

**MAY INDEPENDENT SCHOOL DISTRICT**

***ANNUAL FINANCIAL REPORT***

***FOR THE YEAR ENDED AUGUST 31, 2015***

*Introductory Section*

May Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2015

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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, 2015, at a meeting of the board of trustees of such school district on the 27th day of January, 2016.



Signature of Board Secretary



Signature of Board President

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

*Financial Section*

**BURL D. LOWERY**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**311 CENTER AVENUE**  
**BROWNWOOD, TEXAS 76801**

**Independent Auditor's Report**

To the Board of Trustees  
May Independent School District  
P.O. Box 38  
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, 2015, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note A to the financial statements, in 2015, May Independent School District adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for contributions made Subsequent to the Measurement Date -- an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability and schedule of District pension 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 January 22, 2016 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 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 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  
January 22, 2016

## **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, 2015. 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 \$3,605,865 at August 31, 2015.
- During the year, the District's expenses were \$455,792 less than the \$3,668,236 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs increased by \$223,413 during the current year. The total revenues increased by \$547,578 during the current year.
- The general fund reported a fund balance this year of \$1,276,796. The components of the fund balance were \$450,000 committed for construction and unassigned balance of \$826,796.

### **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 \$3,605,866 at August 31, 2015 and \$3,230,496 at August 31, 2014.

The net investment in capital assets at August 31, 2015 was \$2,211,443. The District has restricted net position in the amount of \$133,666 restricted to debt service, and \$6,232 restricted to state and federal programs. The remaining balance of net position is \$1,254,524 of unrestricted net position August 31, 2015. The unrestricted net position represents funds available for future uses.

**Changes in Net Position.** The District's total revenues were \$3,668,236. A significant portion, 57%, of the District's revenue comes from taxes. State available and foundation grants provide 27% of total revenues; operating grants provide 13% of the total revenues, while only 3% relates to charges for services.

The total cost of all programs and services was \$3,212,444; 59% of these costs are for instruction and instructional related services. (Expenditure Functions 11 and 12).

### **Governmental Activities**

- Property tax rates for maintenance stayed at a rate of \$1.04 per \$100 valuation during the current year. The debt service tax rate remained the same as the prior year at \$0.26221 per \$100 valuation. This generated tax revenue of \$2,034,330 after consideration of tax loss due to freeze of \$104,860.

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

Revenues from governmental fund types in the individual funds totaled \$3,692,967, an increase of approximately 18% over the preceding year. The District's refined ADA was 275.541 for 2014-2015 and 249.998 for 2013-2014; the District received additional state aid of \$266,331. State aid is based on the District's ADA.

### **General Fund Budgetary Highlights**

Over the course of the year, the District revised its budget. Actual expenditures were \$86,719 below final budgeted amounts of the General Fund. Resources available were \$35,462 below the final estimated revenues of the General Fund. Net budgeted excess revenues over expenditures were \$122,181 more than the final budgeted amounts.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2015, the District had a net investment of \$6,673,679 in a broad range of capital assets, including land, equipment, buildings, vehicles, infrastructure, and construction in progress. This amount represents a net decrease (including additions and deductions) of \$168,356 or 2% over last year. Improvements included the completion of renovations to the Ag Building, constructing bus barn parking lot and surrounding fence, and purchasing a new bus.

### **Long Term Debt**

At year-end, the District had \$4,611,259 outstanding long-term debt which includes the net pension liability recorded as required by GASB 68. More detailed information about the District's debt is presented in the notes to the financial statements.

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

- Appraised value used for the 2015-2016 budget preparation is approximately 3% more than 2014-2015 appraised value. Actual levy of taxes is \$21,778 more than the 2014-2015 tax levy.
- The General operating fund estimated revenues for 2015-2016 are \$2,828,185, a small increase of \$1,570 over the final 2014-2015 estimated revenues budget of \$2,826,215.
- The General operating fund budget for 2015-2016 is \$2,796,158 as compared to the final 2014-2015 budget of \$2,774,454. That is a less than 1% increase in spending. No new major programs were added to the 2015-2016 budget. The 2015-2016 budget does not include any budgeted funds for facilities acquisition and construction.

These indicators were taken into account when adopting the general fund budget for 2015-2016. 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 \$3,605,865 at August 31, 2015.

The District's combined net position was \$3,230,496 at August 31, 2014.

**Table 1**  
May Independent School District's Net Position

	Governmental Activities	
	2015	2014
<b>Current Assets:</b>		
Cash and cash equivalents	\$791,793	\$397,658
Investments	\$510,604	\$769,728
Property taxes receivable net of uncollectible	\$146,648	\$171,379
Due from other governments	\$266,255	\$44,251
Internal Balances	\$0	\$500
Other receivables (net)	\$1,409	\$0
<b>Total Current Assets</b>	<b>\$1,716,709</b>	<b>\$1,383,516</b>
<b>Noncurrent Assets:</b>		
Land	\$88,323	\$88,322
Buildings, net	\$6,138,509	\$6,354,875
Equipment and vehicles, net	\$247,316	\$232,525
Infrastructure, net	\$199,531	\$166,313
<b>Total Noncurrent Assets</b>	<b>\$6,673,679</b>	<b>\$6,842,035</b>
<b>Total Assets</b>	<b>\$8,390,388</b>	<b>\$8,225,551</b>
<b>Deferred Outflows of Resources:</b>		
Deferred outflow related to pensions	\$50,416	\$0
<b>Total Deferred Outflows of Resources</b>	<b>\$50,416</b>	<b>\$0</b>
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$103,079	\$84,923
Accrued interest payable	\$2,510	\$2,678
Due to other governments	\$11,736	\$7,940
<b>Total Current Liabilities</b>	<b>\$117,325</b>	<b>\$95,541</b>
<b>Long-term Liabilities:</b>		
Bonds Payable	\$3,554,000	\$3,902,000
Maintenance Tax Notes Payable	\$802,000	\$868,000
Unamortized bond premium	\$49,873	\$58,185
Bank Note Payable	\$53,853	\$71,300
Net Pension Liability	\$151,533	\$0
<b>Total Long-term Liabilities</b>	<b>\$4,611,259</b>	<b>\$4,899,485</b>
<b>Total Liabilities</b>	<b>\$4,728,584</b>	<b>\$4,995,026</b>
<b>Deferred Inflows of Resources:</b>		
Deferred inflow related to pensions	\$46,355	\$0
<b>Total Deferred Inflows of Resources</b>	<b>\$46,355</b>	<b>\$0</b>
<b>Net Position:</b>		
Net investment in capital assets	\$2,211,443	\$1,939,843
Restricted for state and federal programs	\$6,232	\$3,241
Restricted for debt service	\$133,666	\$110,906
Restricted for capital projects	\$0	\$95,301
Unrestricted net position	\$1,254,524	\$1,081,205
<b>Total Net Position</b>	<b>\$3,605,865</b>	<b>\$3,230,496</b>

