

MAY INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2020

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

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Introductory Section

CERTIFICATE OF BOARD

May Independent School District
Name of School District

Brown
County

025-905
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2020, at a meeting of the board of trustees of such school district on the 7th day of January, 2021.

Jeri Murphree
Signature of Board Secretary

[Signature]
Signature of Board President

Financial Section

BURL D. LOWERY
CERTIFIED PUBLIC ACCOUNTANT
Member A.I.C.P.A. & T.S.C.P.A.

BURL D. LOWERY, C.P.A.
JOYCE CORNELIUS, C.P.A.

Post Office Box 626
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Brownwood, Texas 76804

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Independent Auditor's Report

To the Board of Trustees
May Independent School District
3400 E County Road 411
May, Texas 76857

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the May Independent School District ("the District") as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

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

Opinions

In my 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 May Independent School District as of August 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the May Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts 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.

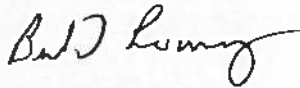
The combining and individual nonmajor fund financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected 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 my opinion, the combining and individual nonmajor fund financial statements and other supplementary information 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, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 31, 2020 on my consideration of May Independent School District's internal control over financial reporting and on my 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 my 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 May Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Burl D. Lowery
Certified Public Accountant

Brownwood, TX
December 31, 2020

MAY INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

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

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$3,995,671 at August 31, 2020.
- During the year, the District's expenses were \$533,365 less than the \$4,504,308 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs increased by \$247,038 during the current year. The total revenues increased by \$524,717 during the current year.
- The general fund reported a fund balance this year of \$2,169,127. The components of the fund balance were \$810,000 committed for construction, capital expenditures for equipment, and other expenditures as well as \$15,846 assigned for athletics, and unassigned balance of \$1,343,281.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as food service.
- *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.

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.

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 information about the District's net position and how they have changed. Net position-the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources- are one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health 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.
- *Proprietary funds*-Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The District has no Proprietary Fund Types.
- We use *internal service funds* to report activities that provided workers compensation insurance for the District's employees in prior years.

- *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 excluded these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations. These funds consist of student activity funds that belong to clubs and organizations and scholarship funds.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net positions were \$3,995,671 at August 31, 2020 and \$3,470,954 at August 31, 2019.

The net investment in capital assets at August 31, 2020 was \$3,166,899. The District has restricted net positions in the amounts of \$337,674 restricted for debt service, \$1,078 restricted for state and federal programs, and \$293 restricted for other purposes. The remaining balance of net position is \$489,727 of unrestricted net position August 31, 2020.

Changes in Net Position. The District's total revenues were \$4,504,308. A significant portion, 51%, of the District's revenue comes from taxes. State available and foundation grants provide 27% of total revenues; operating grants provide 20% of total revenues. Only 1% relates to charges for services.

The total cost of all programs and services was \$3,970,943; 55% of these costs are for instruction and instructional related services. (Expenditure Functions 11, 12, and 13).

Governmental Activities

- Property tax rates for maintenance changed to a rate of \$0.97 per \$100 valuation during the current year. The debt service tax rate decreased to a rate of \$0.25. This generated tax revenue of \$2,276,743 after consideration of tax loss due to freeze of \$91,091. The District's total levy of taxes increased \$167,826 from the prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental activities totaled \$4,504,308, an increase of approximately 15% from the preceding year. The District's refined ADA was 237.713 for 2019-2020, 247.471 for 2018-2019, and 273.037 for 2017-2018. Foundation money is being paid to the District in 2020-2021 based on an ADA estimate of 230. Final state aid will be based on the District's refined ADA.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget. Actual expenditures were \$94,099 below final budgeted amounts of the General Fund. Resources available were \$270,331 more than the final estimated revenues of the General Fund. Net budgeted excess revenues over expenditures were \$376,055 more than the final budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the District had a net investment of \$5,381,188 in a broad range of capital assets, including land, equipment, buildings, vehicles, and infrastructure. This amount represents a net decrease (including additions and deductions) of \$261,607 or 5% over last year. There were no capitalized improvements during the current fiscal year.

Long Term Debt

At year-end, the District had \$3,831,447 outstanding long-term debt which includes the net pension liability recorded as required by GASB 68 and net OPEB liability as required by GASB 75. More detailed information about the District's debt is presented in the notes to the financial statements. The net pension liability in accordance with GASB 68 decreased \$78,402 for the 2019-2020 fiscal year. The net OPEB liability decreased \$411,308 for the 2019-2020 fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2020-2021 budget preparation is approximately 7% more than the 2019-2020 appraised value. Actual levy of taxes is \$45,833 more than the 2019-2020 tax levy. The tax rate for the 2020 tax roll was \$0.9393 for maintenance and operating and \$0.22 for interest and sinking. The tax rate for 2020 is \$1.1593 per \$100 valuation.
- The General operating fund estimated revenues for 2020-2021 are \$3,414,537, an increase of \$153,143 from the final 2019-2020 estimated revenues budget.
- The General operating fund budget for 2020-2021 is \$3,414,537 as compared to the final 2019-2020 budget of \$3,261,394. That is an increase of 5% in spending. No new major programs were added to the 2020-2021 budget.

These indicators were taken into account when adopting the general fund budget for 2020-2021. State revenue will increase or decrease as the student population changes in size. The District will use these increases in revenues to finance programs we currently offer. If the budgeted estimates are realized, the District's budgetary general fund balance is expected to remain approximately the same as the current year.

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 Superintendent's Office.

**MAY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - TABLES
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Net position. The District's combined net position was \$3,995,671 at August 31, 2020.

The District's combined net position was \$3,470,954 at August 31, 2019

Table 1
May Independent School District's Net Position

	Governmental Activities	
	2020	2019
Current Assets:		
Cash and cash equivalents	\$385,799	\$549,216
Investments	\$1,909,091	\$1,701,333
Property taxes receivable net of uncollectible	\$123,221	\$137,696
Due from other governments	\$360,298	\$101,838
Internal Balances	\$1,000	\$0
Other receivables (net)	\$0	\$11,712
Total Current Assets	\$2,779,409	\$2,501,795
Noncurrent Assets:		
Land	\$90,186	\$90,187
Construction in progress	\$0	\$0
Buildings, net	\$5,099,273	\$5,305,727
Equipment and vehicles, net	\$57,624	\$96,820
Infrastructure, net	\$134,105	\$150,060
Total Noncurrent Assets	\$5,381,188	\$5,642,794
Total Assets	\$8,160,597	\$8,144,589
Deferred Outflows of Resources:		
Deferred outflow related to pensions	\$381,397	\$476,784
Deferred outflow related to OPEB	\$396,438	\$429,155
Total Deferred Outflows of Resources	\$777,835	\$905,939
Current Liabilities:		
Accounts payable and accrued expenses	\$21,828	\$174,691
Accrued interest payable	\$977	\$1,079
Due to other governments	\$141,759	\$150,741
Total Current Liabilities	\$164,564	\$326,511
Long-term Liabilities:		
Bonds Payable	\$1,736,000	\$2,111,000
Maintenance Tax Notes Payable	\$469,000	\$536,000
Unamortized bond premium	\$8,312	\$16,624
Bank Note Payable	\$0	\$0
Net Pension Liability	\$694,129	\$772,531
Net OPEB Liability	\$924,006	\$1,335,314
Total Long-term Liabilities	\$3,831,447	\$4,771,469
Total Liabilities	\$3,996,011	\$5,097,980
Deferred Inflows of Resources:		
Deferred inflow related to pensions	\$148,294	\$59,336
Deferred inflow related to OPEB	\$798,456	\$422,258
Total Deferred Inflows of Resources	\$946,750	\$481,594

