 26,238

The accompanying notes are an integral part of this statement.

EXHIBIT D-3

MATHIS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

	Internal Service Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	$ --
Cash Received from Grants	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	71,235
Cash Payments to Employees for Services	--
Cash Payments to Other Suppliers for Goods and Services	2,265
Cash Payments for Grants to Other Organizations	--
Other Operating Cash Receipts (Payments)	--
Net Cash Provided (Used) by Operating Activities	73,500
Cash Flows from Non-capital Financing Activities:	
Proceeds (Payments) from (for) Borrowings	--
Net Cash Provided (Used) by Non-capital Financing Activities	--
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	--
Net Cash Provided (Used) for Investing Activities	--
Net Increase (Decrease) in Cash and Cash Equivalents	73,500
Cash and Cash Equivalents at Beginning of Year	--
Cash and Cash Equivalents at End of Year	$ 73,500
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	$ 26,238
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	--
Provision for Uncollectible Accounts	--
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	--
Decrease (Increase) in Prepaid Expenses	--
Increase (Decrease) in Accounts Payable	47,262
Increase (Decrease) in Interfund Payables	--
Increase (Decrease) in Accrued Expenses	--
Total Adjustments	47,262
Net Cash Provided (Used) by Operating Activities	$ 73,500

The accompanying notes are an integral part of this statement.

MATHIS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2019

Data Control Codes		Private-purpose Trust Fund Private-Purpose Trust Fund	Agency Fund Student Activity
	ASSETS:		
1110	*Cash and Cash Equivalents*	$ --	$ 76,915
1800	*Restricted Assets*	17,102	--
1000	Total Assets	17,102	76,915
	LIABILITIES:		
	Current Liabilities:		
2190	*Due to Student Groups*	$ --	$ 76,915
2000	Total Liabilities	--	76,915
	NET POSITION:		
3800	*Held in Trust*	17,102	--
3000	Total Net Position	$ 17,102	$ --

The accompanying notes are an integral part of this statement.

EXHIBIT E-2

MATHIS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

	Private-Purpose Trusts
Additions:	
Investment Income	$ 28
Total Additions	28
Deductions:	
Scholarship Awards	--
Total Deductions	--
Change in Net Position	28
Net Position-Beginning of the Year	17,074
Net Position-End of the Year	$ 17,102

The accompanying notes are an integral part of this statement.

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A. Summary of Significant Accounting Policies

The basic financial statements of 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 Porjects Fund: This fund is used to account for construction activities.

In addition, the District reports the following fund types:

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.

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

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

b. Measurement Focus, 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

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:

Asset Class	Estimated Useful Lives
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.

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.

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.

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, 2019, the District reported the following:

Net Pension Asset	$	--
Net Pension Liability	$	4,949,501

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.

GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements

The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

GASB Statement No. 83, *Certain Asset Retirement Obligations*

This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

The District does not currently have any AROs and does not expect that implementation of the pronouncement will have an impact on the financial statements.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

Violation	Action Taken
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:

Fund Name	Deficit Amount	Remarks
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 maturiy allowed based on the stated maturity date for the protfolio, (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, 2019, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was 23,547,539 and the bank balance was 24,090,174. The District's cash deposits at August 31, 2019 and during the year ended August 31, 2019,

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, 2019 the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years) Less than 1	1 to 2	2 to 3
Investment Pools:				
Investment in TexPool	$ 1,152,836	$ 1,152,836	$ --	$ --
Total Fair Value	$ 1,152,836	$ 1,152,836	$ --	$ --

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 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 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 entitiy 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, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 715,385	$ --	$ --	$ 715,385
Construction in progress	--	411,280	--	411,280
Total capital assets not being depreciated	715,385	411,280	--	1,126,665
Capital assets being depreciated:				
Buildings and improvements	47,287,156	178,301	1,296,106	46,169,351
Equipment	1,723,715	273,640	265,451	1,731,904
Vehicles	2,449,253	110,000	552,329	2,006,924
Total capital assets being depreciated	51,460,124	561,941	2,113,886	49,908,179
Less accumulated depreciation for:				
Buildings and improvements	(18,264,156)	(1,181,146)	613,826	(18,831,476)
Equipment	(1,190,655)	(92,359)	258,056	(1,024,958)
Vehicles	(1,703,598)	(122,729)	549,802	(1,276,525)
Total accumulated depreciation	(21,158,409)	(1,396,234)	1,421,684	(21,132,959)
Total capital assets being depreciated, net	30,301,715	(834,293)	(692,202)	28,775,220
Governmental activities capital assets, net	$ 31,017,100	$ (423,013)	$ (692,202)	$ 29,901,885