**MAY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS - TABLES**

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

	Governmental Activities	
	2015	2014
Program Revenues:		
Charges for services	\$102,506	\$113,911
Operating grants and contributions	\$463,934	\$380,159
General Revenues:		
Property taxes	\$2,094,345	\$1,897,941
State aid - formula	\$985,588	\$715,547
Investment earnings	\$5,178	\$5,150
Other revenues	\$16,685	\$7,950
Total Revenues	<u>\$3,668,236</u>	<u>\$3,120,658</u>
Expenditures:		
Instruction	\$1,775,172	\$1,555,587
Instructional resources and media services	\$51,752	\$49,413
Curriculum development and staff development	\$52,739	\$40,049
School leadership	\$207,314	\$195,305
Guidance and counseling services	\$48,756	\$36,678
Health services	\$15,855	\$15,837
Student (pupil) transportation	\$114,351	\$130,310
Food services	\$232,913	\$220,412
Curricular/extracurricular activities	\$115,283	\$134,927
General administration	\$210,449	\$199,583
Plant maintenance & operation	\$271,936	\$281,812
Data processing services	\$40,271	\$39,812
Debt services	\$48,083	\$52,597
Capital outlay - noncapitalized	\$0	\$4,425
Payments to fiscal agent/member districts SSA	\$27,570	\$32,284
Total Expenditures	<u>\$3,212,444</u>	<u>\$2,989,031</u>
Excess (Deficiency) Before Special and Extraordinary Items	<u>\$455,792</u>	<u>\$131,627</u>
Special and Extraordinary Items:		
Gain of sale of equipment	\$0	\$2,202
Extraordinary items inflows (outflows)	\$91,265	\$35,233
Total Special and Extraordinary Items	<u>\$91,265</u>	<u>\$37,435</u>
Increase (Decrease) in Net Position	\$547,057	\$169,062
Net Position - Beginning	\$3,230,496	\$3,061,433
Prior Period Adjustments Current Year/ Rounding Prior Year	(\$171,687)	\$1
Net Position - Ending	<u>\$3,605,866</u>	<u>\$3,230,496</u>

**MAY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS - TABLES**

**Table 3  
May Independent School District's Capital Assets**

	Governmental Activities	
	2015	2014
Land	\$88,323	\$88,323
Construction in progress	\$0	\$0
Buildings and improvements	\$8,877,925	\$8,877,317
Equipment and vehicles	\$651,358	\$589,357
Infrastructure	\$246,940	\$198,467
<b>Total Capital Assets</b>	<b>\$9,864,546</b>	<b>\$9,753,464</b>
<b>Total Accumulated Depreciation</b>	<b>\$3,190,867</b>	<b>\$2,911,429</b>
<b>Net Capital Assets</b>	<b>\$6,673,679</b>	<b>\$6,842,035</b>

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

	Governmental Activities	
	2015	2014
Unlimited Tax Refunding Bonds, 2009	\$905,000	\$1,015,000
Unamortized premiums on bonds	\$49,873	\$58,185
Unlimited Tax QSCB, 2011	\$2,649,000	\$2,887,000
Maintenance Tax Note, 2012 (QSCB)	\$802,000	\$868,000
Bank Note Payable	\$53,853	\$71,330
Net Pension Liability	\$151,533	\$0
<b>Total Long-term Debt</b>	<b>\$4,611,259</b>	<b>\$4,899,515</b>



*Basic Financial Statements*

**MAY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2015**

1

Data Control Codes	Governmental Activities
<b>ASSETS:</b>	
1110 Cash and Cash Equivalents	\$ 731,793
1120 Current Investments	510,604
1225 Property Taxes Receivable (Net)	146,648
1240 Due from Other Governments	266,255
1290 Other Receivables (Net)	1,409
Capital Assets:	
1510 Land	88,323
1520 Buildings and Improvements, Net	6,138,509
1530 Furniture and Equipment, Net	247,316
1590 Infrastructure, Net	199,531
1000 Total Assets	<u>8,330,388</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
1705 Deferred Outflow Related to Pensions	50,416
1700 Total Deferred Outflows of Resources	<u>50,416</u>
<b>LIABILITIES:</b>	
2110 Accounts Payable	16,707
2140 Interest Payable	2,510
2165 Accrued Liabilities	86,372
2180 Due to Other Governments	11,736
Noncurrent Liabilities:	
2501 Due Within One Year	437,990
2502 Due in More Than One Year	4,021,736
2540 Net Pension Liability	151,533
2000 Total Liabilities	<u>4,728,584</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
2605 Deferred Inflow Related to Pensions	46,355
2600 Total Deferred Inflows of Resources	<u>46,355</u>
<b>NET POSITION:</b>	
3200 Net Investment in Capital Assets	2,211,443
Restricted For:	
3820 State and Federal Programs	6,232
3850 Debt Service	133,666
3900 Unrestricted	1,254,524
3000 Total Net Position	<u>\$ 3,605,865</u>

The accompanying notes are an integral part of this statement.

**MAY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
	<b>Governmental Activities:</b>				
11	<i>Instruction</i>	\$ 1,775,172	\$ --	\$ 297,714	\$ (1,477,458)
12	<i>Instructional Resources and Media Services</i>	51,752	--	2,581	(49,171)
13	<i>Curriculum and Staff Development</i>	52,739	--	62	(52,677)
23	<i>School Leadership</i>	207,314	--	9,645	(197,669)
31	<i>Guidance, Counseling, &amp; Evaluation Services</i>	48,756	--	2,364	(46,372)
33	<i>Health Services</i>	15,855	--	14,901	(954)
34	<i>Student Transportation</i>	114,351	--	4,376	(109,975)
35	<i>Food Service</i>	232,913	77,057	119,956	(35,900)
36	<i>Cocurricular/Extracurricular Activities</i>	115,283	21,689	5,702	(87,892)
41	<i>General Administration</i>	210,449	--	1,815	(208,634)
51	<i>Facilities Maintenance and Operations</i>	271,936	3,760	4,798	(263,378)
53	<i>Data Processing Services</i>	40,271	--	--	(40,271)
72	<i>Interest on Long-term Debt</i>	46,383	--	--	(46,383)
73	<i>Bond Issuance Costs and Fees</i>	1,700	--	--	(1,700)
93	<i>Payments Related to Shared Services Arrangements</i>	27,570	--	--	(27,570)
TG	Total Governmental Activities	<u>3,212,444</u>	<u>102,506</u>	<u>463,934</u>	<u>(2,646,004)</u>
TP	Total Primary Government	<u>\$ 3,212,444</u>	<u>\$ 102,506</u>	<u>\$ 463,934</u>	<u>(2,646,004)</u>
	<b>General Revenues:</b>				
MT	<i>Property Taxes, Levied for General Purposes</i>				1,674,083
DT	<i>Property Taxes, Levied for Debt Service</i>				420,262
IE	<i>Investment Earnings</i>				5,178
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				985,588
MI	<i>Miscellaneous</i>				16,685
	<b>Special and Extraordinary Items:</b>				
E1	<i>Extraordinary Item Inflow</i>				91,833
E2	<i>Extraordinary Item Outflow</i>				(568)
TR	Total General Revenues				<u>3,193,061</u>
CN	Change in Net Position				<u>547,057</u>
NB	Net Position - Beginning				3,230,495
PA	Prior Period Adjustment				(171,687)
	Net Position - Beginning, as Restated				<u>3,058,808</u>
NE	Net Position - Ending				<u>\$ 3,605,865</u>

The accompanying notes are an integral part of this statement.