**MAY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - TABLES
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Table 1 Continued
May Independent School District's Net Position

	Governmental Activities	
	2020	2019
Net Position:		
Net investment in capital assets	\$3,166,899	\$2,978,091
Restricted for state and federal programs	\$1,078	\$1,078
Restricted for debt service	\$337,674	\$251,758
Restricted for other purposes	\$293	\$288
Unrestricted net position	\$489,727	\$239,739
Total Net Position	\$3,995,671	\$3,470,954

Table 2
May Independent School District's Changes in Net Position

	Governmental Activities	
	2020	2019
Program Revenues:		
Charges for services	\$59,067	\$64,356
Operating grants and contributions	\$915,708	\$699,103
General Revenues:		
Property taxes	\$2,287,011	\$2,121,736
State aid - formula	\$1,197,469	\$978,291
Investment earnings	\$32,069	\$41,193
Other revenues	\$12,884	\$27,592
Total Revenues	\$4,504,308	\$3,932,271
Expenditures:		
Instruction	\$2,099,648	\$1,928,470
Instructional resources and media services	\$35,841	\$33,185
Curriculum development and staff development	\$29,863	\$3,051
Instructional leadership	\$63,013	\$65,192
School leadership	\$239,884	\$237,781
Guidance and counseling services	\$58,975	\$28,192
Health services	\$27,061	\$23,790
Student (pupil) transportation	\$124,699	\$123,550
Food services	\$208,331	\$232,588
Curricular/extracurricular activities	\$156,342	\$158,983
General administration	\$236,493	\$319,789
Plant maintenance & operation	\$314,175	\$315,841
Security and monitoring services	\$49,709	\$404
Data processing services	\$205,564	\$160,868
Debt services	\$18,095	\$24,675
Payments to fiscal agent/member districts SSA	\$45,637	\$67,546
Other intergovernmental charges	\$57,613	\$0
Total Expenditures	\$3,970,943	\$3,723,905
Excess (Deficiency) Before Special and Extraordinary Items	\$533,365	\$208,366

**MAY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - TABLES
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Table 2 Continued
May Independent School District's Net Position

	Governmental Activities	
	2020	2019
Special and Extraordinary Items:		
Extraordinary items inflows (outflows)	\$0	\$0
Total Special and Extraordinary Items	\$0	\$0
Increase (Decrease) in Net Position	\$533,365	\$208,366
Net Position - Beginning	\$3,470,954	\$3,270,558
Prior Period Adjustments Prior Year	(\$8,648)	(\$7,970)
Net Position - Ending	<u>\$3,995,671</u>	<u>\$3,470,954</u>

Table 3
May Independent School District's Capital Assets

	Governmental Activities	
	2020	2019
Land	\$90,186	\$90,188
Construction in progress	\$0	\$0
Buildings and improvements	\$8,919,546	\$8,919,546
Equipment and vehicles	\$559,487	\$559,487
Infrastructure	\$260,940	\$260,940
Total Capital Assets	\$9,830,159	\$9,830,161
Total Accumulated Depreciation	\$4,448,971	\$4,187,366
Net Capital Assets	<u>\$5,381,188</u>	<u>\$5,642,795</u>

Table 4
May Independent School District's Long-term Debt

	Governmental Activities	
	2020	2019
Unlimited Tax Refunding Bonds, 2009	\$285,000	\$420,000
Unamortized premiums on bonds	\$8,312	\$16,624
Unlimited Tax QSCB, 2011	\$1,451,000	\$1,691,000
Maintenance Tax Note, 2012 (OSCB)	\$469,000	\$536,000
Net Pension Liability	\$694,129	\$772,531
Net OPEB Liability	\$924,006	\$1,335,314
Total Long-term Debt	<u>\$3,831,447</u>	<u>\$4,771,469</u>

Basic Financial Statements

MAY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2020

Data Control Codes		1	
		Governmental Activities	
	ASSETS:		
1110	Cash and Cash Equivalents	\$	385,799
1120	Current Investments		1,909,091
1225	Property Taxes Receivable (Net)		123,221
1240	Due from Other Governments		360,298
1267	Due from Fiduciary		1,000
	Capital Assets:		
1510	Land		90,186
1520	Buildings and Improvements, Net		5,099,273
1530	Furniture and Equipment, Net		57,624
1590	Infrastructure, Net		134,105
1000	Total Assets		<u>8,160,597</u>
	DEFERRED OUTFLOWS OF RESOURCES:		
	Deferred Outflow Related to Pensions		381,397
	Deferred Outflow Related to OPEB		396,438
1700	Total Deferred Outflows of Resources		<u>777,835</u>
	LIABILITIES:		
2110	Accounts Payable		21,828
2140	Interest Payable		977
2165	Accrued Liabilities		141,759
	Noncurrent Liabilities:		
2501	Due Within One Year		448,000
2502	Due in More Than One Year		1,765,312
2540	Net Pension Liability		694,129
2545	Net OPEB Liability		924,006
2000	Total Liabilities		<u>3,996,011</u>
	DEFERRED INFLOWS OF RESOURCES:		
	Deferred Inflow Related to Pensions		148,294
	Deferred Inflow Related to OPEB		798,456
2600	Total Deferred Inflows of Resources		<u>946,750</u>
	NET POSITION:		
3200	Net Investment in Capital Assets		3,166,899
	Restricted For:		
3820	State and Federal Programs		1,078
3850	Debt Service		337,674
3890	Other Purposes		293
3900	Unrestricted		489,727
3000	Total Net Position	\$	<u>3,995,671</u>

The accompanying notes are an integral part of this statement.