Depreciation was charged to functions as follows:

Instruction	$ 723,949
Instructional Resources and Media Services	20,714
Curriculum and Staff Development	4,789
Instructional Leadership	98
School Leadership	75,453
Guidance, Counseling, & Evaluation Services	21,550
Social Work Services	62
Health Services	7,555
Student Transportation	122,729
Food Services	124,131
Extracurricular Activities	47,745
General Administration	58,297
Plant Maintenance and Operations	158,102
Security and Monitoring Services	2,272
Data Processing Services	17,133
Community Services	11,655
	$ 1,396,234

E. Interfund Balances and Activities

1. Due To and From Other Funds

   There were no balances due to and due from other funds at August 31, 2019.

2. Transfers To and From Other Funds

   There were no transfers to and from other funds at August 31, 2019.

F. Long-Term Obligations

1. Long-Term Obligation Activity

On April 4, 2019 the district issued $12,200,000 Unlimited Tax School Building Bonds, Series 2019 in part as serial bonds and part as term bonds with interest rates varying from 2.00% and 5.00%. The bonds will be used for the purposes of (1) designing, constructing, renovating, improving, upgrading, updating, acquiring, and equipping school facilities (and any necessary or related removal of existing facilities), including renovations and improvements to the District's High School and (2) paying for costs of issuance related to the Bonds. The bonds are secured by a levy of an annual ad valorem tax and is payable over a period of 25 years. Payments will be made semi-annually on February 15 and August 15, with the first payment due August 15, 2019 and the final payment due August 15, 2044. Bonds maturing on or after August 15, 2030 are subject to optional redemption prior to their scheduled maturities at the option of the District, in whole or in part in principal amounts of $5,000 or any integral multiple therof, on August 15, 2029 or any date thereafter at the redemption price of par plus accrued but unpaid interest to such redemption date. The term bonds are also subject to mandatory sinking fund redemption prior to stated maturity.

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2019, are as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 9/1/18	Issued	Retired	Amounts Outstanding 8/31/19	Amounts Due Within One Year
Unlimited Tax School Building and Refunding Bonds, Series 2010	2.00% to 4.50%	8,145,000	3,160,000	--	155,000	3,005,000	160,000
Unlimted Tax Refunding Bonds Series 2016	2.00% to 4.00%	5,185,000	4,625,000	--	480,000	4,145,000	490,000
Unlimted Tax Refunding Bonds Series 2017	2.00% to 4.00%	4,180,000	3,945,000	--	185,000	3,760,000	195,000
Unlimited Tax School Building Bonds, Series 2019	2.00% to 5.00%	12,200,000	--	12,200,000	--	12,200,000	--
Sub-Total - Bonds			11,730,000	12,200,000	820,000	23,110,000	845,000
Maintenance Tax Notes Series 2008	4.95%	1,465,000	605,000	--	110,000	495,000	115,000
Maintenance Tax Notes Series 2012	3.50%	1,030,000	790,613	--	44,726	745,887	46,291
Loan STAR Revolving Loan Series 2016	0.25%	405,592	307,151	--	51,112	256,039	51,144

Maintenance Tax Notes							
Series 2017	2.57%	1,900,000	1,850,000	--	110,000	1,740,000	115,000
Sub-Total - Bonds & Notes			15,282,764	12,200,000	1,135,838	26,346,926	1,172,435
Bond Premiums on Refunding			1,130,173	1,533,255	87,043	2,576,385	122,232
Total Bonds & Notes			16,412,937	13,733,255	1,222,881	28,923,311	1,294,667
Other Liabilities:							
Capital Leases			186,939	--	92,156	94,783	94,783
Net Pension Liability			3,052,861	2,199,563	302,923	4,949,501	--
Net OPEB Liability			5,828,098	1,069,567	94,001	6,803,664	--
Total Governmental Activities			$ 25,480,835	$ 17,002,385	$ 1,289,902	$ 40,771,259	$ 1,389,450

2. Debt Service Requirements

Governmental Activiy Debt service requirements on long-term debt at August 31, 2019, are as follows:

Year Ending	General Obligation Bonds			Maintenance Tax Notes and Revolving Loan		
August 31,	Principal	Interest	Total	Principal	Interest	Total
2020	845,000	942,181	1,787,181	327,435	95,485	422,920
2021	865,000	912,481	1,777,481	334,086	85,184	419,270
2022	720,000	882,057	1,602,057	345,796	74,580	420,376
2023	745,000	861,231	1,606,231	362,564	63,541	426,105
2024	780,000	832,681	1,612,681	229,392	51,818	281,210
2025-2029	4,255,000	3,761,336	8,016,336	979,823	179,342	1,159,165
2030-2034	5,160,000	2,867,250	8,027,250	657,830	37,876	695,706
2035-2039	5,635,000	1,643,400	7,278,400	--	--	--
2040-2044	4,105,000	588,150	4,693,150	--	--	--
Totals	$ 23,110,000	$ 13,290,767	$ 36,400,767	$ 3,236,926	$ 587,826	$ 3,824,752

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

Defeased Bonds Outstanding -

The District had $2,150,000 defeased bonds outstanding as of August 31, 2019.

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 Independlent School District.

3. Capital Leases

During 2017, the District entered into a lease purchase agreement for the acquisition of three school buses at a cost of $280,416. Beginning in 2018, the annual lease payment is $97,484, payable in three equal annual installments at 2.850%.

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments from the General Fund as of August 31, 2019 as follows:

Year Ending August 31:	
2020	97,484
Total	97,484
Less amount representing interest	(2,701)
Present value of future minimum lease payments	$ 94,783

The effective interest rate on the capital lease is 2.850%

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 2019, 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, 2019, 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. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund's Unemployment Compensation 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 aggragate stop loss coverage for Unemployment Compensation pool members.

The Fund engages the services of an independent auditor to conduct and 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, 2018, 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, 2018 and ended September 1, 2019. The District's maximum financial exposure for the plan year is $144,735. Any costs above $144,735 for the 2018-2019 plan year are the shared responsibility of the remaining School Comp members. The District's self-insured retention per occurrence is $43,420. 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 $9,269,262. Settled claims have not exceeded this commercial coverage in any of the past three fiscal year.

All funds of the District participated in the program and make payments to the fund based on acturial 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 $26,238 at 8/31/19, and is reported as reserved Net Assets of the Worker's Compensation Internal Service Fund. The claims liability of $47,262 reported in the fund at 8/31/19, 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 08/31/19
Unpaid claims, beginning of year	$ --
Current year claims and changes in estimate	118,497
Claim payments	(71,235)
Unpaid claims, end of year	$ 47,262

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) and is established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under section 401(a) of the Internal Revenue Code. The .Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

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

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the 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.

4. Contributions

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

Contribution Rates

	2018	2019
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%

The contribution amounts for the District's fiscal year 2019 are as follows:

District's 2019 Employer Contributions	$	376,872
District's 2019 Member Contributions	$	864,500
2018 NECE On-Behalf Contributions (state)	$	555,896

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.

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.

5. Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.25%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Payroll Growth Rate	3.00%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the three year period ending August 31, 2017 and adopted in July, 2018.

6. Discount Rate

The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on the pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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 arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Rate of Return
As of August 31, 2018

Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return	Expected Contribution to Long-term Portfolio Returns *
Global Equity			
U.S.	18.0%	5.7%	1.0%
Non-U.S. Developed	13.0%	6.9%	0.9%
Emerging Markets	9.0%	8.9%	0.8%
Directional Hedge Funds	4.0%	3.5%	0.1%
Private Equity	13.0%	10.2%	1.3%
Stable Value			
U.S. Treasuries	11.0%	1.1%	0.1%
Absolute Return	0.0%	0.0%	0.0%
Stable Value Hedge Funds	4.0%	3.1%	0.1%
Cash	1.0%	-0.3%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.7%	0.0%
Real Assets	14.0%	5.2%	0.7%
Energy & Natural Resources	5.0%	7.5%	0.4%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	3.7%	0.2%
Inflation Expectation			2.3%
Alpha			-0.8%
Total	100.0%		7.2%

* Target allocation are based on the FY 2016 policy model.

** The expected contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate 5.907%	Discount Rate 6.907%	1% Increase in Discount Rate 7.907%
District's proportionate share of the net pension liability	$ 7,469,984	$ 4,949,501	$ 2,909,021

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

At August 31, 2019, the District reported a liability of $4,949,501 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 4,949,501
State's proportionate share that is associated with District	9,088,516
Total	$ 14,038,017

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31, 2018. 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, 2017 through August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.0089922%, which was an increase (decrease) of -0.0005556% from its proportion measured as of August 31, 2017.