**MAY INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AUGUST 31, 2015**

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 632,232	\$ 112,217	\$ (12,796)	\$ 731,653
1120	Current Investments	510,604	--	--	510,604
1225	Taxes Receivable, Net	125,199	21,449	--	146,648
1240	Due from Other Governments	240,864	--	25,391	266,255
1290	Other Receivables	1,409	--	--	1,409
1000	<b>Total Assets</b>	<b>1,510,308</b>	<b>133,666</b>	<b>12,595</b>	<b>1,656,569</b>
<b>LIABILITIES:</b>					
Current Liabilities:					
2150	Payroll Deductions & Withholdings	\$ 163	\$ --	\$ --	\$ 163
2160	Accrued Wages Payable	78,205	--	5,773	83,978
2170	Due to Other Funds	16,568	--	--	16,568
2180	Due to Other Governments	11,713	--	23	11,736
2200	Accrued Expenditures	1,664	--	567	2,231
2300	Unearned Revenue	125,199	21,449	--	146,648
2000	<b>Total Liabilities</b>	<b>233,512</b>	<b>21,449</b>	<b>6,363</b>	<b>261,324</b>
<b>FUND BALANCES:</b>					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	6,232	6,232
3480	Retirement of Long-Term Debt	--	112,217	--	112,217
Committed Fund Balances:					
3510	Construction	450,000	--	--	450,000
3600	Unassigned	826,796	--	--	826,796
3000	<b>Total Fund Balances</b>	<b>1,276,796</b>	<b>112,217</b>	<b>6,232</b>	<b>1,395,245</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,510,308</b>	<b>\$ 133,666</b>	<b>\$ 12,595</b>	<b>\$ 1,656,569</b>

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, 2015**

Total fund balances - governmental funds balance sheet	\$ 1,395,245
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	6,673,679
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	146,648
Payables for bond principal which are not due in the current period are not reported in the funds.	(3,603,873)
Payables for capital leases which are not due in the current period are not reported in the funds.	(855,852)
Payables for bond interest which are not due in the current period are not reported in the funds.	(2,510)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(151,533)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(46,355)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	<u>50,416</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 3,605,865</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, 2015**

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ 1,744,510	\$ 425,275	\$ 77,057	\$ 2,246,842
5800 State Program Revenues	1,095,131	--	117,291	1,212,422
5900 Federal Program Revenues	22,436	--	211,267	233,703
5020 Total Revenues	<u>2,862,077</u>	<u>425,275</u>	<u>405,615</u>	<u>3,692,967</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	1,440,001	--	193,701	1,633,702
0012 Instructional Resources and Media Services	47,478	--	--	47,478
0013 Curriculum and Staff Development	48,355	--	--	48,355
0023 School Leadership	191,141	--	--	191,141
0031 Guidance, Counseling, & Evaluation Services	44,837	--	--	44,837
0033 Health Services	26	--	14,901	14,927
0034 Student Transportation	166,759	--	--	166,759
0035 Food Service	--	--	214,022	214,022
0036 Cocurricular/Extracurricular Activities	105,681	--	--	105,681
0041 General Administration	191,937	--	--	191,937
0051 Facilities Maintenance and Operations	248,048	--	--	248,048
0053 Data Processing Services	36,682	--	--	36,682
0071 Principal on Long-term Debt	83,476	348,000	--	431,476
0072 Interest on Long-term Debt	5,912	48,951	--	54,863
0073 Bond Issuance Costs and Fees	750	950	--	1,700
0081 Capital Outlay	49,082	--	--	49,082
0093 Payments to Shared Service Arrangements	27,570	--	--	27,570
6030 Total Expenditures	<u>2,687,735</u>	<u>397,901</u>	<u>422,624</u>	<u>3,508,260</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>174,342</u>	<u>27,374</u>	<u>(17,009)</u>	<u>184,707</u>
Other Financing Sources and (Uses):				
7915 Transfers In	--	--	20,000	20,000
8911 Transfers Out	<u>(20,000)</u>	<u>--</u>	<u>--</u>	<u>(20,000)</u>
7080 Total Other Financing Sources and (Uses)	<u>(20,000)</u>	<u>--</u>	<u>20,000</u>	<u>--</u>
<b>EXTRAORDINARY ITEM:</b>				
7919 Extraordinary Item (Resource)	91,833	--	--	91,833
8913 Extraordinary Item (Use)	<u>(568)</u>	<u>--</u>	<u>--</u>	<u>(568)</u>
1200 Net Change in Fund Balances	<u>245,607</u>	<u>27,374</u>	<u>2,991</u>	<u>275,972</u>
0100 Fund Balances - Beginning	1,031,189	84,843	3,241	1,119,273
3000 Fund Balances - Ending	<u>\$ 1,276,796</u>	<u>\$ 112,217</u>	<u>\$ 6,232</u>	<u>\$ 1,395,245</u>

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, 2015**

Net change in fund balances - total governmental funds	\$ 275,972
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	111,082
The depreciation of capital assets used in governmental activities is not reported in the funds.	(279,438)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(24,731)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	348,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	83,476
(Increase) decrease in accrued interest from beginning of period to end of period.	168
The net revenue (expense) of internal service funds is reported with governmental activities.	(0)
Bond premiums are reported in the funds but not in the SOA.	8,312
Pension contributions made after the measurement date but in current FY were de-expended and reduced NP	38,222
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(14,007)
Change in net position of governmental activities - Statement of Activities	<u>\$ 547,057</u>

The accompanying notes are an integral part of this statement.