MAY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 2,099,648	\$ --	\$ 628,241	\$ (1,471,407)
12	Instructional Resources and Media Services	35,841	--	2,299	(33,542)
13	Curriculum and Staff Development	29,863	--	18,963	(10,900)
21	Instructional Leadership	63,013	--	5,812	(57,201)
23	School Leadership	239,884	--	20,436	(219,448)
31	Guidance, Counseling, & Evaluation Services	58,975	--	2,071	(56,904)
33	Health Services	27,061	--	21,831	(5,230)
34	Student Transportation	124,699	--	6,903	(117,796)
35	Food Service	208,331	31,916	118,327	(58,088)
36	Cocurricular/Extracurricular Activities	156,342	26,275	5,532	(124,535)
41	General Administration	236,493	--	13,000	(223,493)
51	Facilities Maintenance and Operations	314,175	876	4,938	(308,361)
52	Security and Monitoring Services	49,709	--	33,075	(16,634)
53	Data Processing Services	205,564	--	21,384	(184,180)
72	Interest on Long-term Debt	15,895	--	12,896	(2,999)
73	Bond Issuance Costs and Fees	2,200	--	--	(2,200)
93	Payments Related to Shared Services Arrangements	45,637	--	--	(45,637)
99	Other Intergovernmental Charges	57,613	--	--	(57,613)
TG	Total Governmental Activities	3,970,943	59,067	915,708	(2,996,168)
TP	Total Primary Government	\$ 3,970,943	\$ 59,067	\$ 915,708	(2,996,168)
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				1,817,181
DT	Property Taxes, Levied for Debt Service				469,830
IE	Investment Earnings				32,069
GC	Grants and Contributions Not Restricted to Specific Programs				1,197,469
MI	Miscellaneous				12,984
TR	Total General Revenues				3,529,533
CN	Change in Net Position				533,365
NB	Net Position - Beginning				3,470,954
PA	Prior Period Adjustment				(8,648)
	Net Position - Beginning, as Restated				3,462,306
NE	Net Position - Ending				\$ 3,995,671

The accompanying notes are an integral part of this statement.

MAY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2020

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 Cash and Cash Equivalents	\$ 184,307	\$ 231,503	\$ (35,303)	\$ 380,507
1120 Current Investments	1,909,091	--	--	1,909,091
1225 Taxes Receivable, Net	99,953	23,268	--	123,221
1240 Due from Other Governments	226,934	82,903	50,461	360,298
1260 Due from Other Funds	1,000	--	--	1,000
1000 Total Assets	<u>2,421,285</u>	<u>337,674</u>	<u>15,158</u>	<u>2,774,117</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 2,489	\$ --	\$ 2,218	\$ 4,707
2150 Payroll Deductions & Withholdings	995	--	--	995
2160 Accrued Wages Payable	126,661	--	10,620	137,281
2170 Due to Other Funds	19,526	--	--	19,526
2200 Accrued Expenditures	2,534	--	949	3,483
2000 Total Liabilities	<u>152,205</u>	<u>--</u>	<u>13,787</u>	<u>165,992</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred Revenue	99,953	23,268	--	123,221
2600 Total Deferred Inflows of Resources	<u>99,953</u>	<u>23,268</u>	<u>--</u>	<u>123,221</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	1,078	1,078
3480 Retirement of Long-Term Debt	--	314,406	--	314,406
3490 Other Restrictions of Fund Balance	--	--	293	293
Committed Fund Balances:				
3510 Construction	200,000	--	--	200,000
3530 Capital Expenditures for Equipment	260,000	--	--	260,000
3545 Other Committed Fund Balance	350,000	--	--	350,000
Assigned Fund Balances:				
3590 Other Assigned Fund Balance	15,846	--	--	15,846
3600 Unassigned	1,343,281	--	--	1,343,281
3000 Total Fund Balances	<u>2,169,127</u>	<u>314,406</u>	<u>1,371</u>	<u>2,484,904</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 2,421,285</u>	<u>\$ 337,674</u>	<u>\$ 15,158</u>	<u>\$ 2,774,117</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds balance sheet	\$ 2,484,904
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	5,381,188
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	123,221
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	7,697
Payables for bond principal which are not due in the current period are not reported in the funds.	(1,736,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(978)
Payables for notes which are not due in the current period are not reported in the funds.	(469,000)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(694,129)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(148,294)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	381,397
Bond premiums are amortized in the SNA but not in the funds.	(8,312)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(924,006)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(798,456)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	396,438
Rounding difference	1
Net position of governmental activities - Statement of Net Position	\$ <u>3,995,671</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 1,901,304	\$ 472,387	\$ 33,416	\$ 2,407,107
5800 State Program Revenues	1,356,525	12,896	66,587	1,436,008
5900 Federal Program Revenues	273,896	--	299,741	573,637
5020 Total Revenues	3,531,725	485,283	399,744	4,416,752
EXPENDITURES:				
Current:				
0011 Instruction	1,644,370	--	180,183	1,824,553
0012 Instructional Resources and Media Services	31,960	--	--	31,960
0013 Curriculum and Staff Development	8,730	--	18,960	27,690
0021 Instructional Leadership	54,870	--	--	54,870
0023 School Leadership	208,462	--	--	208,462
0031 Guidance, Counseling, & Evaluation Services	53,414	--	--	53,414
0033 Health Services	6,394	--	15,179	21,573
0034 Student Transportation	110,827	--	--	110,827
0035 Food Service	585	--	177,794	178,379
0036 Cocurricular/Extracurricular Activities	140,675	--	--	140,675
0041 General Administration	208,934	--	--	208,934
0051 Facilities Maintenance and Operations	288,674	--	--	288,674
0052 Security and Monitoring Services	17,235	--	31,599	48,834
0053 Data Processing Services	172,656	--	10,947	183,603
0071 Principal on Long-term Debt	67,000	375,000	--	442,000
0072 Interest on Long-term Debt	2,136	22,173	--	24,309
0073 Bond Issuance Costs and Fees	575	1,625	--	2,200
0093 Payments to Shared Service Arrangements	45,637	--	--	45,637
0099 Other Intergovernmental Charges	57,613	--	--	57,613
6030 Total Expenditures	3,120,747	398,798	434,662	3,954,207
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	410,978	86,485	(34,918)	462,545
Other Financing Sources and (Uses):				
7915 Transfers In	--	--	34,923	34,923
8911 Transfers Out	(34,923)	--	--	(34,923)
7080 Total Other Financing Sources and (Uses)	(34,923)	--	34,923	--
1200 Net Change in Fund Balances	376,055	86,485	5	462,545
0100 Fund Balances - Beginning	1,801,720	227,921	1,366	2,031,007
1300 Prior Period Adjustment	(8,648)	--	--	(8,648)
Fund Balances - Beginning, as Restated	1,793,072	227,921	1,366	2,022,359
3000 Fund Balances - Ending	\$ 2,169,127	\$ 314,406	\$ 1,371	\$ 2,484,904

The accompanying notes are an integral part of this statement.

MAY INDEPENDENT SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	\$ 462,545
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
The depreciation of capital assets used in governmental activities is not reported in the funds.	(261,606)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(14,476)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	375,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	67,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	8,312
(Increase) decrease in accrued interest from beginning of period to end of period.	102
The net revenue (expense) of internal service funds is reported with governmental activities.	38
Pension revenue (expense) relating to GASB 68 is recorded in the SOA but not in the funds.	(105,943)
OPEB revenue (expense) relating to GASB 75 is recorded in the SOA but not in the funds.	2,393
Change in net position of governmental activities - Statement of Activities	\$ <u>533,365</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes			Nonmajor Internal Service Fund	Public Entity Risk Pool
	ASSETS:			
	Current Assets:			
1110	Cash and Cash Equivalents		\$ 5,292	
	Receivables:			
1260	Due from Other Funds			19,526
	Total Current Assets			24,818
1000	Total Assets			24,818
	LIABILITIES:			
	Current Liabilities:			
2110	Accounts Payable		\$ 17,121	
	Total Current Liabilities			17,121
2000	Total Liabilities			17,121
	NET POSITION:			
3900	Unrestricted			7,697
3000	Total Net Position		\$	7,697

The accompanying notes are an integral part of this statement.