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

--- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

--- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.

--- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.

--- The discount rate changed from 8.0% as of August 31, 2017 to 6.907% as of August 31, 2018.

--- The long-term assumed rate of return changed from 8.0% to 7.25%.

--- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

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

For the year ended August 31, 2019, the District recognized pension expense of $1,532,906 and revenue of $899,521 for support provided by the State.

At August 31, 2019, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:
(The amounts below will be the cumulative layers from the current and prior years combined)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 30,851	$ 121,441
Changes in actuarial assumptions	1,784,534	55,767
Difference between projected and actual investment earnings	--	93,913
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	322,372	237,951
Contributions paid to TRS subsequent to the measurement date	376,872	--
Total	$ 2,514,629	$ 509,072

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
2020	$ 460,126
2021	$ 262,494
2022	$ 208,144
2023	$ 261,566
2024	$ 259,874
Thereafter	$ 176,481

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#CAFR; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional

fee. 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 the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

TRS-Care Monthly for Retirees January 1, 2018 thru December 31, 2018		
	Medicare	Non-Medicare
Retiree*	$ 135	$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

* or surviving spouse

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 percent 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		
	2018	2019
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 2019 Employer Contributions	$	107,681
District's 2019 Member Contributions	$	72,977
2018 NECE On-Behalf Contributions (state)	$	119,199

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay to 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 $182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional $212 million in one-time, supplemental funding for the FY2018-19 biennium to continue to support the program. This was also received in FY2018 bringing the total appropriations received in fiscal year 2018 to $394.6 million.

5. Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed on 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, salary increases, and general payroll growth, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. Since the assumptions were based upon a recent actuarial experience study performed and they were reasonable for this OPEB valuation, they were employed in the 2018 CAFR for the Teacher Retirement System of Texas.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

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, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate *	3.69% *
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.
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%, including inflation ***
Healthcare Trend Rates **	8.50% **
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% after age 65.
Ad Hoc Post-Employment Benefit Changes	None

*Sourced from fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2018.

**8.50% for FY2019, decreasing 0.5% per year to 4.50% for FY2027 and later years.

*** Includes inflation at 2.5%.

6. Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of .27% 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 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 (2.69%)	Current Single Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
District's proportionate share of net OPEB liability	$ 8,098,698	$ 6,803,664	$ 5,779,209

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

At August 31, 2019, the District reported a liability of $6,803,664 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	$ 6,803,664
State's proportionate share that is associated with the District	$ 8,639,806
Total	$ 15,443,470

The Net OPEB liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 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, 2017 thru August 31, 2018.

At August 31, 2018 the District's proportion of the collective net OPEB liability was 0.0136262%, which was an increase (decrease) of 0.0002240% from its proportion measured as of August 21, 2017.

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	$ 5,650,554	$ 6,803,664	$ 8,322,336

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 since the prior measurement period:

--- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.

--- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.

--- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.

--- The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the Total OPEB Liability $2.3 billion.

--- Change of Benefit Terms Since the Prior Measurement Date - Please see the 2018 TRS CAFR, page 68, section B for a list of changes made effective September 1, 2017 by the 85th Texas Legislature.

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

--- 2018 thresholds of $850 / $2,292 were indexed annually by 2.50%.

--- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.

--- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis-point addition to the long term trend rate assumption.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provision or applicable law.

Changes of benefit terms that affected measurement of the total OPEB liability during the measurement period are listed below:

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

--- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.

--- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.

--- Allowed the System to provide other appropriate health benefit plans to address the needs of enrollees eligible for Medicare.

--- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.

--- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute $200 per month toward their health insurance premiums.

For the year ended August 31, 2019, the District recognized OPEB expense of $499,897 and revenue of $314,264 for support provided by the State.

At August 31, 2019, 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 Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	$ 361,045	$ 107,372
Changes in actuarial assumptions	113,535	2,044,111
Differences between projected and actual investment earnings	1,190	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	122,654	--
Contributions paid to TRS subsequent to the measurement date	107,681	
Total	$ 706,105	$ 2,151,483

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,	Amount
2020	$ (252,516)
2021	$ (252,516)
2022	$ (252,516)
2023	$ (252,741)
2024	$ (252,870)
Thereafter	$ (289,898)

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, 2019, the subsidy payment received by TRS-Care on behalf of the District was $41,256.

J. Employee Health Care Coverage

During the year ended August 31, 2019, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of $367 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, 2019, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the TRS Activecare Aetna are available 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

No reportable litigation was pending against the District at August 31, 2019.

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, 2019, are reported on the combined financial statements as Due from Other Governments and are summarized below:

Fund	State Entitlements	Federal Grants	Other	Total
General	$ 1,512,614	$ 224,049	$ --	$ 1,736,663
Special Revenue	9,587	206,125	--	215,712
Total	$ 1,522,201	$ 430,174	$ --	$ 1,952,375

M. Unearned Revenue

Unearned revenue at year end consisted of the following:

Revenue Description	Special Revenue	Total
Grant Programs	$ 2,833	$ 2,833
Total Unearned Revenue	$ 2,833	$ 2,833

N. Fund Balances

The following is a summary of Governmental Fund fund balances of the District at the year ended August 31, 2019:

General Fund

Restricted:	
Child Nutrition Program	$ 897,251
Committed:	
Construction and renovation	550,000
Capital expenditures for equipment	150,000
Technology	250,000
Storm replacement	250,000
	1,200,000

Unassigned:	9,080,793
Total General Fund fund balance	11,178,044
Capital Projects Fund:	
Restricted:	
Construction of facilities	13,142,495
Other Governmental Funds	
Restricted:	
State Textbook	28,463
Retirement of long-term debt	741,585
	770,048
Committed:	
Campus Activity Funds	1,745
Total Other Governmental Fund fund balance	771,793
Total Governmental fund balance	$ 25,092,332

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 2018-2019. The following is a summary of the Food Service Operations included in the General Fund.

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget Positive (Negative)
	Revenue:				
5700	Local	$ 92,003	$ 92,003	$ 107,237	$ 15,234
5800	State Program	33,142	33,142	6,460	(26,682)
5900	Federal Program	1,901,546	1,901,546	1,873,554	(27,992)
5020	Total Revenue	2,026,691	2,026,691	1,987,251	(39,440)
	Expenditures:				
0035	Food Services	1,916,691	2,393,078	1,994,590	398,488
0051	Plant Maintenance and Operations	110,000	115,178	105,962	9,216
6030	Total Expenditures	2,026,691	2,508,256	2,100,552	407,704
7915	Operating Transfer In	--	--	--	--
1200	Net Change in Fund Balance	--	(481,565)	(113,301)	368,264
0100	Fund Balance - Beginning	1,010,552	1,010,552	1,010,552	--
3000	Fund Balance - Ending	$ 1,010,552	$ 528,987	$ 897,251	$ 368,264

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, 2019

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 4,549,727	$ 4,569,727	$ 4,660,964	$ 91,237
5800	*State Program Revenues*	11,341,800	11,341,800	11,169,697	(172,103)
5900	*Federal Program Revenues*	2,501,046	2,501,046	2,423,866	(77,180)
5020	Total Revenues	18,392,573	18,412,573	18,254,527	(158,046)
	EXPENDITURES:				
	Current:				
	Instruction & Instructional Related Services:				
0011	*Instruction*	8,535,405	8,535,405	8,113,290	422,115
0012	*Instructional Resources and Media Services*	365,203	365,203	324,579	40,624
0013	*Curriculum and Staff Development*	88,838	88,838	47,090	41,748
	Total Instruction & Instr. Related Services	8,989,446	8,989,446	8,484,959	504,487
	Instructional and School Leadership:				
0021	*Instructional Leadership*	15,000	15,000	1,612	13,388
0023	*School Leadership*	1,111,875	1,165,875	1,149,049	16,826
	Total Instructional & School Leadership	1,126,875	1,180,875	1,150,661	30,214
	Support Services - Student (Pupil):				
0031	*Guidance, Counseling and Evaluation Services*	370,686	370,686	334,581	36,105
0032	*Social Work Services*	8,525	8,525	1,027	7,498
0033	*Health Services*	177,820	177,820	117,654	60,166
0034	*Student (Pupil) Transportation*	483,634	508,634	489,667	18,967
0035	*Food Services*	1,916,691	2,393,078	1,994,590	398,488
0036	*Cocurricular/Extracurricular Activities*	862,272	951,272	701,774	249,498
	Total Support Services - Student (Pupil)	3,819,628	4,410,015	3,639,293	770,722
	Administrative Support Services:				
0041	*General Administration*	939,497	999,497	917,282	82,215
	Total Administrative Support Services	939,497	999,497	917,282	82,215
	Support Services - Nonstudent Based:				
0051	*Plant Maintenance and Operations*	2,391,445	2,670,278	2,553,179	117,099
0052	*Security and Monitoring Services*	142,884	62,884	36,304	26,580
0053	*Data Processing Services*	335,482	326,482	272,857	53,625
	Total Support Services - Nonstudent Based	2,869,811	3,059,644	2,862,340	197,304
	Ancillary Services:				
0061	*Community Services*	20,000	20,000	2,128	17,872
	Total Ancillary Services	20,000	20,000	2,128	17,872
	Debt Service:				
0071	*Principal on Long-Term Debt*	418,226	414,696	407,994	6,702
0072	*Interest on Long-Term Debt*	107,340	110,870	110,682	188
0073	*Bond Issuance Costs and Fees*	2,500	12,500	400	12,100
	Total Debt Service	528,066	538,066	519,076	18,990
0099	*Other Intergovernmental Charges*	99,250	99,250	89,155	10,095
	Total Intergovernmental Charges	99,250	99,250	89,155	10,095
6030	Total Expenditures	18,392,573	19,296,793	17,664,894	1,631,899

MATHIS INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(884,220)	589,633	1,473,853
	SPECIAL ITEM:				
8912	*Special Item (Use) - City Matching Grant*	--	(60,000)	(60,000)	--
1200	Net Change in Fund Balance	--	(944,220)	529,633	1,473,853
0100	Fund Balance - Beginning	11,658,962	11,658,962	10,648,411	(1,010,551)
3000	Fund Balance - Ending	$ 11,658,962	$ 10,714,742	$ 11,178,044	$ 463,302

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, 2019

	Measurement Year Ended August 31,				
	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0089921564%	0.0095477644%	0.0097162229%	0.0102482000%	0.0073772000%
District's Proportionate Share of Net Pension Liability (Asset)	$ 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	9,088,516	5,089,027	6,466,382	6,145,538	5,407,526
Total	$ 14,038,017	$ 8,141,888	$ 10,137,998	$ 9,768,140	$ 7,378,078
District's Covered Payroll	$ 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	46.44%	30.20%	35.47%	16.22%	9.14%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only five 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, 2019

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

Note: Only five 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, 2019

	Measurement Year Ended August 31,	
	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0136261560%	0.0134021639%
District's Proportionate Share of the Net OPEB Liability (Asset)	$ 6,803,664	$ 5,828,098
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	8,639,806	7,238,740
Total	$ 15,443,470	$ 13,066,838
District's Covered Payroll	$ 10,656,824	$ 10,109,296
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	63.84%	57.65%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	1.57%	0.91%

Note: Only two 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, 2019

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

Note: Only two 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."

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, 2019

Year Ended August 31	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed/Appraised Value For School Tax Purposes
2010 and Prior Years	$ Various	$ Various	$ Various
2011	1.17	.256	247,130,645
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 (School Year Under Audit)	1.17	.2596	342,930,039
1000 Totals			

10 Beginning Balance 9/1/18	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/19
$ 361,416	$ --	$ 44,761	$ 6,886	$ --	$ 309,769
91,569	--	10,728	2,347	--	78,494
98,004	--	12,685	2,765	1	82,555
108,394	--	12,851	2,458	--	93,085
137,504	--	15,786	2,763	1,285	120,240
166,296	--	25,150	5,030	4,789	140,905
204,283	--	32,151	6,403	4,603	170,332
272,555	--	45,707	10,339	4,297	220,806
452,952	--	121,821	27,557	3,067	306,641
--	4,902,593	3,677,776	816,085	75,197	483,929
$ 1,892,973	$ 4,902,593	$ 3,999,416	$ 882,633	$ 93,239	$ 2,006,756

Levies and Collections

Fiscal Year End	Levy Year	Tax Levy	Total Tax Collection	Percent of Levy
08/31/10	2009	3,167,983	3,082,956	97.32%
08/31/11	2010	3,524,083	3,424,899	97.19%
08/31/12	2011	3,414,930	3,344,464	97.94%
08/31/13	2012	3,727,794	3,637,059	97.57%
08/31/14	2013	4,748,081	4,562,856	96.10%
08/31/15	2014	5,083,776	4,969,731	97.76%
08/31/16	2015	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%

MATHIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
GENERAL FUND
AS OF AUGUST 31, 2019

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2019 (Exhibit C-1 object 3000 for the General Fund only)	$ 11,178,044
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)	897,251
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	3,884,476
8	Estimate of delayed payments from state sources (58XX)	1,522,201
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)	430,174
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)	7,934,102
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	$ 3,243,942

If Item 13 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

EXHIBIT J-3

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 836,715	$ 836,715	$ 906,413	$ 69,698
5800	*State Program Revenues*	431,885	431,885	518,190	86,305
5020	Total Revenues	1,268,600	1,268,600	1,424,603	156,003
	EXPENDITURES:				
	Debt Service:				
0071	*Principal on Long-Term Debt*	820,000	820,000	820,000	--
0072	*Interest on Long-Term Debt*	444,600	635,600	635,261	339
0073	*Bond Issuance Costs and Fees*	4,000	4,000	2,413	1,587
	Total Debt Service	1,268,600	1,459,600	1,457,674	1,926
6030	Total Expenditures	1,268,600	1,459,600	1,457,674	1,926
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(191,000)	(33,071)	157,929
1200	Net Change in Fund Balance	--	(191,000)	(33,071)	157,929
0100	Fund Balance - Beginning	774,657	774,657	774,656	(1)
3000	Fund Balance - Ending	$ 774,657	$ 583,657	$ 741,585	$ 157,928

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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, 2019, 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 13, 2019.

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,

Lovvorn + Kieschnick, LLP

Lovvorn & Kieschnick, LLP

Corpus Christi, TX
December 13, 2019

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, 2019. 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, 2019.

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

Lovvorn & Kieschnick, LLP

Corpus Christi, TX
December 13, 2019

MATHIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019

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 2019			
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?	____	Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	IDEA-B Cluster:
84.027A	IDEA-B Formula
84.173A	IDEA-B Preschool
84.287C	Title IV, Part B - 21st Century Community Learning Center

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, 2019

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

MATHIS INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2019

Program	Corrective Action Plan
N/A	No corrective action required

MATHIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

(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. S. Department of Health and Human Services				
Passed Through State Department of Education:				
Medicaid Administration Claiming Program	93.778	529-15-0048 -00022	$ --	$ 10,212
Total U. S. Department of Health and Human Services			--	10,212
U. S. Department of Education				
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010A	1961010120590	--	929,472
ESEA Title I Part C - Education of Migratory Children	84.011A	1961500120590	--	53,644
IDEA-B Cluster:				
IDEA-B Formula	84.027A	1966000120590	--	322,960
IDEA-B Preschool	84.173A	1966100120590	--	4,992
Total IDEA-B Cluster			--	327,952
Career and Technical - Basic Grant	84.048A	1942000620590	--	35,247
ESEA Title II Part A - Supporting Effective Instruction	84.367A	1969450120590	--	87,669
Title IV Part B21st Century Community Learning Centers	84.287C	1969502671100	--	1,316,595
Title IV Part B21st Century Community Learning Centers	84.287C	2069502671100	--	56,837
Total CFDA Number 84.287C			--	1,373,432
ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	1969600120590	--	31,603
GEAR UP	84.334S	1851110171100	--	216,543
Title IV, Part A, Subpart 1	84.424A	1968010120590	--	64,328
Total Passed Through State Department of Education			--	3,119,890
Total U. S. Department of Education			--	3,119,890
U. S. Department of Agriculture				
Passed Through Texas Department of Agriculture:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	806780706	--	439,297
National School Lunch Program	10.555	806780706	--	810,100
Summer Feeding Program	10.559	806780706	--	20,923
Total Child Nutrition Cluster			--	1,270,320
Child and Adult Care Food Program	10.558	806780706	--	535,942
Commodity Supplemental Food Program	10.565	806780706	--	88,215
Total Passed Through Texas Department of Agriculture			--	1,894,477
Total U. S. Department of Agriculture			--	1,894,477
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ --	$ 5,024,578

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, 2019

Federal Assistance Reconciliation

Federal Grants and Contracts Revenues per Exhibit C-2	5,534,798
Less: School Health & Related Services (SHARS) reported in General Fund	(510,220)
Total Federal Revenues per Schedule of Expenditures of Federal Awards	5,024,578

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.