**MAY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUND**  
**AUGUST 31, 2015**

Data Control Codes		Nonmajor Internal Service Fund	Public Entity Risk Pool
	<b>ASSETS:</b>		
	Current Assets:		
1110	<i>Cash and Cash Equivalents</i>	\$ 139	
	<i>Receivables:</i>		
1260	<i>Due from Other Funds</i>	16,568	
	Total Current Assets	<u>16,707</u>	
1000	Total Assets	<u>16,707</u>	
	<b>LIABILITIES:</b>		
	Current Liabilities:		
2110	<i>Accounts Payable</i>	\$ 16,707	
	Total Current Liabilities	<u>16,707</u>	
2000	Total Liabilities	<u>16,707</u>	
	<b>NET POSITION:</b>		
3000	Total Net Position	<u>\$ -</u>	

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, 2015**

Data Control Codes		Nonmajor Internal Service Fund
		Public Entity Risk Pool
	<b>OPERATING REVENUES:</b>	
5700	<i>Local and Intermediate Sources</i>	\$ 11,643
5020	Total Revenues	<u>11,643</u>
	<b>OPERATING EXPENSES:</b>	
6200	<i>Professional and Contracted Services</i>	2,874
6400	<i>Other Operating Costs</i>	<u>8,769</u>
6030	Total Expenses	<u>11,643</u>
1300	Change in Net Position	--
0100	Total Net Position - Beginning	--
3500	Total Net Position - Ending	<u>\$ --</u>

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, 2015**

	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>	
<i>Cash Receipts (Payments) for Quasi-external     Operating Transactions with Other Funds</i>	\$ 8,429
<i>Cash Payments to Employees for Services</i>	--
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(10,950)
<i>Other Operating Cash Receipts (Payments)</i>	--
Net Cash Provided (Used) by Operating Activities	<u>(2,521)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>	
<i>Operating Grants Received</i>	--
<i>Transfers From (To) Primary Government</i>	--
<i>Transfers From (To) Other Funds</i>	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
<i>Contributed Capital</i>	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>
<b>Cash Flows from Investing Activities:</b>	
<i>Interest and Dividends on Investments</i>	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,521)
Cash and Cash Equivalents at Beginning of Year	2,660
Cash and Cash Equivalents at End of Year	<u>\$ 139</u>
<b>Reconciliation of Operating Income to Net Cash     Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ --
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
<i>Depreciation</i>	--
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	(3,214)
<i>Increase (Decrease) in Accounts Payable</i>	693
Total Adjustments	<u>(2,521)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,521)</u>

The accompanying notes are an integral part of this statement.

**MAY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**AUGUST 31, 2015**

Data Control Codes	Private-purpose Trust Funds	Agency Funds
	<u>          </u>	<u>          </u>
	Student Activity	<u>          </u>
<b>ASSETS:</b>		
1110 <i>Cash and Cash Equivalents</i>	\$ 2,005	\$ 53,802
1120 <i>Current Investments</i>	34,099	--
1000 <b>Total Assets</b>	<u>36,104</u>	<u>53,802</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2190 <i>Due to Student Groups</i>	\$ --	\$ 53,802
2000 <b>Total Liabilities</b>	<u>--</u>	<u>53,802</u>
<b>NET POSITION:</b>		
3800 <i>Held in Trust</i>	36,104	--
3000 <b>Total Net Position</b>	<u>\$ 36,104</u>	<u>\$ --</u>

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, 2015**

	Private- Purpose Trusts
<b>Additions:</b>	
Investment Income	\$ 227
Donations	2,500
Total Additions	<u>2,727</u>
<b>Deductions:</b>	
Scholarship Awards	3,000
Benefits	--
Refunds of Contributions	--
Administrative Expenses	--
Total Deductions	<u>3,000</u>
<b>Change in Net Position</b>	<b>(273)</b>
Net Position-Beginning of the Year	<u>36,377</u>
Net Position-End of the Year	<u>\$ 36,104</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, 2015*

**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 fund 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, 2015**

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, 2015**

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 fixed 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, 2015**

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. However, additional disclosure is provided which disaggregates those balances for additional analysis by Texas Education Agency.

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.

**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.



**MAY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

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' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At August 31, 2015 the District reported the following:

Net Pension Asset	\$	--
Net Pension Liability	\$	151,533

5. New Accounting Standards Adopted

In fiscal year 2015, the District adopted five new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Governmental Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.*

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- a. Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) in which:
- 1) Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
  - 2) Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
  - 3) Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and presentation as pension trust funds in the financial statements of another government, and specifies the required approach to measuring the pension liability of employers and any nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which certain information is required to be presented. Distinctions are made regarding the particular presentation requirements depending upon the type of pension plan administered. For defined contribution plans, the Statement provides specific note disclosure requirements.

The adoption of Statement No. 67 has no impact on the District's financial statements.

- b. Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement.

- c. Statement No. 69 improves financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operation. The term "government combinations" is used to refer to a variety of arrangements including mergers and acquisitions. Mergers include combinations of legally separate entities without the exchange of significant consideration. Government

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acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. Government combinations also include transfers of operations that do not constitute entire legally separate entities in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 69.

- d. Statement No. 70 was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

The Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The Statement requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 70.

- e. Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Since the measurement date of the pension plan was different than the District's final year-end, the effects from the District's reported contributions to the plan subsequent to the respective measurement date of the plan as an increase in deferred outflow of resources and a decrease in net position.

**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>
None reported	Not applicable

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

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

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

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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, 2015, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,330,490 and the bank balance was \$1,360,501. The District's cash deposits at August 31, 2015 and during the year ended August 31, 2015, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The District internally pools its deposits into one bank account for its general operations. The District maintains separate accountability within the individual funds of the District through its accounting system. At August 31, 2015, the District's general operating bank account had a reconciled balance of \$449,741 with a bank account balance of \$480,036. The reconciled account balance included a balance of \$462,035 in its General Fund and \$(12,796) in its various special revenue funds. Exhibit C-1 reflects \$(12,796) as cash and cash equivalents; however, there is no overdraft of funds at the bank.

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, 2015 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
General Fund:		
Certificate of Deposit	61 days	\$ 254,637
Certificate of Deposit	91 days	254,152
Lone Star Investment Pool	N/A	1,815
		<u>\$ 510,604</u>

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<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Private Purpose Trust Funds:		
Certificate of Deposit	1 year	\$ 28,642
Certificate of Deposit	6 months	5,457
		<u>\$ 34,099</u>

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, 2015, 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>1,815</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

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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.

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 and Corporate Overnight maintain a net asset value of one dollar and the Corporate Overnight Plus maintains a net asset value of 50 cents.