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

		Nonmajor Internal Service Fund	
Data Control Codes		Public Entity Risk Pool	
OPERATING REVENUES:			
5700	Local and Intermediate Sources	\$	38
5020	Total Revenues		38
1300	Change in Net Position		38
0100	Total Net Position - Beginning		7,659
3300	Total Net Position - Ending	\$	7,697

The accompanying notes are an integral part of this statement.

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

	Internal Service Funds
Cash Flows from Operating Activities:	
<i>Cash Received from Customers</i>	\$ --
<i>Cash Received from Grants</i>	--
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	38
<i>Cash Payments to Employees for Services</i>	--
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(12,565)
<i>Other Operating Cash Receipts (Payments)</i>	--
Net Cash Provided (Used) by Operating Activities	<u>(12,527)</u>
Cash Flows from Non-capital Financing Activities:	
<i>Operating Grants Received</i>	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
Cash Flows from Capital and Related Financing Activities:	
<i>Contributed Capital</i>	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>
Cash Flows from Investing Activities:	
<i>Interest and Dividends on Investments</i>	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(12,527)
Cash and Cash Equivalents at Beginning of Year	17,819
Cash and Cash Equivalents at End of Year	<u>\$ 5,292</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 38
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
<i>Depreciation</i>	--
<i>Provision for Uncollectible Accounts</i>	--
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	(9,014)
<i>Increase (Decrease) in Accounts Payable</i>	(3,551)
<i>Increase (Decrease) in Due to Other Governments</i>	--
<i>Increase (Decrease) in Unearned Revenue</i>	--
Total Adjustments	<u>(12,565)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (12,527)</u>

The accompanying notes are an integral part of this statement.

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

			Agency Funds
Data Control Codes		Private-purpose Trust Funds	Student Activity
ASSETS:			
1110	Cash and Cash Equivalents	\$ 1,528	\$ 25,897
1120	Current Investments	32,504	--
1000	Total Assets	34,032	25,897
LIABILITIES:			
Current Liabilities:			
2170	Due to Other Funds	\$ 1,000	\$ --
2190	Due to Student Groups	--	25,897
2000	Total Liabilities	1,000	25,897
NET POSITION:			
3800	Held in Trust	33,032	--
3000	Total Net Position	\$ 33,032	\$ --

The accompanying notes are an integral part of this statement.

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

	Private Purpose Trusts
Additions:	
Investment Income	\$ 499
Net (Decrease) in Fair Value of Investments	--
Employer Contributions	--
Plan Member Contributions	--
Total Additions	<u>499</u>
Deductions:	
Scholarship Awards	1,500
Benefits	--
Refunds of Contributions	--
Administrative Expenses	--
Total Deductions	<u>1,500</u>
Change in Net Position	(1,001)
Net Position-Beginning of the Year	34,033
Net Position-End of the Year	<u>\$ 33,032</u>

The accompanying notes are an integral part of this statement.

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

A. Summary of Significant Accounting Policies

The basic financial statements of May 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.

Debt Service Fund: This accounts for the resources accumulated and payments made for principal and interest on long-term debt other than enterprise fund debt.

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

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 does not consider revenues collected after its year-end to be available in the current period. 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.

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

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

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

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

d. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	20-30
Buildings	30-50
Building Improvements	20-30
Vehicles	2-15
Office Equipment	3-15
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.

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

f. Receivable and Payable Balances

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

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 management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those 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.

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

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.

k. Net Position Flow Assumption

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

l. Fund Balance Flow Assumptions

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

4. Pensions

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

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.

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

6. Implementation of New Standards

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

7. Future Implementation of New Standards

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

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

Statement No. 84, *Fiduciary Activities*

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

Statement No. 90, *Majority Equity Interests*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

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

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

Statement No. 87, *Leases*

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
The District had an unfavorable budget variance in its general fund.	The District will monitor the budget more closely throughout the year.

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

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

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

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C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2020, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$756,907 and the bank balance was \$787,249. The District's cash deposits at August 31, 2020 and during the year ended August 31, 2020, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at August 31, 2020 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
General Fund:		
Certificate of Deposit	12 months	\$ 311,170
Lone Star Investment Pool	N/A	1,597,921
Total Investments - General Fund		<u>1,909,091</u>
Private Purpose Trust Funds:		
Certificates of Deposit	12 Months	\$ <u>33,004</u>
Total Investments		
		<u>\$ 1,942,095</u>

MAY INDEPENDENT SCHOOL DISTRICT
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3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2020, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

Lone Star Investment Pool	\$ <u>1,597,921</u>	Standard & Poor's Rating AAA
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b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

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Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Lone Star

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government Overnight, Corporate Overnight and Corporate Overnight Plus maintain a net asset value of one dollar.

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D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 90,186	\$ --	\$ --	\$ 90,186
Construction in progress	--	--	--	--
Total capital assets not being depreciated	90,186	--	--	90,186
<i>Capital assets being depreciated:</i>				
Buildings and improvements	8,919,546	--	--	8,919,546
Equipment	44,622	--	--	44,622
Vehicles	514,865	--	--	514,865
Infrastructure	260,940	--	--	260,940
Total capital assets being depreciated	9,739,973	--	--	9,739,973
Less accumulated depreciation for:				
Buildings and improvements	(3,613,819)	(206,454)	--	(3,820,273)
Equipment	(21,726)	(4,696)	--	(26,422)
Vehicles	(440,941)	(34,500)	--	(475,441)
Specify another category here if needed	(110,880)	(15,955)	--	(126,835)
Total accumulated depreciation	(4,187,366)	(261,605)	--	(4,448,971)
Total capital assets being depreciated, net	5,552,607	(261,605)	--	5,291,002
Governmental activities capital assets, net	\$ 5,642,793	\$ (261,605)	\$ --	\$ 5,381,188

Depreciation was charged to functions as follows:

Instruction	\$ 143,421
Instructional Resources and Media Services	2,508
Curriculum and Staff Development	2,173
Instructional Leadership	4,306
School Leadership	16,359
Guidance, Counseling, & Evaluation Services	4,192
Health Services	1,693
Student Transportation	8,697
Food Services	13,998
Extracurricular Activities	11,040
General Administration	16,396
Plant Maintenance and Operations	22,654
Data Processing Services	14,168
	<u>\$ 261,605</u>

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E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2020, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ --	Short-term loans
Internal Service Fund	General Fund	19,526	Self Funded Worker's Comp
General Fund	Private Purpose Trust Fund	1,000	Short-term Loan
	Other Balances	--	
	Total	\$ 20,526	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2020, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Other Governmental Funds	34,923	Supplement other funds sources
	Total	\$ 34,923	

F. Long-Term Obligations

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

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2020, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Unlimited Tax Rfd Bonds	\$ 420,000	\$ --	\$ 135,000	\$ 285,000	\$ 140,000
Bond Premium	16,624	--	8,312	8,312	--
General Obligation Bonds	1,691,000	--	240,000	1,451,000	241,000
Maint Tax Notes, QSCB	536,000	--	67,000	469,000	67,000
Net Pension Liability *	772,531	109,127	187,529	694,129	--
Net OPEB Liability*	1,335,314	114,565	525,873	924,006	--
Notes from Direct Borrowings and Direct Placements	--	--	--	--	--
Total governmental activities	\$ 4,771,469	\$ 223,692	\$ 1,163,714	\$ 3,831,447	\$ 448,000

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net Pension Liability *	Governmental	General
Net OPEB Liability *	Governmental	General

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2. Debt Service Requirements

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

Year Ending August 31,	Governmental Activities			Federal Expected Rebate	Net Interest Cost
	Bonds Principal	Interest	Total		
2021	\$ 448,000	110,864	558,864	99,328	11,536
2022	453,000	88,741	541,741	83,382	5,359
2023	309,000	69,418	378,418	67,436	1,982
2024	309,000	52,941	361,941	51,437	1,504
2025	309,000	36,465	345,465	35,439	1,026
2026-2029	377,000	23,445	400,445	22,831	614
Totals	\$ 2,205,000	\$ 381,874	\$ 2,586,874	\$ 359,853	\$ 22,021

Year Ending August 31,	Governmental Activities		
	Notes from Direct Borrowings and Direct Placements	Principal	Interest
2021	\$ --	\$ --	\$ --
2022	--	--	--
2023	--	--	--
2024	--	--	--
2025	--	--	--
2026-2027	--	--	--
Totals	\$ --	\$ --	\$ --

The interest rates on the Unlimited Tax Refunding Bonds, Series 2009, ranged from 1.0% up to 3.7%. Interest rate on the Unlimited Tax Qualified School Construction Bonds, Series 2011, is 5.38%. The tax credit rate for the Series 2011 bonds is 5.21%, net interest cost on the Series 2011 bonds is 0.17%. However, during the current year, because of the federal government sequester of funding, the District's federal credit was reduced 5.9% amounting to an additional \$5,198 interest being incurred by the District. Interest rate on the Maintenance Tax Notes, Series 2012 (QSCB) is 5.16% with a tax credit rate of 5.06%. Net interest cost of the Series 2012 QSCB notes is 0.10%. The District's federal credit was reduced by the 5.9% sequester resulting in an additional \$1,600 in interest being incurred by the District.

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2020, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

Bond Issue	Amount
Unlimited Tax Bonds Series 1997	305,000
Total	305,000

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G. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2020, as follows:

<u>Year Ending August 31,</u>	
2021	\$ 5,616
2022	5,616
Total Minimum Rentals	<u>\$ 11,232</u>
Rental Expenditures in 2020	<u>\$ 5,616</u>

H. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2020, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Property and Casualty Insurance

Public Educators Association of Texas

Public Educators Association of Texas is a property and casualty Fund formed by the Texas Interlocal Cooperation act to provide coverages for Texas educational institutions. PEAT operates as a risk pool with "aggregate stop loss" protection. The Fund is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The governing Board of Directors is comprised of elected officials.

The types of coverage the District participates in are as follows:

General Liability/ Employee Benefits Liability	School Board Legal Liability
Auto Liability and Physical Damage	Property/ Inland Marine/ Equipment Breakdown
Electronic Data, Media, and Hardware	Educators Legal
Equipment Breakdown	Commercial Crime
Cyber Liability	Crisis Management

Workers Compensation Insurance

The District is a participant in the North Texas Educational Insurance Association Workers' Compensation Self-Insurance Fund. The purpose of the fund is to provide the statutory benefits for the fund members through self-insurance of workers compensation prescribed by Article 8309h, Revised Civil Statutes of Texas as amended.

The interlocal agreement between the May Independent School District and the North Texas Education Insurance Association Workers' Compensation Self-Insurance Fund is for a term beginning September 1, 2018 and terminating on September 1, 2020. Either party may terminate the agreement upon 60 days written notice with the termination becoming effective at the end of the plan term currently in force.

The required contributions for each plan sponsor are based on the State Board of Insurance workers' compensation rates for the various payroll classifications included in the fund members annual payroll. The interlocal agreement states that the May Independent School District's maximum loss exposure for 2019-2020 is \$23,569. The District had total estimated unpaid claims for all years amounting to \$17,121. The District's has recognized the liability for the estimated unpaid claims in its financial records. The District's fixed premium cost for 2019-2020 was \$9,570.

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The "pooled risk" self-insurance fund is managed by a six member board. Any excess of the cumulative contributions and investment earnings of all fund members are available for reduction of annual contributions. The Board reserved the right in the interlocal agreement to adjust this stop loss provision in the event that the fiscal soundness of the fund would justify such an adjustment and/or result in savings to fund members. All claims are processed and paid by the pool through the servicing contractor employed by the Fund.

Unemployment Compensation Pool.

During the year ended August 31, 2020 the May 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. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

[The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool. For the year ended August 31, 2020, the Fund anticipates the May ISD has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2019, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

I. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual

MAY INDEPENDENT SCHOOL DISTRICT
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salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1.) above.

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

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

4. Contributions

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

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

<u>Contribution Rates</u>		
	<u>2019</u>	<u>2020</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.7%
District's 2020 FY Employer Contributions	\$ 51,463	
District's 2020 FY Member Contributions	\$ 140,286	
2019 NECE On-Behalf Contributions (state)	\$ 210,571	

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

MAY INDEPENDENT SCHOOL DISTRICT
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- 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 or a privately sponsored source.

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution

5. Actuarial Assumptions

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

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

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

6. Discount Rate

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

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Asset Class	FY 2019 Target Allocation *	New Target Allocation **	Long-Term Expected Geometric Real Rate of Return ***
Global Equity			
USA	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	-	-
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries ****	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return	0.0%	0.0%	0.0%
Real Return			
Global Inflation Linked Bonds ****	3.0%	-	-
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources & Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/6.5%*****
Leverage			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	-	-6.0%	2.7%
Expected Return	100.0%	100.0%	7.23%
<p>* Target allocations are based on the Strategic Asset Allocation as of FY2019</p> <p>** New allocations are based on the Strategic Asset Allocation to be implemented FY2020</p> <p>*** 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%</p> <p>**** New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds</p> <p>***** 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility</p>			

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
District's proportionate share of the net pension liability:	\$ 1,066,977	\$ 694,129	\$ 392,050

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

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

At August 31, 2020, the District reported a liability of \$694,129 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	\$ 694,129
State's proportionate share that is associated with District	<u>1,340,486</u>
Total	<u>\$ 2,034,615</u>

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

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.0013352969%, which was an increase (decrease) of (0.0000682220% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation -

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

For the year ended August 31, 2020, the District recognized pension expense of \$210,571 and revenue of \$210,571 for support provided by the State.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,916	\$ 24,101
Changes in actuarial assumptions	215,353	88,994
Difference between projected and actual investment earnings	6,970	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	104,695	35,199
Contributions paid to TRS subsequent to the measurement date	51,463	--
Total	<u>\$ 381,397</u>	<u>\$ 148,294</u>

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

Year Ended August 31	Pension Expense Amount
2021	\$ 55,070
2022	\$ 45,876
2023	\$ 41,502
2024	\$ 35,304
2025	\$ 11,750
Thereafter	\$ (7,862)

J. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

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

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

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

4. Contributions

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

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

Contribution Rates		
	2019	2020
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
District's 2020 Employer Contributions	\$	17,821
District's 2020 Member Contributions	\$	11,842
2019 NECE On-Behalf Contributions (state)	\$	32,360

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS-Care, a monthly surcharge of \$535 per retiree.