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D. Capital Assets

Capital asset activity for the year ended August 31, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 88,323	\$ --	\$ --	\$ 88,323
Construction in progress	--	--	--	--
Total capital assets not being depreciated	<u>88,323</u>	<u>--</u>	<u>--</u>	<u>88,323</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	8,877,317	609	--	8,877,925
Equipment	27,442	--	--	27,442
Vehicles	561,916	62,000	--	623,916
Infrastructure	198,467	48,473	--	246,940
Total capital assets being depreciated	<u>9,665,141</u>	<u>111,082</u>	<u>--</u>	<u>9,776,223</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,522,442)	(216,973)	--	(2,739,416)
Equipment	(5,260)	(2,744)	--	(8,004)
Vehicles	(351,573)	(44,465)	--	(396,038)
Infrastructure	(32,154)	(15,255)	--	(47,409)
Total accumulated depreciation	<u>(2,911,429)</u>	<u>(279,438)</u>	<u>--</u>	<u>(3,190,866)</u>
Total capital assets being depreciated, net	<u>6,753,712</u>	<u>(168,356)</u>	<u>--</u>	<u>6,585,356</u>
Governmental activities capital assets, net	<u>\$ 6,842,035</u>	<u>\$ (168,356)</u>	<u>\$ --</u>	<u>\$ 6,673,679</u>

Depreciation was charged to functions as follows:

Instruction	\$ 158,139
Instructional Resources and Media Services	4,610
Curriculum and Staff Development	4,698
School Leadership	18,468
Guidance, Counseling, & Evaluation Services	4,343
Health Services	1,412
Student Transportation	10,187
Food Services	20,749
Extracurricular Activities	10,270
General Administration	18,748
Plant Maintenance and Operations	24,225
Data Processing Services	3,589
	<u>\$ 279,438</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2015, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
Internal Service Fund	General Fund	16,568	Self-funded Worker's Comp
	Other Balances	--	
	Total	<u>\$ 16,568</u>	

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

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2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2015, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Other Governmental Funds	20,000	Supplement other funds sources
	Total	\$ 20,000	

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, 2015, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
Bank Commercial Note - Bus	\$ 71,330	\$ --	\$ 17,477	\$ 53,853	\$ 17,990
Unlimit Tax Rfd Bonds, 2009	1,015,000	--	110,000	905,000	115,000
Bond Premium	58,185	--	8,312	49,873	--
Gen Oblig. Bonds, 2011	2,887,000	--	238,000	2,649,000	239,000
Maint Tax Notes, QSCB	868,000	--	66,000	802,000	66,000
Net Pension Liability	--	171,687	20,154	151,533	--
Total governmental activities	\$ 4,899,515	\$ 171,687	\$ 459,943	\$ 4,611,259	\$ 437,990

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 Fund

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2015, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 437,990	\$ 215,329	\$ 653,319
2017	443,519	195,156	638,675
2018	449,345	174,517	623,862
2019	432,000	153,834	585,834
2020	442,000	132,733	574,733
2021-2025	1,828,000	358,430	2,186,430
2026-2027	377,000	23,445	400,445
Totals	\$ 4,409,854	\$ 1,253,444	\$ 5,663,298



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Reconciliation of Debt Service Ending Balance to Debt Service Requirements:

Debt Service Requirements - Principal	\$ 4,409,853
Premium on bonds	49,873
Net Pension Liability	151,533
Ending balance of total debt service	<u>\$ 4,611,259</u>

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 7.3% amounting to an additional \$10,980 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 7.3% sequester resulting in an additional \$3,206 in interest being incurred by the District.

On July 25, 2013, the District borrowed \$89,703 from the depository bank for the purchase of a school bus. The interest rate is 2.9% with a monthly payment of \$1,609.49 for 60 months. Annual debt service payments total \$19,314.

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, 2015, 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.

<u>Bond Issue</u>	<u>Amount</u>
Unlimited Tax Bonds, Series 1997	<u>930,000</u>
Total	<u>930,000</u>

G. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for equipment are open-ended and can be canceled at any time. Rental agreements were copy machine leases.

Rental Expenditures in 2015	\$ <u>5,616</u>
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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 2015, 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

During the year ended August 31, 2015, May ISD purchased its property and casualty insurance coverage through participation in the Texas Association of Public Schools Property and Liability Fund (the Fund). The Fund was created and operated under the provisions of the Interlocal Cooperation Act, Chapter 2259 of the Texas Government Code. The Fund provides property and liability coverage to its members.

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The Fund and its members are protected against higher than expected claims costs through the purchase of specific excess and aggregate (stop loss) coverage. The Fund has a retention of \$250,000 for property coverages and has a loss retention of \$150,000 on liability coverages. Equipment breakdown coverage is purchased through Traveler's Boilers with a limit of \$100,000 per claim. Liability coverage is through United Educators with a per occurrence limit of \$850,000 per occurrence with a \$150,000 retention.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees each year. The Fund's audited financial statements as of August 31, 2014, are available at the Texas Associal of Public Schools Property and Liability Fund and have been filed with the Texas Department of Insurance.

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, 2014 and terminating on September 1, 2015. 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 2014-2015 is \$4,670. The District had total estimated unpaid claims for all years amounting to \$16,707. The District's has recognized the liability for the estimated unpaid claims in its financial records. The District's fixed premium cost for 2014-2015 was \$8,619.

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, 2015 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 members.

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, 2014, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

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**I. Pension Plan**

**1. Plan Description**

The District participates in a cost-sharing multiple employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS' defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The TRS 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**

Detailed information about the TRS' 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 [www.trs.state.tx.us/about/documents/cafr.pdf#CAFR](http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR); by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

**3. Benefits Provided**

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

**4. Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution, which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

**MAY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

	<u>Contribution Rates</u>	
	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2014 Employer Contributions	\$ 14,382	
District's 2014 Member Contributions	\$ 93,269	
NECE 2014 On-Behalf Contributions to District	\$ 85,599	

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the TRS the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**5. Actuarial Assumptions**

The total pension liability in the August 31, 2014 actuarial evaluation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5 Year Market Value
Discount Rate	8%
Long-term Expected Rate of Return*	8%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.5%

\* Includes inflation of 3%

**MAY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011, they contained significant margin for possible future mortality improvements. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards Practice No. 35.

6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-term Expected Portfolio Real Rate of Return *
<b>Global Equity</b>			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
<b>Stable Value</b>			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
<b>Real Return</b>			
Global Inflat. Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy & Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
<b>Total</b>	<b>100%</b>		<b>8.7%</b>

\* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

**MAY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point less and 1 percentage point greater than the discount rate that was used (8%) in measuring the 2014 net pension liability.

	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
District's proportionate share of the net pension liability	\$ 270,781	\$ 151,533	\$ 62,358
Plan net pension liability (in millions from TRS CAFR)	\$ 47,737	\$ 26,717	\$ 10,998

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

At August 31, 2015, the District reported a liability of \$151,533 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	\$ 151,533
State's proportionate share of the net pension liability associated with the District	<u>903,781</u>
Total	<u>\$ 1,055,314</u>

The net pension liability was measured as of August 31, 2014 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, 2013 through August 31, 2014.

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

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's measurement date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2015, the District recognized pension expense of \$83,553 and revenue of \$83,553 for support provided by the State.

**MAY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

At August 31, 2015, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual economic experience	\$ 2,344	\$ --
Changes in actuarial assumptions	9,850	--
Difference between projected and actual investment earnings	--	46,315
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	--	40
District contributions paid to TRS subsequent to the measurement date	<u>38,222</u>	
Total	<u>\$ 50,416</u>	<u>\$ 46,355</u>

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

Year Ended August 31		
2016	\$	(9,528)
2017	\$	(9,528)
2018	\$	(9,528)
2019	\$	(9,528)
2020	\$	2,050
Thereafter	\$	1,901

**J. Retiree Health Care Plans**

**1. TRS-Care**

**a. Plan Description**

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

**b. Funding Policy**

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active

**MAY INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2015*

employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was 1% for fiscal years 2015 and 2014, and 0.5% for fiscal year 2013. The active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2015, 2014 and 2013. For the years ended August 31, 2015, 2014, and 2013, the State's contributions to TRS-Care were \$15,412, \$14,573, and \$7,308, respectively, the active member contributions were \$10,018, \$9,473, and \$9,500, respectively, and the District's contributions were \$9,489, \$12,748, and \$8,584, respectively, which equaled the required contributions each year.

2. 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 fiscal years ended August 31, 2015, 2014, and 2013, the subsidy payments received by TRS-Care on behalf of the District were \$6,425, \$3,964, and \$4,286, respectively.

K. Employee Health Care Coverage

During the year ended August 31, 2015, employees of the District were covered by TRS Active Care. The District paid premiums of \$275 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, 2015.

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	



**MAY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

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, De Leon 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 funding year 2014-2015, Title III funding year 2013-2014, and Carl D. Perkins funding year 2014-2015. 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.

**N. Due from Other Governments**

The District had the following amounts due from other governments at August 31, 2015:

General Fund:	
Foundation revenue, student days in August	\$ 32,997
TEA Near Final Settle-Up	198,151
Chapter 41 refund	9,716
Total General Fund	<u>\$ 240,864</u>
Special Revenue Funds:	
State Sources	\$ 8,794
Federal Sources	16,597
Total Special Revenue Funds	<u>\$ 25,391</u>
Total All Funds	<u><u>\$ 266,255</u></u>

**O. Unearned Revenues**

The District had the following unearned revenues in its individual governmental funds at August 31, 2015:

General Fund:	
Property Taxes	\$ 125,199
Debt Service Fund:	
Property Taxes	21,449
Total Unearned Revenues	<u>\$ 146,648</u>

**P. Due to Other Governments**

At August 31, 2015, the District had the following amounts due to other governments:

General Fund:	
Due to TEA - Foundation	\$ 11,713
Special Revenue Fund:	
Due to TEA	23
Total Due to Other Governments	<u>\$ 11,736</u>

**Q. Extraordinary Items**

The District suffered wind and hail damages during storms in April and May, 2015. Insurance proceeds amounting to \$62,345 were received by the District during August to be used to repair buildings. The contract for the repairs was awarded in October, 2015. The repairs include roofing and siding repairs to various District buildings amounting to a total of \$78,645. The District's insurance deductible is \$10,000. In addition to buildings, the District received \$29,488 for damages to Track equipment and fencing. The track equipment is being replaced in January, 2016.

**MAY INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2015*

Management reviewed all transactions and events from 8-31-2015 to 1-22-2016. Management determined that no buildings were impaired and no adjustments are required to the buildings values. The events described above are the only events that required disclosure.

R. Prior Period Adjustment

The District's government-wide financial statements report a prior period adjustments of (\$171,687). This adjustment is due to the implementation of GASB 68. The adjustment reflects the District's net pension liability as of August 31, 2014. Additional information is noted in Note I - Pension Plan.

### *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, 2015**

**EXHIBIT G-1**  
**Page 1 of 2**

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
<b>REVENUES:</b>							
5700	Local and Intermediate Sources	\$ 1,691,226	\$ 1,823,060	\$ 1,744,510	\$ (78,550)		
5800	State Program Revenues	921,555	971,555	1,095,131	123,576		
5900	Federal Program Revenues	32,000	32,000	22,436	(9,564)		
5020	Total Revenues	2,644,781	2,826,615	2,862,077	35,462		
<b>EXPENDITURES:</b>							
Current:							
Instruction & Instructional Related Services:							
0011	Instruction	1,331,575	1,448,197	1,440,001	8,196		
0012	Instructional Resources and Media Services	49,958	49,958	47,478	2,480		
0013	Curriculum and Staff Development	41,841	52,841	48,365	4,486		
	Total Instruction & Instr. Related Services	1,423,374	1,550,996	1,535,834	15,162		
Instructional and School Leadership:							
0023	School Leadership	184,881	192,881	191,141	1,740		
	Total Instructional & School Leadership	184,881	192,881	191,141	1,740		
Support Services - Student (Pupil):							
0031	Guidance, Counseling and Evaluation Services	65,705	65,705	44,837	20,868		
0033	Health Services	--	26	26	--		
0034	Student (Pupil) Transportation	123,998	185,998	166,759	19,239		
0036	Cocurricular/Extracurricular Activities	97,116	108,116	105,681	2,435		
	Total Support Services - Student (Pupil)	286,818	359,844	317,303	42,541		
Administrative Support Services:							
0041	General Administration	184,761	193,761	191,937	1,824		
	Total Administrative Support Services	184,761	193,761	191,937	1,824		
Support Services - Nonstudent Based:							
0051	Plant Maintenance and Operations	247,302	257,302	248,048	9,254		
0053	Data Processing Services	38,000	38,000	36,682	1,318		
	Total Support Services - Nonstudent Based	285,302	295,302	284,730	10,572		
Debt Service:							
0071	Principal on Long-Term Debt	77,300	93,486	83,476	10,010		
0072	Interest on Long-Term Debt	1,434	1,434	5,912	(4,478)		
0073	Bond Issuance Costs and Fees	750	750	750	--		
	Total Debt Service	79,484	95,670	90,138	5,532		
Capital Outlay:							
0081	Capital Outlay	50,000	50,000	49,082	918		
	Total Capital Outlay	50,000	50,000	49,082	918		
Intergovernmental Charges:							
0093	Payments to Fiscal Agent/Member Dist.-SSA	36,000	36,000	27,570	8,430		
	Total Intergovernmental Charges	36,000	36,000	27,570	8,430		
6030	Total Expenditures	2,530,620	2,774,454	2,687,735	86,719		
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures	114,161	52,161	174,342	122,181		

**MAY INDEPENDENT SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

**EXHIBIT G-1**  
**Page 2 of 2**

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
	Other Financing Sources (Uses):			
8911	(35,000)	(35,000)	(20,000)	15,000
7080	(35,000)	(35,000)	(20,000)	15,000
	EXTRAORDINARY ITEM:			
7919	--	--	91,833	91,833
8913	--	--	(568)	568
1200	79,161	17,161	245,607	228,446
0100	1,031,189	1,031,189	1,031,189	--
3000	\$ 1,110,350	\$ 1,048,350	\$ 1,276,796	\$ 228,446

**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 \***

	<u>Fiscal Year</u> <u>2015</u>
District's proportion of the net pension liability (asset)	0.0005673%
District's proportionate share of the net pension liability (asset)	\$ 151,533
State's proportionate share of the net pension liability (asset) associated with the District	903,781
Total	<u>\$ 1,055,314</u>
District's covered-employee payroll	\$ 1,457,329
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.40%
Plan fiduciary net position as a percentage of the total pension liability	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.

**EXHIBIT G-3**

**MAY INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF DISTRICT CONTRIBUTIONS*  
*TEACHER RETIREMENT SYSTEM OF TEXAS*  
*LAST TEN FISCAL YEARS \**

	<u>Fiscal Year</u> <u>2015</u>
Contractually required contribution	\$ 38,222
Contributions in relation to the contractually required contribution	(38,222)
Contribution deficiency (excess)	<u>\$ --</u>
District's covered-employee payroll	\$ 1,541,191
Contributions as a percentage of covered-employee payroll	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**  
*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION*  
*FOR THE YEAR ENDED AUGUST 31, 2015*

**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.



*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, 2015**

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$ (5,139)	\$ (1,375)
1240	Due from Other Governments	7,947	1,839
1000	<b>Total Assets</b>	<b>2,808</b>	<b>464</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
2160	Accrued Wages Payable	\$ 2,527	\$ 417
2180	Due to Other Governments	--	--
2200	Accrued Expenditures	281	47
2000	<b>Total Liabilities</b>	<b>2,808</b>	<b>464</b>
<b>FUND BALANCES:</b>			
Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	--	--
3000	<b>Total Fund Balances</b>	<b>6,232</b>	<b>--</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>2,808</b>	<b>464</b>

**EXHIBIT H-1**

270 ESEA, Title VI Part B, Subpart 2 Rural School	289 Summer School LEP	410 State Textbook Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ (1,091) 1,890 <u>799</u>	\$ (1,113) 1,113 <u>--</u>	\$ (8,771) 8,794 <u>23</u>	\$ (12,796) 25,391 <u>12,595</u>
\$ 718 -- 81 <u>799</u>	\$ -- -- -- <u>--</u>	\$ -- -- 23 <u>23</u>	\$ 5,773 23 567 <u>6,363</u>
<u>--</u> <u>--</u>	<u>--</u> <u>--</u>	<u>--</u> <u>--</u>	<u>6,232</u> <u>6,232</u>
<u>\$ 799</u>	<u>\$ --</u>	<u>\$ 23</u>	<u>\$ 12,595</u>

**MAY INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 77,057	\$ --
5800 <i>State Program Revenues</i>	--	1,963	--
5900 <i>Federal Program Revenues</i>	63,802	117,993	11,755
5020 <b>Total Revenues</b>	<u>63,802</u>	<u>197,013</u>	<u>11,755</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	63,802	--	11,755
0033 <i>Health Services</i>	--	--	--
0035 <i>Food Service</i>	--	214,022	--
6030 <b>Total Expenditures</b>	<u>63,802</u>	<u>214,022</u>	<u>11,755</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>--</u>	<u>(17,009)</u>	<u>--</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	--	20,000	--
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>--</u>	<u>20,000</u>	<u>--</u>
1200 <b>Net Change in Fund Balances</b>	<u>--</u>	<u>2,991</u>	<u>--</u>
0100 <b>Fund Balances - Beginning</b>	<u>--</u>	<u>3,241</u>	<u>--</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ --</u>	<u>\$ 6,232</u>	<u>\$ --</u>

EXHIBIT H-2

270 ESEA, Title VI Part B, Subpart 2 Rural School	289 Summer School LEP	410 State Textbook Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ --	\$ --	\$ 77,057
--	--	115,328	117,291
16,604	1,113	--	211,267
<u>16,604</u>	<u>1,113</u>	<u>115,328</u>	<u>405,615</u>
1,703	1,113	115,328	193,701
14,901	--	--	14,901
--	--	--	214,022
<u>16,604</u>	<u>1,113</u>	<u>115,328</u>	<u>422,624</u>
--	--	--	(17,009)
--	--	--	20,000
--	--	--	20,000
--	--	--	2,991
--	--	--	3,241
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,232</u>

**MAY INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**AUGUST 31, 2015**

Data Control Codes	806 Ethan Rhodes Memorial Scholarship Fund	807 Betty Wilson Memorial Scholarship	810 Doss Foundation Scholarship	Total Private- Purpose Trust Funds (See Exhibit E-1)
<b>ASSETS:</b>				
1110 <i>Cash and Cash Equivalents</i>	\$ 503	\$ 1,002	\$ 500	\$ 2,005
1120 <i>Current Investments</i>	28,642	5,457	--	34,099
1000 <b>Total Assets</b>	<u>29,145</u>	<u>6,459</u>	<u>500</u>	<u>36,104</u>
<b>LIABILITIES:</b>				
2000 <b>Total Liabilities</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>NET POSITION:</b>				
3800 <i>Held in Trust</i>	\$ 29,145	\$ 6,459	\$ 500	\$ 36,104
3000 <b>Total Net Position</b>	<u>\$ 29,145</u>	<u>\$ 6,459</u>	<u>\$ 500</u>	<u>\$ 36,104</u>

**MAY INDEPENDENT SCHOOL DISTRICT**  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 ALL PRIVATE-PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2015

	806 Ethan Rhodes Memorial Scholarship Fund	807 Betty Wilson Memorial Scholarship	810 Doss Foundation Scholarship	Total Private-Purpose Trust Funds (See Exhibit E-2)
<b>Additions:</b>				
Investment Income	\$ 192	\$ 35	\$ --	\$ 227
Donations	1,000	--	1,500	2,500
<b>Total Additions</b>	<u>1,192</u>	<u>35</u>	<u>1,500</u>	<u>2,727</u>
<b>Deductions:</b>				
Scholarship Awards	1,000	1,000	1,000	3,000
Administrative Expenses	--	--	--	--
<b>Total Deductions</b>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>3,000</u>
<b>Change in Net Assets</b>	192	(965)	500	(273)
Net Assets-Beginning of the Year	28,953	7,424	--	36,377
Net Assets-End of the Year	<u>\$ 29,145</u>	<u>\$ 6,459</u>	<u>\$ 500</u>	<u>\$ 36,104</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, 2015**

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2006 and Prior Years	\$	Various	\$	Various	\$	Various
2007		1.2148		.13		105,061,985
2008		1.04		.144		112,753,864
2009		1.04		.1269		115,319,124
2010		1.04		.114		115,133,231
2011		1.04		.0987		142,476,696
2012		1.04		.269		149,885,284
2013		1.04		.2775		153,034,838
2014		1.04		.2621		152,651,671
2015 (School Year Under Audit)		1.04		.2621		164,238,930