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$73.6 million in fiscal year 2019. The District's share of the supplemental appropriation was \$4,509.

5. Actuarial Assumptions

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

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

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

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

Additional Actuarial Methods and Assumptions:

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

* Includes inflation at 2.5%.

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

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

6. Discount Rate

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

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

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 (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of net OPEB liability	\$ 1,115,570	\$ 924,004	\$ 774,143

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

At August 31, 2020, the District reported a liability of \$(310,116) 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	\$ 924,006
State's proportionate share that is associated with the District	\$ 1,227,795
Total	\$ 2,151,801

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

At August 31, 2019, the District's proportion of the collective net OPEB liability was 0.0019538603% compared to 0.0026743221% at August 31, 2018. This is a decrease of 0.0007204618%.

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	\$ 753,770	\$ 924,004	\$ 1,152,040

9. Changes Since the Prior Actuarial Valuation

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

- The discount rate was changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the

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

- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, the District recognized OPEB expense of \$32,360 and revenue of \$32,360 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 45,330	\$ 151,204
Changes in actuarial assumptions	51,321	248,535
Differences between projected and actual investment earnings	100	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	281,866	398,717
Contributions paid to TRS subsequent to the measurement date	17,821	
Total	<u>\$ 396,438</u>	<u>\$ 798,456</u>

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

Year ended August 31,	OPEB Expense Amount
2021	\$ (60,564)
2022	\$ (60,564)
2023	\$ (60,597)
2024	\$ (60,615)
2025	\$ (60,610)
Thereafter	\$ (116,887)

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the current fiscal year ended August 31, 2020, the subsidy payment received by TRS-Care on behalf of the District was \$8,668.

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

K. Employee Health Care Coverage

During the year ended August 31, 2020, employees of the District were covered by TRS Active Care. The District paid premiums of \$276 per pay period per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to TRS Active Care through the Teacher Retirement System. The Plan was authorized by the Texas Education Code.

L. 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, 2020.

M. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for special education services with the following school districts:

Member Districts

De Leon ISD, fiscal agent	Gustine ISD
Comanche ISD	Sidney ISD
Cross Plains, ISD	May ISD
Rising Star ISD	

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, May ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

The District participates in a shared services arrangement with Education Service Center Region 15 for Title III LEP, Title III, and Carl D. Perkins. The District does not account for revenues or expenditures in these programs and does not disclose them in their financial statements. The fiscal agent manager, Education Service Center Region 15, is responsible for all financial activities of the shared services arrangements. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent, Education Service Center Region 15, nor does the District have a net equity interest in the exigencies that would give rise to a future additional benefit or burden to the District.

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

N. Subsequent Events

Management has reviewed all transactions and events from August 31, 2019 to December 31, 2020. There were no items identified that require disclosure in the financial statements.

O. Prior Period Adjustments

The District had prior period adjustments that affected the General Fund in the Governmental Funds and the Government-wide Funds. The prior period adjustments recorded the refund of \$11,673 to the Texas Education Agency for the IDEA-B MOE 2019 noncompliance. The District also voided six old outstanding checks amounting to a credit of \$3,025. The net prior period adjustments were \$8,648.

P. Fund 277 Coronavirus Relief Fund of the CARES Act

The District has applied for Coronavirus Relief Funds as of August 31, 2020. The CRF grant program is through the Texas Division of Emergency Management. The District is eligible for reimbursement of up to 75% of allowable COVID-19 expenses incurred from March 1, 2020 to May 20, 2020. The District filed a reimbursement claim on September 29, 2020 for \$22,379. The District expects to receive a reimbursement of 75% of the allowable costs, which should be approximately \$16,785.

TEA has instructed the recipients to report the grant funds received into Fund 277 in the 2020-2021 fiscal year. At the same time, the districts have been instructed to track the costs locally in Fund 199 during 2019-2020 because Fund 277 is not available to use in the 2019-2020 fiscal year. The District has recognized a federal revenue in Fund 199 to match 75% of the expenditures.

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.

MAY INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT G-1
Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 1,758,028	\$ 1,758,028	\$ 1,901,304	\$ 143,276
5800	State Program Revenues	1,295,142	1,328,378	1,358,525	28,147
5900	Federal Program Revenues	174,988	174,988	273,896	98,908
5020	Total Revenues	3,228,158	3,261,394	3,533,725	270,331
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	1,612,408	1,639,908	1,644,370	(4,462)
0012	Instructional Resources and Media Services	27,551	40,201	31,960	8,241
0013	Curriculum and Staff Development	1,350	14,620	8,730	5,890
	Total Instruction & Instr. Related Services	1,641,309	1,694,729	1,685,060	9,669
Instructional and School Leadership:					
0021	Instructional Leadership	30,331	61,231	54,870	6,361
0023	School Leadership	203,997	213,997	208,462	5,535
	Total Instructional & School Leadership	234,328	275,228	263,332	11,896
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	64,653	64,653	53,414	11,239
0033	Health Services	1,732	11,732	6,394	5,338
0034	Student (Pupil) Transportation	73,632	118,732	110,827	7,905
0035	Food Services	4,589	4,589	585	4,004
0036	Cocurricular/Extracurricular Activities	159,537	147,537	140,675	6,862
	Total Support Services - Student (Pupil)	304,143	347,243	311,895	35,348
Administrative Support Services:					
0041	General Administration	315,401	214,858	208,934	5,924
	Total Administrative Support Services	315,401	214,858	208,934	5,924
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	316,118	293,357	286,674	4,683
0052	Security and Monitoring Services	600	22,600	17,235	5,365
0053	Data Processing Services	174,303	179,303	172,656	6,647
	Total Support Services - Nonstudent Based	491,021	495,260	476,565	16,695
Debt Service:					
0071	Principal on Long-Term Debt	95,408	67,000	67,000	--
0072	Interest on Long-Term Debt	--	2,658	2,136	522
0073	Bond Issuance Costs and Fees	--	750	575	175
	Total Debt Service	95,408	70,408	69,711	697
Capital Outlay:					
0081	Capital Outlay	25,000	4,620	--	4,620
	Total Capital Outlay	25,000	4,620	--	4,620
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	80,000	52,500	45,837	6,863
0099	Other Intergovernmental Charges	--	60,000	57,613	2,387
	Total Intergovernmental Charges	80,000	112,500	103,450	9,250
6030	Total Expenditures	3,186,610	3,214,846	3,120,747	94,099

MAY INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT G-1
Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	41,548	46,548	410,978	364,430
	Other Financing Sources (Uses):				
8911	Transfers Out	(41,548)	(46,548)	(34,923)	11,625
7080	Total Other Financing Sources and (Uses)	(41,548)	(46,548)	(34,923)	11,625
1200	Net Change in Fund Balance	--	--	376,055	376,055
0100	Fund Balance - Beginning	1,802,720	1,801,720	1,801,720	--
1300	Prior Period Adjustment	--	--	(8,648)	(8,648)
0100	Fund Balance - Beginning, as Restated	1,802,720	1,801,720	1,793,072	(8,648)
3000	Fund Balance - Ending	\$ 1,802,720	\$ 1,801,720	\$ 2,169,127	\$ 367,407

MAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Teacher Retirement System of Texas
LAST TEN FISCAL YEARS *

	Fiscal Year					
	2020 Plan Year 2019	2019 Plan Year 2018	2018 Plan Year 2017	2017 Plan Year 2016	2016 Plan Year 2015	2015 Plan Year 2014
District's proportion of the net pension liability (asset)	0.0013335%	0.0014035%	0.0012715%	0.0013436%	0.0012908%	0.0005673%
District's proportionate share of the net pension liability (asset)	\$ 694,129	\$ 772,531	\$ 407,724	\$ 507,732	\$ 456,281	\$ 151,533
State's proportionate share of the net pension liability (asset) associated with the District	1,340,486	1,537,833	984,305	1,234,386	1,073,185	903,781
Total	\$ 2,034,615	\$ 2,310,364	\$ 1,392,029	\$ 1,742,118	\$ 1,529,466	\$ 1,055,314
District's covered-employee payroll	\$ 1,836,274	\$ 1,679,644	\$ 1,726,921	\$ 1,771,779	\$ 1,541,191	\$ 1,457,329
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.42%	45.99%	23.61%	28.66%	29.61%	10.40%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this schedule provides the information only for those years for which information is available.

MAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
Teacher Retirement System of Texas
LAST TEN FISCAL YEARS *

	Fiscal Year					
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 51,463	\$ 46,746	\$ 47,806	\$ 41,777	\$ 42,690	\$ 38,222
Contributions in relation to the contractually required contribution	(51,463)	(46,746)	(47,806)	(41,777)	(42,690)	(38,222)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 1,821,891	\$ 1,636,274	\$ 1,679,644	\$ 1,726,921	\$ 1,771,779	\$ 1,541,191
Contributions as a percentage of covered-employee payroll	2.82%	2.86%	2.85%	2.42%	2.41%	2.48%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

MAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
Teacher Retirement System of Texas
LAST TEN FISCAL YEARS *

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's proportion of the collective net OPEB liability	0.00195386%	0.00267432%	0.00208732%
District's proportionate share of the collective net OPEB liability	\$ 924,006	\$ 1,335,314	\$ 907,697
State proportionate share of the collective net OPEB liability associated with the District	\$ 1,227,795	\$ 1,407,573	\$ 1,368,468
Total	\$ 2,151,801	\$ 2,742,887	\$ 2,276,165
District's covered-employee payroll	\$ 1,636,274	\$ 1,679,644	\$ 1,726,921
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	56.47%	79.50%	52.56%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

MAY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year Ended		
	2020	2019	2018
Statutorily or contractually required District contribution	\$ 17,821	\$ 13,866	\$ 18,984
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(17,821)	(13,866)	(18,984)
Contribution deficiency (excess)	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 1,821,891	\$ 1,636,274	\$ 1,679,644
Contributions as a percentage of covered-employee payroll	0.98%	0.85%	1.13%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

MAY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2020

Budget

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

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

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

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

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

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

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

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

Other Post-Employment Benefit Plan

Changes of benefit terms

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

Changes of assumptions

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

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

MAY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2020

Data Control Codes		211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting
ASSETS:				
1110	Cash and Cash Equivalents	\$ (3,639)	\$ 2,253	\$ --
1240	Due from Other Governments	7,241	5,090	810
1000	Total Assets	<u>3,602</u>	<u>7,343</u>	<u>810</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ 2,218	\$ --
2160	Accrued Wages Payable	3,351	3,651	732
2200	Accrued Expenditures	251	396	78
2000	Total Liabilities	<u>3,602</u>	<u>6,265</u>	<u>810</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	1,078	--
3490	Other Restrictions of Fund Balance	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>1,078</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,602</u>	<u>\$ 7,343</u>	<u>\$ 810</u>

266 Cares Act Coronavirus Relief Fund (CRF)	270 ESEA, Title VI Part B, Subpart 2 Rural School	289 Title IV Part A Subpart 1	410 State Textbook Fund
\$ --	\$ --	\$ --	\$ (17,151)
--	1,196	1,914	17,151
<u>--</u>	<u>1,196</u>	<u>1,914</u>	<u>--</u>
\$ --	\$ --	\$ --	\$ --
--	1,079	1,807	--
--	117	107	--
<u>--</u>	<u>1,196</u>	<u>1,914</u>	<u>--</u>
--	--	--	--
--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ --</u>	<u>\$ 1,196</u>	<u>\$ 1,914</u>	<u>\$ --</u>

MAY INDEPENDENT SCHOOL DISTRICT**COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS**

AUGUST 31, 2020

Data Control Codes	429 State Funded Special Revenue Fund	499 May ISD Nurse's Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:			
1110 Cash and Cash Equivalents	\$ (17,059)	\$ 293	\$ (35,309)
1240 Due from Other Governments	17,059	--	50,461
1000 Total Assets		293	15,158
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ --	\$ --	\$ 2,218
2160 Accrued Wages Payable	--	--	10,620
2200 Accrued Expenditures	--	--	949
2000 Total Liabilities	--	--	13,787
FUND BALANCES:			
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	--	--	1,078
3490 Other Restrictions of Fund Balance	--	293	293
3000 Total Fund Balances	--	293	1,371
4000 Total Liabilities and Fund Balances	\$ --	\$ 293	\$ 15,158

MAY INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting	270 ESEA, Title VI Part B, Subpart : Rural School
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ 31,916	\$ --	\$ --
5800 State Program Revenues	--	744	--	--
5900 Federal Program Revenues	140,225	110,211	7,957	31,230
5020 Total Revenues	140,225	142,871	7,957	31,230
EXPENDITURES:				
Current:				
0011 Instruction	121,265	--	7,957	--
0013 Curriculum and Staff Development	18,960	--	--	--
0033 Health Services	--	--	--	13,684
0035 Food Service	--	177,794	--	--
0052 Security and Monitoring Services	--	--	--	6,599
0053 Data Processing Services	--	--	--	10,947
6030 Total Expenditures	140,225	177,794	7,957	31,230
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	(34,923)	--	--
Other Financing Sources and (Uses):				
7915 Transfers In	--	34,923	--	--
7080 Total Other Financing Sources and (Uses)	--	34,923	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	1,078	--	--
3000 Fund Balances - Ending	\$ --	\$ 1,078	\$ --	\$ --