1000 Totals

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

EXHIBIT J-1

10 Beginning Balance 9/1/14	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/15
\$ 74,832	\$ --	\$ 1,000	\$ 470	\$ (11,344)	\$ 62,017
13,977	--	487	52	(409)	13,029
13,795	--	579	80	(495)	12,641
18,924	--	2,525	308	(510)	15,582
22,171	--	3,063	336	(511)	18,260
18,514	--	3,039	288	(414)	14,773
32,641	--	7,133	1,845	(465)	23,198
58,573	--	21,756	5,805	(324)	30,688
89,333	--	44,031	11,097	(1,567)	32,638
--	2,138,555	1,565,044	394,421	(108,620)	70,470
<u>\$ 342,760</u>	<u>\$ 2,138,555</u>	<u>\$ 1,648,657</u>	<u>\$ 414,703</u>	<u>\$ (124,658)</u>	<u>\$ 293,297</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**MAY INDEPENDENT SCHOOL DISTRICT**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

**EXHIBIT J-2**

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 75,000	\$ 77,057	\$ 2,057
5800 <i>State Program Revenues</i>	2,500	1,963	(537)
5900 <i>Federal Program Revenues</i>	109,366	117,993	8,627
5020 <b>Total Revenues</b>	<u>186,866</u>	<u>197,013</u>	<u>10,147</u>
<b>EXPENDITURES:</b>			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	219,120	214,022	5,098
Total Support Services - Student (Pupil)	<u>219,120</u>	<u>214,022</u>	<u>5,098</u>
6030 <b>Total Expenditures</b>	<u>219,120</u>	<u>214,022</u>	<u>5,098</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>			
1100 <b>Expenditures</b>	<u>(32,254)</u>	<u>(17,009)</u>	<u>15,245</u>
Other Financing Sources (Uses):			
7915 <i>Transfers In</i>	35,000	20,000	(15,000)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>35,000</u>	<u>20,000</u>	<u>(15,000)</u>
1200 <b>Net Change in Fund Balance</b>	2,746	2,991	245
0100 <b>Fund Balance - Beginning</b>	3,241	3,241	--
3000 <b>Fund Balance - Ending</b>	<u>\$ 5,987</u>	<u>\$ 6,232</u>	<u>\$ 245</u>

**MAY INDEPENDENT SCHOOL DISTRICT**

*DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2015*

**EXHIBIT J-3**

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 414,916	\$ 425,275	\$ 10,359
5020 <i>Total Revenues</i>	<u>414,916</u>	<u>425,275</u>	<u>10,359</u>
<b>EXPENDITURES:</b>			
<i>Debt Service:</i>			
0071 <i>Principal on Long-Term Debt</i>	348,000	348,000	--
0072 <i>Interest on Long-Term Debt</i>	48,951	48,951	--
0073 <i>Bond Issuance Costs and Fees</i>	1,000	950	50
<i>Total Debt Service</i>	<u>397,951</u>	<u>397,901</u>	<u>50</u>
6030 <i>Total Expenditures</i>	<u>397,951</u>	<u>397,901</u>	<u>50</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	16,965	27,374	10,409
1200 <i>Net Change in Fund Balance</i>	<u>16,965</u>	<u>27,374</u>	<u>10,409</u>
0100 <i>Fund Balance - Beginning</i>	84,843	84,843	--
3000 <i>Fund Balance Ending</i>	<u>\$ 101,808</u>	<u>\$ 112,217</u>	<u>\$ 10,409</u>

**BURL D. LOWERY**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**311 CENTER AVENUE**  
**BROWNWOOD, TEXAS 76801**

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  
P.O. Box 38  
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, 2015, 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 January 22, 2016.

**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 were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item(s) 2015-001, 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  
January 22, 2016

**MAY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
One or more material weaknesses identified?	<u>    </u> Yes	<u>  X  </u> No	
One or more significant deficiencies identified that are not considered to be material weaknesses?	<u>  X  </u> Yes	<u>    </u> None Reported	
Noncompliance material to financial statements noted?	<u>    </u> Yes	<u>  X  </u> No	

B. Financial Statement Findings

2015-001: Student Activity Funds

Condition: The Student Activity Fund contains some old accumulated funds from fund raisers that should be moved to the General Fund. All revenues from fund raisers and donations for the general benefit of the school district should be accounted for in the General Fund.

Cause: Money from old fund raisers and donations were not moved into the General Fund.

Criteria: All funds raised or received for the general benefit of the school district should be accounted for in the General Fund.

Effect: Money that should be in the General Fund is in the Student Activity Fund.

Recommendation: The District should transfer all money that is for the general benefit of the District should be transferred from the Student Activity Fund into the General Fund.

**MAY INDEPENDENT SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
2014-001: Accounting for Student Activity Funds	Implemented	
<p>Condition: Payments from the Student Activity Funds do not always have adequate documentation for the expenditure. Payments from the Student Activity Funds do not always have an indication of approval for payment on the documentation. Payments for equipment and supplies used in the general operations were paid directly from the Student Activity Funds.</p> <p>Recommendation: The District should transfer any money from Student Activity Fund that is to be used for general operating supplies and equipment to the general fund for payment of the invoices. Any expenditures from the Student Activity Fund should be documented with an invoice that indicates the approval payment and the date approved. Activity Fund expenditures should only be used for student clubs and organizations. Any expenditures for the general benefit of the District should flow through the General Fund.</p>	Implemented	
2014-002: Errors in recording various expenditures caused unfavorable budget variances.	Implemented	
<p>Conditions: (1) The District received donations for its football team's travel costs to their state playoff game. When the District paid the travel costs, the costs were netted to the donations revenue rather than recognizing the expenditures and donations separately as required. (2) Payments for workers compensation premiums were charged to the accrued liability account but the monthly accrual was not enough to recognize the full amount of the expenditure by year-end.</p> <p>Recommendation: The District should recognize expenditures separately from donations revenue. The District should review the accrued liabilities accounts prior to year-end to determine that the proper accruals of expenditures are being recorded. The accrued liabilities should be adjusted at year-end to reflect the portion of unused premiums for the remaining coverage period.</p>	Implemented	



**MAY INDEPENDENT SCHOOL DISTRICT**  
*CORRECTIVE ACTION PLAN*  
*FOR THE YEAR ENDED AUGUST 31, 2015*

2015-001: Student Activity Fund

The District will review all funds in the Student Activity Fund and transfer all money that is for the general benefit of the District into the General Fund.

Contact: Don Rhodes  
Superintendent  
May ISD  
Phone: (254) 259-2091

**MAY INDEPENDENT SCHOOL DISTRICT****SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2015**

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ --
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 151,533
SF13	Pension Expense (object 6147) at fiscal year-end.	\$ 14,007