EXHIBIT H-2

2	289 Title IV Part A Subpart 1	410 State Textbook Fund	429 State Funded Special Revenue Fund	499 May ISD Nurse's Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
	\$	\$	\$	\$	\$
	--	--	--	1,500	33,416
	--	23,784	42,059	--	66,587
	10,118	--	--	--	299,741
	<u>10,118</u>	<u>23,784</u>	<u>42,059</u>	<u>1,500</u>	<u>399,744</u>
	10,118	23,784	17,059	--	180,183
	--	--	--	--	18,960
	--	--	--	1,495	15,179
	--	--	--	--	177,794
	--	--	25,000	--	31,599
	--	--	--	--	10,947
	<u>10,118</u>	<u>23,784</u>	<u>42,059</u>	<u>1,495</u>	<u>434,662</u>
	--	--	--	5	(34,918)
	--	--	--	--	34,923
	--	--	--	--	<u>34,923</u>
	--	--	--	5	5
	--	--	--	288	1,366
	<u>--</u>	<u>--</u>	<u>--</u>	<u>293</u>	<u>1,371</u>

MAY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
AUGUST 31, 2020

Data Control Codes	806 Ethan Rhodes Memorial Scholarship Fund	807 Betty Wilson Memorial Scholarship	Total Private- Purpose Trust Funds (See Exhibit E-1)
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 1,018	\$ 510	\$ 1,528
1120 <i>Current Investments</i>	29,364	3,140	32,504
1000 <i>Total Assets</i>	<u>30,382</u>	<u>3,650</u>	<u>34,032</u>
LIABILITIES:			
<i>Current Liabilities:</i>			
2170 <i>Due to Other Funds</i>	\$ --	\$ 1,000	\$ 1,000
2000 <i>Total Liabilities</i>	<u>--</u>	<u>1,000</u>	<u>1,000</u>
NET POSITION:			
3800 <i>Held in Trust</i>	30,382	2,650	33,032
3000 <i>Total Net Position</i>	<u>\$ 30,382</u>	<u>\$ 2,650</u>	<u>\$ 33,032</u>

MAY INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ALL PRIVATE-PURPOSE TRUST FUNDS

FOR THE YEAR ENDED AUGUST 31, 2020

	806 Ethan Rhodes Memorial Scholarship Fund	807 Betty Wilson Memorial Scholarship	Total Private-Purpose Trust Funds (See Exhibit E-2)
Additions:			
Investment Income	\$ 435	\$ 64	\$ 499
Net (Decrease) in Fair Value of Investments	--	--	--
Employer Contributions	--	--	--
Plan Member Contributions	--	--	--
Total Additions	<u>435</u>	<u>64</u>	<u>499</u>
Deductions:			
Scholarship Awards	500	1,000	1,500
Benefits	--	--	--
Refunds of Contributions	--	--	--
Administrative Expenses	--	--	--
Total Deductions	<u>500</u>	<u>1,000</u>	<u>1,500</u>
Change in Net Position	(65)	(936)	(1,001)
Net Position-Beginning of the Year	30,447	3,586	34,033
Net Position-End of the Year	<u>\$ 30,382</u>	<u>\$ 2,650</u>	<u>\$ 33,032</u>

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.

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

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2011 and Prior Years	\$	Various	\$	Various	\$	Various
2012		1.04		.269		149,885,284
2013		1.04		.2775		153,034,838
2014		1.04		.2621		152,651,671
2015		1.04		.2621		164,238,930
2016		1.04		.2369		161,023,397
2017		1.04		.2623		160,461,573
2018		1.04		.2623		160,800,968
2019		1.04		.2567		162,644,896
2020 (School Year Under Audit)		.97		.25		186,618,246

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/19	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/20
\$ 55,284	\$ --	\$ 2,397	\$ 253	\$ (22,213)	\$ 30,421
12,074	--	920	238	(1,308)	9,607
14,632	--	1,236	330	(1,336)	11,731
11,633	--	1,484	374	(777)	8,996
14,796	--	1,623	409	(777)	11,997
18,628	--	3,181	725	(710)	14,011
28,936	--	1,882	475	(5,676)	20,903
34,210	--	7,068	1,783	(1,352)	24,008
85,201	--	30,004	7,406	(13,133)	34,658
--	2,276,743	1,738,661	448,108	(9,856)	80,117
<u>\$ 275,393</u>	<u>\$ 2,276,743</u>	<u>\$ 1,788,455</u>	<u>\$ 460,100</u>	<u>\$ (57,138)</u>	<u>\$ 246,442</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

MAY INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT J-2

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	\$ 41,773	\$ 31,916	\$ (9,857)
5800	State Program Revenues	1,000	744	(256)
5900	Federal Program Revenues	115,068	110,211	(4,857)
5020	Total Revenues	157,841	142,871	(14,970)
	EXPENDITURES:			
	Current:			
	Support Services - Student (Pupil):			
0035	Food Services	204,389	177,794	26,595
	Total Support Services - Student (Pupil)	204,389	177,794	26,595
6030	Total Expenditures	204,389	177,794	26,595
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(46,548)	(34,923)	11,625
	Other Financing Sources (Uses):			
7915	Transfers In	46,548	34,923	(11,625)
7080	Total Other Financing Sources and (Uses)	46,548	34,923	(11,625)
0100	Fund Balance - Beginning	1,078	1,078	--
3800	Fund Balance - Ending	\$ 1,078	\$ 1,078	\$ --

MAY INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT J-3

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	\$ 418,000	\$ 472,387	\$ 54,387
5800	State Program Revenues	12,500	12,896	396
5020	Total Revenues	430,500	485,283	54,783
	EXPENDITURES:			
	Debt Service:			
0071	Principal on Long-Term Debt	375,000	375,000	--
0072	Interest on Long-Term Debt	126,388	22,173	104,215
0073	Bond Issuance Costs and Fees	2,000	1,025	375
	Total Debt Service	503,388	398,198	104,590
6030	Total Expenditures	503,388	398,198	104,590
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(72,888)	86,485	159,373
1200	Net Change in Fund Balance	(72,888)	86,485	159,373
0100	Fund Balance - Beginning	227,921	227,921	--
9000	Fund Balance - Ending	\$ 155,033	\$ 314,406	\$ 159,373

BURL D. LOWERY
CERTIFIED PUBLIC ACCOUNTANT
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Independent Auditor's Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Board of Trustees
May Independent School District
3400 E County Road 411
May, Texas 76857

Members of the Board of Trustees:

I 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 May Independent School District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise May Independent School District's basic financial statements and have issued my report thereon dated December 31, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the May 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the May Independent School District's internal control. Accordingly, I do not express an opinion on the effectiveness of the May 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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item(s) 2020-001, that I consider to be significant deficiencies.

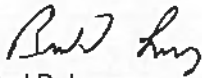
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the May Independent School District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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,



Burl D. Lowery
Certified Public Accountant

Brownwood, TX
December 31, 2020

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

B. Financial Statement Findings

2020-001 Unfavorable Budget Variances

Condition: The District had an unfavorable budget variance in general fund function 11.

Cause: The District did not properly monitor and amend the general fund budget.

Effect: The District did not comply with the budgeting requirements.

Recommendation: The District should monitor its budget more closely.

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

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no prior year audit findings.		

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

2020-001 Unfavorable budget variance

Condition: The District had an unfavorable budget variance in the General Fund Function 11.

Corrective Action: The District will monitor its budget more closely in the future.

Contact: Steve Howard
Superintendent
Phone: (254)259-2091
email: steve.howard@mayisd.com

MAY INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2020**

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warranty hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ —