

**MANOR INDEPENDENT
SCHOOL DISTRICT**

**ANNUAL FINANCIAL AND
COMPLIANCE REPORT**

Year Ended June 30, 2020



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CERTIFICATE OF BOARD

Manor Independent School District

Name of School District

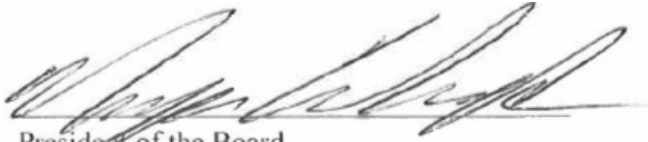
Travis

County

227-907

Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended June 30, 2020, at a meeting of the board of trustees of such school district on November 16, 2020.



President of the Board



Secretary of the Board



FINANCIAL SECTION



REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
Manor Independent School District
Manor, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Manor Independent School District (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Trustees
Manor Independent School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, and the budgetary comparison schedule, required pension information, and required other post-employment benefit information on pages 58 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and required Texas Education Agency ("TEA") schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

To the Board of Trustees
Manor Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
November 16, 2020



MANOR INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

As management of the Manor Independent School District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020.

Financial Highlights

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$18,856,639 (*net position*). Of this amount, \$36,324,805 represents (*unrestricted net position- deficit*). This deficit in unrestricted net position is due to the District's noncurrent liabilities of \$31,793,033 for the District's portion of the Teacher's Retirement System (TRS) net pension liability and \$37,541,156 for the District's portion of the TRS net other post-employment benefits liability.
- The District's total net position increased by \$565,530.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$262,126,955, an increase of \$173,304,772 in comparison with the prior year. The debt service fund balance decreased by \$13,016,964 and the capital projects fund balance increased by \$184,078,112.
- During the current fiscal year, unassigned fund balance for the general fund decreased by \$2,527,112, to \$28,859,880, unassigned fund balance at year-end is 32 percent of general fund expenditures.
- The District's total bonded debt increased by \$154,845,000 (49 percent) during the current fiscal year as the result of the issuance of Unlimited Tax School Building Bonds, Series 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows, liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

MANOR INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

The *government-wide financial statements* of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Facilities Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Bond Issuance Costs and Fees, Other Facility Costs, and Other Intergovernmental Charges.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains individual governmental funds for general, special revenue, debt service, and capital project funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund and the debt service fund, all of which are considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and National School Breakfast and Lunch Program special revenue fund.

MANOR INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fiduciary funds

The fiduciary funds are used to account for resources held for the benefit of students and employees. The District's *agency fund* is used to account for resources held in a custodial capacity by the District and consists of funds that are the property of students or others. The fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds, therefore only the general fund is presented as required supplementary information. The Required Supplementary Information also includes information related to the required pension system information and the required other post-employment benefit system information.

Other information

The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$18,856,639 at the close of the most recent fiscal year.

A portion of the District's net position, \$27,778,809 reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MANOR INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Condensed Statement of Net Position
June 30, 2020 and 2019

	Governmental Activities	
	2020	2019
Current and other assets	\$ 271,969,018	100,127,338
Capital assets	342,893,089	338,326,037
Total Assets	614,862,107	438,453,375
Deferred Outflows	29,132,946	29,044,551
Total Deferred Outflows of Resources	29,132,946	29,044,551
Current liabilities	12,117,848	14,130,192
Long term liabilities	590,821,863	420,244,920
Total Liabilities	602,939,711	434,375,112
Deferred Inflows	22,198,703	14,831,705
Total Deferred Inflows of Resources	22,198,703	14,831,705
Net Position		
Net investment in capital assets	27,778,809	12,398,081
Restricted	27,402,635	40,200,206
Unrestricted	(36,324,805)	(34,307,178)
Total Net Position	\$ 18,856,639	\$ 18,291,109

Net position in the governmental activities are restricted for various purposes as follows:

	Governmental Activities	
	2020	2019
Federal and State Grant Programs	\$ 1,466,256	\$ 1,780,395
Debt Service	25,936,379	38,419,811
	\$ 27,402,635	\$ 40,200,206

At the end of the current fiscal year, the District reports positive balances in the total net position, which increased by \$565,530 during the current fiscal year. Unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, amounted to a deficit of \$36.32 million at June 30, 2020, a increase in the deficit of \$2.02 million from the prior year.

MANOR INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Comparative Schedule of Changes in Net Position
For the Years Ended June 30, 2020 and 2019

	Governmental Activities	
	2020	2019
Revenues		
Program revenues:		
Charges for services	\$ 3,307,956	3,215,444
Operating grants	21,429,307	15,215,405
General revenues:		
Property taxes	82,863,293	79,986,524
State Aid - Formula Grants	29,707,488	25,483,432
Grants and contributions not restricted	-	6,707,442
Interest earnings	1,926,290	2,296,802
Other	378,101	1,188,080
Total Revenues	139,612,435	134,093,129
Expenses		
Instruction	62,842,183	60,313,256
Instructional resources and media services	1,118,637	1,334,180
Curriculum and staff development	2,498,546	2,522,662
Instructional leadership	5,284,717	4,652,810
School leadership	8,131,606	7,282,979
Guidance, counseling, and evaluation services	3,459,211	2,873,990
Social work services	1,915,092	1,015,050
Health services	1,543,890	1,226,161
Student transportation	6,371,459	5,763,635
Food service	5,888,532	6,942,464
Extracurricular activities	3,567,443	5,016,830
General administration	3,684,975	3,815,363
Facilities, maintenance and operations	11,479,895	10,314,439
Security and monitoring services	1,759,270	1,268,210
Data processing services	2,588,460	3,348,882
Community services	1,227,881	1,044,780
Interest on long-term debt	12,065,156	12,823,494
Bond issuance cost and fees	2,911,227	20,655
Other facility costs	1,961,456	-
Payments to Juvenile Justice Alternative Education Programs	18,377	-
Other governmental charges	409,279	392,689
Total Expenses	140,727,292	131,972,529
Increase (Decrease) in Net Position	(1,114,857)	2,120,600
Net position - beginning, as restated*	19,971,496	16,170,509
Net position - ending	\$ 18,856,639	\$ 18,291,109

*In the current fiscal year, the District recorded a prior period adjustment due to erroneous depreciation charged to depreciable assets. Additional information can be found in the capital assets note disclosure

MANOR INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental activities

Governmental activities increased the District's net position by \$565,530. Revenues are generated primarily from three sources. Property taxes, state-aid formula grants, and operating grants and contributions represent 96 percent of total revenues. The remaining 4 percent is generated from charges for services, investment earnings, and miscellaneous revenues.

	<u>Total Revenues</u>	<u>% of Total Revenues</u>
Property taxes	\$ 82,863,293	59%
State Aid - Formula Grants	29,707,488	21%
Operating grants and contributions	21,429,307	15%
Other revenue	5,612,347	4%
Total Revenues	<u>\$ 139,612,435</u>	<u>100%</u>

The primary functional expense of the District is instruction, which represents 45 percent of total expenses. Plant maintenance and operations, interest on long-term debt, and school leadership represent 8 percent, 9 percent, and 6 percent, respectively, of the total expenses. The remaining individual functional categories of expenses are each less than 5 percent of total expenses.

	<u>Total Expenses</u>	<u>% of Total Expenses</u>
Instruction	\$ 62,842,183	45%
Interest on long-term debt	12,065,156	9%
School leadership	8,131,606	6%
Facilities maintenance and operations	11,479,895	8%
Other expenses	46,208,452	33%
Total Expenses	<u>\$ 140,727,292</u>	<u>100%</u>

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$262,126,955, an increase of \$173,304,772 in comparison with the prior year. The increase in ending governmental fund balances is primarily due to a \$184.08 million increase in Capital Projects fund balance due to the issuance of Unlimited Tax School Building Bonds, Series 2020.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the general fund was \$31,493,366, which is unassigned. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 32 percent of total general fund expenditures. The fund balance of the District's general fund increased by \$2,527,112 during the current fiscal year.

MANOR INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The debt service fund has a total fund balance of \$30,300,673, all of which is restricted for the payment of debt service. The net decrease in the debt service fund balance during the current year of \$13,016,964 was attributable to the cash defeasance of certain bonds.

The capital projects fund has a total fund balance of \$198,633,228, all of which is restricted for capital acquisitions as authorized by the issued bonds. The net increase in the capital projects fund balance during the current year of \$184,078,112 was attributable to the issuance of Unlimited Tax School Building Bonds, Series 2020.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of the general fund can be briefly summarized as follows:

	Budget	
	Original	Final Amended
Total revenues	\$ 90,886,567	\$ 90,248,700
Total expenditures	90,886,567	91,333,000
Net change in fund balance	\$ -	\$ (1,084,300)

Budget amendments were adopted by the Board of Trustees throughout the year due to varying revenue estimates and a reallocation of district expenditures. Each budget amendment was a projection of the district's categorization of funds and authorized allocation.

Capital Assets and Long-term Liabilities

Capital assets

The District's investment in capital assets for its governmental type activities as of June 30, 2020, includes land, buildings and improvements, furniture and equipment, and construction in progress. The following table summarizes the investment in capital assets (net of accumulated depreciation) as of June 30, 2020 and 2019.

	June 30, 2020	June 30, 2019
Land	\$ 17,912,974	\$ 17,900,974
Buildings and improvements	378,664,997	358,582,346
Furniture and equipment	26,117,847	23,082,950
Leased assets under capital leases	1,207,625	1,207,625
Construction in progress	29,570,051	38,361,886
Total	<u>453,473,494</u>	<u>439,135,781</u>
Less accumulated depreciation for:		
Buildings and improvements	(91,005,088)	(80,428,732)
Furniture and equipment	(19,402,799)	(20,381,012)
Leased assets under capital leases	(172,518)	-
Total Accumulated Depreciation	<u>(110,580,405)</u>	<u>(100,809,744)</u>
Net Capital Assets	<u>\$ 342,893,089</u>	<u>\$ 338,326,037</u>

Additional information on the District's capital assets can be found in the notes to the financial statements.

MANOR INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Long-term liabilities

At the end of the current fiscal year, the District had \$472,354,999 in bonded debt outstanding, an increase of \$154,845,000 over the previous year. The District's bonds were sold with an "AAA" rating and are guaranteed through the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy. The underlying rating of the bonds from Standard and Poor's is "AA-" and from Moody's Investors Service is "A1" for general obligation debt.

Changes in bonds payable for the year ended June 30, 2020 are as follows:

Outstanding 07/01/19	Issued	Retired	Outstanding 06/30/20
<u>\$ 317,509,999</u>	<u>\$ 181,715,000</u>	<u>\$ (26,870,000)</u>	<u>\$ 472,354,999</u>

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The District's 2020 budget was based on a tax rate of \$1.47, of which \$0.97 is for M&O and \$0.50 for I&S. The 2021 tax rates are set at a total of \$1.442672, of which \$0.9427 is for M&O and \$0.499972 is for I&S.

Student enrollment for 2020-2021 is 9,260 students as of the TEA snapshot date versus 9,595 students enrolled at snapshot in 2019-2020, a decrease of 335 students.

As long as new construction continues to occur in the District, we expect to see steady growth in appraised properties values in the coming years.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office at Manor Independent School District, 10335 US Hwy 290E Manor, Texas.

BASIC FINANCIAL STATEMENTS

MANOR INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

Exhibit A-1

<u>Data Control Codes</u>	<u>Governmental Activities</u>
Assets	
1110 Cash and cash equivalents	\$ 265,047,711
1225 Property taxes receivables, net	3,030,646
1240 Due from other governments	3,559,163
1267 Due from fiduciary funds	12,271
1290 Other receivables, net	291,542
1300 Inventories	27,685
Capital assets not subject to depreciation:	
1510 Land	17,912,974
1580 Construction in progress	29,570,051
Capital assets net of depreciation:	
1520 Buildings and improvements, net	287,659,909
1530 Furniture and equipment, net	6,715,048
1550 Capital lease assets, net	1,035,107
1000 Total Assets	<u>614,862,107</u>
Deferred Outflows of Resources	
Deferred outflows - loss on refunding	6,992,809
Deferred outflows - pension activities	15,436,646
Deferred outflows - OPEB activities	6,703,491
1700 Total Deferred Outflows of Resources	<u>29,132,946</u>
Liabilities	
2110 Accounts payable	1,882,324
2140 Interest payable	5,306,431
2150 Payroll deductions and withholdings	272,753
2160 Accrued wages payable	4,247,935
2300 Unearned revenue	408,405
Noncurrent Liabilities:	
2501 Due within one year	10,499,525
2502 Due in more than one year	510,988,149
2540 Net pension liability	31,793,033
2545 Net Other Post Employment Benefits (OPEB) Obligation	37,541,156
2000 Total Liabilities	<u>602,939,711</u>
Deferred Inflows of Resources	
Deferred inflows - pension activities	5,957,841
Deferred inflows - OPEB activities	16,240,862
2600 Total Deferred Inflows of Resources	<u>22,198,703</u>
Net Position	
3200 Net investment in capital assets	27,778,809
Restricted for:	
3820 Federal and state programs	1,466,256
3850 Debt service	25,936,379
3900 Unrestricted	(36,324,805)
3000 Total net position	<u>\$ 18,856,639</u>

MANOR INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Exhibit B-1

Data Control Codes	Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	Primary Governmental Activities
	Governmental activities:				
11	Instruction	\$ 62,842,183	\$ 253,348	\$ 8,308,825	\$ (54,280,010)
12	Instructional resources and media services	1,118,637	3,248	91,504	(1,023,885)
13	Curriculum and staff development	2,498,546	9,744	1,046,301	(1,442,501)
21	Instructional leadership	5,284,717	-	1,113,784	(4,170,933)
23	School leadership	8,131,606	12,992	686,560	(7,432,054)
31	Guidance, counseling, and evaluation services	3,459,211	3,248	340,296	(3,115,667)
32	Social work services	1,915,092	29,232	1,029,567	(856,293)
33	Health services	1,543,890	-	1,801,330	257,440
34	Student transportation	6,371,459	-	503,244	(5,868,215)
35	Food service	5,888,532	836,878	4,333,375	(718,279)
36	Extracurricular activities	3,567,443	572,320	136,712	(2,858,411)
41	General administration	3,684,975	-	307,135	(3,377,840)
51	Facilities, maintenance and operations	11,479,895	1,573,954	599,156	(9,306,785)
52	Security and monitoring services	1,759,270	-	104,724	(1,654,546)
53	Data processing services	2,588,460	-	304,675	(2,283,785)
61	Community services	1,227,881	12,992	435,994	(778,895)
72	Interest on long-term debt	12,065,156	-	286,125	(11,779,031)
73	Bond issuance cost and fees	2,911,227	-	-	(2,911,227)
81	Other facility costs	1,961,456	-	-	(1,961,456)
95	Payments to Juvenile Justice Alternative Education Programs	18,377	-	-	(18,377)
99	Other governmental charges	409,279	-	-	(409,279)
TG	Total governmental activities	<u>\$ 140,727,292</u>	<u>\$ 3,307,956</u>	<u>\$ 21,429,307</u>	<u>(115,990,029)</u>

Data Control Codes		
	General revenues:	
	Taxes:	
MT	Property taxes, levied for general purposes	54,651,141
DT	Property taxes, levied for debt service	28,212,152
SF	State-aid formula grants	29,707,488
IE	Investment earnings	1,926,290
MI	Miscellaneous	378,101
TR	Total general revenues	<u>114,875,172</u>
CN	Change in net position	(1,114,857)
NB	Net position - beginning, as restated	<u>19,971,496</u>
NE	Net position - ending	<u>\$ 18,856,639</u>

MANOR INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
 June 30, 2020

Exhibit C-1
 Page 1 of 2

Data Control Codes		General Fund	Debt Service Funds	Capital Projects Fund
Assets				
1110	Cash and cash equivalents	\$ 33,774,827	\$ 31,778,869	\$ 199,018,255
Receivables:				
1220	Delinquent property taxes receivables	4,756,031	1,732,499	-
1230	Allowance for uncollectible taxes (credit)	(2,667,522)	(790,362)	-
1240	Receivables from other governments	1,675,901	15,085	-
1260	Due from other funds	1,491,728	-	70,920
1290	Other receivables	53,813	-	250,000
1300	Inventories, at cost	-	-	-
1000	Total Assets	\$ 39,084,778	\$ 32,736,091	\$ 199,339,175
Liabilities, Deferred Inflows, and Fund Balance				
Liabilities:				
2110	Accounts payable	\$ 627,404	\$ -	\$ 705,947
2150	Payroll deduction and withholdings payable	272,753	-	-
2160	Accrued wages payable	4,061,196	-	-
2170	Due to other funds	541,550	1,493,281	-
2300	Unearned revenue	-	-	-
2000	Total Liabilities	5,502,903	1,493,281	705,947
Deferred Inflows of Resources				
	Deferred inflows	2,088,509	942,137	-
2600	Total Deferred Inflows of Resources	2,088,509	942,137	-
Fund Balances:				
Restricted:				
3450	Federal/State grant restrictions	-	-	-
3470	Capital acquisitions	-	-	198,633,228
3480	Debt service	-	30,300,673	-
3490	Local grants	-	-	-
Committed:				
3545	Other purposes	1,433,486	-	-
Assigned:				
3590	Other assigned	1,200,000	-	-
3600	Unassigned	28,859,880	-	-
3000	Total fund balances	31,493,366	30,300,673	198,633,228
Total Liabilities, Deferred Inflows, and Fund Balances				
4000	Balances	\$ 39,084,778	\$ 32,736,091	\$ 199,339,175

MANOR INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
 June 30, 2020

Exhibit C-1
 Page 2 of 2

<u>Data Control Codes</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
1110	Cash and cash equivalents	\$ 475,760	\$ 265,047,711
Receivables:			
1220	Delinquent property taxes receivables	-	6,488,530
1230	Allowance for uncollectible taxes (credit)	-	(3,457,884)
1240	Receivables from other governments	1,868,177	3,559,163
1260	Due from other funds	2,215,294	3,777,942
1290	Other receivables	-	303,813
1300	Inventories, at cost	27,685	27,685
1000	Total Assets	<u>\$ 4,586,916</u>	<u>\$ 275,746,960</u>
Liabilities, Deferred Inflows, and Fund Balance			
Liabilities:			
2110	Accounts payable	\$ 548,973	\$ 1,882,324
2150	Payroll deduction and withholdings payable	-	272,753
2160	Accrued wages payable	186,739	4,247,935
2170	Due to other funds	1,743,111	3,777,942
2300	Unearned revenue	408,405	408,405
2000	Total Liabilities	<u>2,887,228</u>	<u>10,589,359</u>
Deferred Inflows of Resources			
2600	Deferred inflows	-	3,030,646
	Total Deferred Inflows of Resources	<u>-</u>	<u>3,030,646</u>
Fund Balances:			
Restricted:			
3450	Federal/State grant restrictions	1,307,951	1,307,951
3470	Capital acquisitions	-	198,633,228
3480	Debt service	-	30,300,673
3490	Local grants	158,305	158,305
Committed:			
3545	Campus activity funds	233,432	1,666,918
Assigned:			
3590	Other assigned	-	1,200,000
3600	Unassigned	-	28,859,880
3000	Total fund balances	<u>1,699,688</u>	<u>262,126,955</u>
4000	Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 4,586,916</u>	<u>\$ 275,746,960</u>



MANOR INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
STATEMENT OF NET POSITION
June 30, 2020

Exhibit C-2

<u>Data Control Codes</u>		
	Total fund balance, governmental funds	\$ 262,126,955
	Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation, where applicable.	342,893,089
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	3,030,646
3	Deferred charge on refunding	6,992,809
4	Deferred inflows and outflows related to pension activities	9,478,805
5	Deferred inflows and outflows related to OPEB activities	(9,537,371)
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
6	General obligation bonds	(472,354,999)
7	Premiums on issuance	(47,525,102)
8	Capital leases payable	(860,216)
9	Accreted interest on capital appreciation bonds	(747,357)
10	Accrued interest payable	(5,306,431)
11	Net pension liability	(31,793,033)
12	Net OPEB liability	(37,541,156)
19	Net position - governmental activities	<u>\$ 18,856,639</u>

MANOR INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

Exhibit C-3
Page 1 of 2

Data Control Codes		General Fund	Debt Service Funds	Capital Projects Fund
Revenues				
5700	Local, intermediate, and out-of-state	\$ 56,904,336	\$ 28,639,525	\$ 1,039,065
5800	State program revenues	34,623,672	286,125	-
5900	Federal program revenues	1,974,810	-	-
5020	Total revenues	93,502,818	28,925,650	1,039,065
Expenditures				
Current:				
0011	Instruction	48,892,933	-	-
0012	Instructional resources and media services	914,597	-	-
0013	Curriculum and staff development	1,270,701	-	-
0021	Instructional leadership	3,656,383	-	-
0023	School leadership	6,741,129	-	-
0031	Guidance, counseling and evaluation services	2,758,163	-	-
0032	Social work services	820,087	-	-
0033	Health services	1,301,479	-	-
0034	Student transportation	4,809,758	-	397,932
0035	Food services	82,200	-	10,653
0036	Extracurricular activities	2,241,002	-	485,506
0041	General administration	3,089,982	-	-
0051	Facilities maintenance and operations	9,942,400	-	-
0052	Security and monitoring services	1,316,063	-	174,863
0053	Data processing services	2,188,461	-	842,052
0061	Community services	648,311	-	-
Debt service:				
0071	Principal on long-term debt	-	26,870,000	146,807
0072	Interest on long-term debt	-	13,774,512	53,793
0073	Bond issuance costs and fees	-	1,300,210	1,611,017
Capital outlay:				
0081	Facilities acquisition and construction	2,485	-	14,850,900
Intergovernmental:				
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	18,377	-	-
0099	Other governmental charges	409,279	-	-
6030	Total Expenditures	91,103,790	41,944,722	18,573,523
1100	Excess (deficiency) of revenues over expenditures	2,399,028	(13,019,072)	(17,534,458)
Other Financing Sources (Uses)				
7911	Capital-related debt issued (regular bonds)	-	-	181,715,000
7912	Sale of real or personal property	128,084	-	-
7915	Transfers in	-	2,108	-
7916	Premium on issuance of bonds	-	-	19,899,678
8911	Transfers out	-	-	(2,108)
7080	Total other financing sources and uses	128,084	2,108	201,612,570
1200	Net change in fund balances	2,527,112	(13,016,964)	184,078,112
0100	Fund Balance - beginning	28,966,254	43,317,637	14,555,116
3000	Fund Balance - ending	\$ 31,493,366	\$ 30,300,673	\$ 198,633,228

MANOR INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

Exhibit C-3
Page 2 of 2

<u>Data Control Codes</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
5700	Local, intermediate, and out-of-state	\$ 1,656,652	\$ 88,239,578
5800	State program revenues	2,400,433	37,310,230
5900	Federal program revenues	8,712,638	10,687,448
5020	Total revenues	<u>12,769,723</u>	<u>136,237,256</u>
Expenditures			
Current:			
0011	Instruction	3,787,519	52,680,452
0012	Instructional resources and media services	1,931	916,528
0013	Curriculum and staff development	943,279	2,213,980
0021	Instructional leadership	802,825	4,459,208
0023	School leadership	37,193	6,778,322
0031	Guidance, counseling and evaluation services	101,277	2,859,440
0032	Social work services	933,016	1,753,103
0033	Health services	1,472	1,302,951
0034	Student transportation	8,550	5,216,240
0035	Food services	5,535,311	5,628,164
0036	Extracurricular activities	465,668	3,192,176
0041	General administration	8,789	3,098,771
0051	Facilities maintenance and operations	-	9,942,400
0052	Security and monitoring services	50,601	1,541,527
0053	Data processing services	4,463	3,034,976
0061	Community services	371,317	1,019,628
Debt service:			
0071	Principal on long-term debt	-	27,016,807
0072	Interest on long-term debt	-	13,828,305
0073	Bond issuance costs and fees	-	2,911,227
Capital outlay:			
0081	Facilities acquisition and construction	-	14,853,385
Intergovernmental:			
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	-	18,377
0099	Other governmental charges	-	409,279
6030	Total Expenditures	<u>13,053,211</u>	<u>164,675,246</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(283,488)</u>	<u>(28,437,990)</u>
Other Financing Sources (Uses)			
7911	Capital-related debt issued (regular bonds)	-	181,715,000
7912	Sale of real or personal property	-	128,084
7915	Transfers in	-	2,108
7916	Premium on issuance of bonds	-	19,899,678
8911	Transfers out	-	(2,108)
7080	Total other financing sources and uses	<u>-</u>	<u>201,742,762</u>
1200	Net change in fund balances	(283,488)	173,304,772
0100	Fund Balance - beginning	<u>1,983,176</u>	<u>88,822,183</u>
3000	Fund Balance - ending	<u>\$ 1,699,688</u>	<u>\$ 262,126,955</u>

MANOR INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE FOR GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Exhibit C-4

Data Control Codes		
	Net change in fund balances - total governmental funds (from C-3)	\$ 173,304,772
	Amounts reported for governmental activities in the statement of activities (B-1) are different because:	
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
1	Capitalized expenditures reclassified to assets.	14,337,713
2	Depreciation expense taken to Statement of Activities.	(11,451,048)
3	Repayment of bond principal and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	27,016,807
	Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long term liabilities.	
4	Proceeds from issuance on bonds	(181,715,000)
5	Premium on issuance of bonds	(19,899,678)
6	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	107,978
7	Pension contributions made during the current fiscal year are reported as expenditures in the governmental funds and are reported as deferred outflows and reductions in net pension liability as opposed to expenses in the statement of activity.	2,170,512
8	OPEB contributions made during the current fiscal year are reported as expenditures in the governmental funds and are reported as deferred outflows and reductions in net pension liability as opposed to expenses in the statement of activity.	555,969
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
9	Pension expense for the pension plan measurement year	(6,505,898)
10	OPEB expense for the TRS-Care plan measurement year	(1,313,528)
11	Increase in interest payable not recognized in fund statements	441,274
12	Decrease in long-term portion of accrued compensated absences	513,395
13	Accumulated accretion	(11,560)
14	Amortization of premium on issuance	1,822,671
15	Amortization of deferred charge on refunding	(489,236)
	Change in net position of governmental activities (see B-1)	\$ (1,114,857)

MANOR INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2020

Exhibit E-1

<u>Data Control Codes</u>		<u>Student Activity Agency Fund</u>
	Assets	
1110	Cash and cash equivalents	67,386
1000	Total Assets	<u>\$ 67,386</u>
	Liabilities	
2170	Due to other funds	\$ 12,270
2190	Due to others	55,116
2000	Total Liabilities	<u>\$ 67,386</u>



Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Manor Independent School District (the “District”) is governed by a seven-member Board of Trustees (the “Board”), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Because members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. There are no component units, entities for which the District is considered to be financially accountable, included within the reporting entity.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, while the agency funds have no measurement of focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The fiduciary fund financial statement reflects the District’s agency fund. The agency fund has no measurement focus, but utilizes the accrual basis of accounting.

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *capital projects fund* accounts for the proceeds from long-term debt financing and revenues and expenditures related to authorized acquisition, construction, or renovations as well as furnishing and equipping capital facilities.
- The *debt service funds* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The District reports the following nonmajor governmental funds:

- The *special revenue funds* account for resources restricted to or committed for specific purposes by a grantor, or for resources that are committed for specific purposes by the Board. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Additionally, the District reports the following fund type:

- The *agency fund* is used to account for assets held by the District as an agent for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operation.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to students or users for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and investment income.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, investment pools, and short-term investments with original maturities of one year or less from the date of acquisition.

Investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year-end, except for nonparticipating interest-earning investment contracts which are reported at cost. Investments with an original maturity of less than one year are reported at amortized cost.

The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Note 1 - Summary of Significant Accounting Policies (continued)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property tax receivables include unpaid property taxes at year-end and are shown net of an allowance for uncollectibles. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements. Property values are determined by the Travis County Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy.

Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, and furniture and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost that equals or exceeds \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and improvements, and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building improvements	10 to 40 years
Furniture and equipment	4 to 10 years

Compensated Absences

Compensated absences are absences for which employees will be paid. Effective with the 2019–2020 duty year, exempt and nonexempt employees in positions normally requiring 12 months of service shall not receive paid nonduty days. The employee’s work schedule shall be set in accordance with the District calendar and the number of days in the employee’s duty year (scheduled workdays per the employee’s assignment and contract, as applicable).

Note 1 - Summary of Significant Accounting Policies (continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Premiums and discounts are presented as a component of liabilities while deferred charges on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight line method. Long-term debt is reported net of the applicable premium or discount. Bond issuance costs are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund.

Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A deferred outflow of resources is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- *Deferred charge on refunding* - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- *Deferred outflows relating to pension activities* – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results 1) changes in the District's proportional share of pension liabilities, 2) changes in actuarial assumptions; and 3) differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- *Deferred outflows of resources for post-employment benefits* – Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) changes in the District's proportional share of post-employment liabilities; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) differences between projected and actual earnings on post-employment plan investments. The deferred outflows of resources related to post-employment benefits resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net post-employment benefit liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources (continued)

A *deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- *Deferred inflows of resources for unavailable revenues* – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow or resources in the period that the amounts become available.
- *Deferred inflows relating to pension activities* – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in the District's proportional share of pension liabilities; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) differences between projected and actual earnings on pension plan investments. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- *Deferred inflows of resources for post-employment benefits* – Reported in the government wide financial statement of net position, these deferred inflows result primarily 1) changes in actuarial assumptions and 3) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

Pensions

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

Other Post-Employment Benefits

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

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position

Net Position on the Statement of Net Position includes the following:

- Net investment in capital assets - this component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.
- Restricted for federal and state programs - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agencies.
- Restricted for Debt Service - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenants for the purpose of future debt service payments.
- Unrestricted net position - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

The fund balance in governmental funds has been classified as follows to describe the nature and relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1).
- Restricted fund balance – Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. The District has committed 100 percent of fund 461 Campus Activity Funds' fund balance and \$1,433,486 in the General Fund for the addition of 16 teaching positions to secondary campuses, additional cost of health insurance contributions, and for the expansion of breakthrough and new tech.
- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The Board of Trustees has retained this authority. The District has assigned \$1,200,000 in the General Fund for a COVID-10 employee stipend program.

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees have provided otherwise in their commitment or assignment actions. In the fund financial statements, certain governmental funds report restrictions of the entire fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Since the entire fund balance is restricted for these funds, all assets are in essence restricted for their specified purpose.

When the District incurs an expense for which it may use either restricted or unrestricted resources, it uses the restricted resources first unless unrestricted resources will have to be returned because they were not used.

Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Financial Accountability System Resource Guide. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the Texas State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.

Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 1 - Summary of Significant Accounting Policies (continued)

The following GASB pronouncements have been issued but not yet implemented by the District:

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. It was issued in June 2020, but the requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. Implementation of this Statement is planned for fiscal year 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement was issued in May 2020 and provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Implementation of this Statement is planned for fiscal year 2023.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement was issued in March 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements of this Statement are effective immediately.

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

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

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*.

The District plans on implementing GASB No. 84 *Fiduciary Activities* in fiscal year 2021 and GASB No. 87 *Leases* in fiscal year 2022.

Note 2 - Deposits and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository bank's agent bank. The pledged securities are approved by the Texas Education Agency and shall be 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. At June 30, 2020, the District's cash in bank totaled \$4,274,193 while the carrying value was \$2,351,262. Pledged collateral and FDIC insurance for these deposits totaled \$6,246,867.

The District invests in certificates of deposit in the Certificates of Deposit Account Registry Service (CDARS). CDARS is a way to invest the District's funds in certificates of deposit in increments below the standard Federal Deposit Insurance Corporation (FDIC) insurance maximum of \$250,000 in order for the principal and interest are fully insured by FDIC insurance coverage.

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, collateralized mortgage obligations, no-load money market mutual funds, certain municipal securities, qualified commercial paper, repurchase agreements, or investment pools.

Investments

For fiscal year 2020, the District invested in the State of Texas TexPool and MBIA Texas Class Investment Pool. TexPool and Texas Class operate in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940.

TexPool is duly chartered and overseen by the State Comptroller's Office and administered by Federated Investors, Inc. The State Street Bank is the custodial bank. The portfolio consists of U.S. T-Bills, T-Notes, collateralized repurchase and reverse repurchase agreements, and no-load money market mutual funds regulated by the Securities and Exchange Commission and rated AAA or equivalent by at least one nationally recognized rating service. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, and managed by Standish Mellon and American Beacon Advisors. The Bank of New York is the custodial bank.

MBIA Texas Class Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered and managed by MBIA Municipal Investors Service Corporation. Wells Fargo Bank N.A. is the custodial bank. The primary objectives of MBIA Texas Class Pool, is to maintain safety of principal while providing participating government entities (Participants) with the highest possible rate of return for invested funds.

In accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants, the Local Government Investment Pool does not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Note 2 - Deposits and Investments (continued)

At year-end, the District's cash and investment balances and the weighted average maturity of these investments were as follows:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (Days)</u>
Governmental Activities		
Cash and deposits	\$ 2,283,876	N/A
Certificates of deposit	5,166,898	44
Investments		
Local Government Investment Pools:		
Texas CLASS	257,528,000	33
TexPool	68,937	64
Total Local Government Investment Pools	<u>257,596,937</u>	64
Total Governmental Activities	<u>265,047,711</u>	
Fiduciary Funds		
Cash and Deposits	67,386	N/A
Total Fiduciary Funds	<u>67,386</u>	
Total	<u>\$ 265,115,097</u>	
Investment earnings	\$ 1,926,290	
Total Investment earnings	<u>\$ 1,926,290</u>	

Investments' fair value measurement are as follows at June 30, 2020:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Investments				
Debt securities				
Certificates of deposit	\$ 5,166,898	\$ 5,166,898	\$ -	\$ -
Total debt securities	<u>\$ 5,166,898</u>	<u>\$ 5,166,898</u>	<u>\$ -</u>	<u>\$ -</u>

Note 2 - Deposits and Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. To limit the risk that changes in interest rates will adversely affect the fair value of the investments, the District monitors interest rate risk utilizing weighted average maturity (WAM) analysis. The District requires its investment portfolio to have maturities of less than one year on a WAM basis. However, specific to the District's debt service funds, maturities longer than one year are authorized within legal limits and as long as sufficient investment liquidity to timely meet debt service payment obligations is maintained. The long-term investment the District currently holds, which has no call options, is due when the debt instrument is due and the District intends to hold the investment until maturity, thereby reducing its risk of loss due to changes in the fair value of the investment.

	Carrying value	Investment Maturity in Years	
		Less than 1	1-5
Certificates of deposit	\$ 5,166,898	\$ 5,166,898	\$ -
Local government investment pools:			
Texas CLASS	257,528,000	257,528,000	-
TexPool	68,937	68,937	-
Total local government investment pools	<u>\$ 262,763,835</u>	<u>\$ 262,763,835</u>	<u>\$ -</u>

Credit Risk

State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. As of June 30, 2020, the District's investments were rated as follows:

Investment	Rating	Rating Agency
TexPool	AAAm	Standard and Poor's
Texas CLASS	AAAm	Standard and Poor's

Concentration of Credit Risk

For temporary investments, to limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. Concentration of Credit Risk is not applicable to investment pools since the purpose of these pools is to diversify the District's investment portfolio. For long-term investments - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified.

Investment Type	Carrying Value	Percentage of Portfolio
Certificates of Deposit	\$ 5,166,898	1.97%
TexPool	68,937	0.03%
Texas CLASS	257,528,000	98.01%

Note 3 - Receivables and Unearned Revenues

Receivables as of year-end for the District's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Funds	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 4,756,031	\$ 1,732,499	\$ -	\$ -	\$ 6,488,530
Due from other governments	1,675,901	15,085	-	1,868,177	3,559,163
Other	53,813	-	250,000	-	303,813
Gross Receivables	6,485,745	1,747,584	250,000	1,868,177	10,351,506
Less allowance for doubtful accounts	(2,667,522)	(790,362)	-	-	(3,457,884)
Net Total Receivables	\$ 3,818,223	\$ 957,222	\$ 250,000	\$ 1,868,177	\$ 6,893,622

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, District reported unearned revenues in the governmental funds in the amount of \$408,405, for grant funds received prior to meeting all eligibility requirements.

Note 4 - Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll, warehouse ordering and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

The composition of interfund balances as of June 30, 2020, is as follows:

Receivable Fund	Payable Fund			Total
	General Fund	Debt Service Fund	Nonmajor Governmental Fund	
Governmental Activities				
General Fund	\$ -	\$ 1,491,728	\$ -	\$ 1,491,728
Capital Projects Funds	69,367	1,553	-	70,920
Nonmajor Governmental Funds	472,183	-	1,743,111	2,215,294
Total Governmental Funds	\$ 541,550	\$ 1,493,281	\$ 1,743,111	\$ 3,777,942

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” The following is a summary of the District’s transfers for the fiscal year ended June 30, 2020:

Transfer Out	Transfer In	Amount	Purpose
Capital Projects Fund	Debt Service Fund	\$ 2,108	Unlimited Tax School Building Bonds, Series 2020

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u> <u>7/1/2019, as restated</u>	<u>Additions</u>	<u>(Retirements)</u> <u>and Transfers</u>	<u>Ending Balance</u> <u>6/30/2020</u>
Capital assets, not being depreciated:				
Land	\$ 17,900,974	\$ 12,000	\$ -	\$ 17,912,974
Construction in progress	38,361,886	11,290,816	(20,082,651)	29,570,051
Total Capital assets, not being depreciated	<u>56,262,860</u>	<u>11,302,816</u>	<u>(20,082,651)</u>	<u>47,483,025</u>
Capital assets, being depreciated:				
Buildings and improvements	358,582,346	-	20,082,651	378,664,997
Furniture and equipment	23,082,950	3,034,897	-	26,117,847
Lease equipment under capital leases	1,207,625	-	-	1,207,625
Total Capital assets, being depreciated	<u>382,872,921</u>	<u>3,034,897</u>	<u>20,082,651</u>	<u>405,990,469</u>
Less accumulated depreciation for:				
Buildings and improvements	(81,173,209)	(9,831,879)	-	(91,005,088)
Furniture and Equipment	(17,956,148)	(1,446,651)	-	(19,402,799)
Lease equipment under capital leases	-	(172,518)	-	(172,518)
Total Accumulated depreciation	<u>(99,129,357)</u>	<u>(11,451,048)</u>	<u>-</u>	<u>(110,580,405)</u>
Governmental Capital Assets	<u>\$ 340,006,424</u>	<u>\$ 2,886,665</u>	<u>\$ -</u>	<u>\$ 342,893,089</u>

Prior Period Adjustment

In the current fiscal year, the District recorded a prior period adjustment due to erroneous depreciation charged to fully depreciated assets. As a result, the beginning net position of the District's governmental activities has been restated on the Statement of Activities for the adjustments to accumulated depreciation. Furniture and equipment accumulated depreciation decrease by \$2,424,864 while the buildings and improvements accumulated depreciation increased by \$744,477 for a net effect increase to net position in the amount of amount of \$1,680,387.

Depreciation expense was charged to functions/programs of the District as follows:

<u>Function</u>	<u>Depreciation Expense</u>
Instruction	\$ 5,679,221
Instructional resources and media services	121,611
Curriculum and staff development	145,626
Instructional leadership	419,033
School leadership	772,601
Guidance, counseling and evaluation services	316,140
Social work services	93,985
Health services	149,154
Student transportation	1,227,079
Food Services	113,932
Extracurricular activities	262,929
General administration	376,247
Facilities maintenance and operations	1,243,679
Security and monitoring services	150,825
Data processing services	298,483
Community services	80,503
	<u>\$ 11,451,048</u>

Note 5 - Capital Assets (continued)

Construction budgets and remaining commitments under related construction contracts as of June 30, 2020, follows:

Project	Approved Construction Budget	Construction in Progress	Remaining Commitment
Technology	\$ 26,988,734	\$ 2,525,395	\$ 24,463,339
Athletics Improvement	20,616,952	8,110,605	12,506,347
Assessment Based Projects	8,857,770	3,588,965	5,268,805
Field House	15,000,000	11,673,962	3,326,038
Ag Barn	1,700,000	382,922	1,317,078
CTE Renovation	3,750,000	1,873,968	1,876,032
Managed security	715,000	899,272	(184,272)
Satellite bus lot	20,000	16,180	3,820
Manor High School F-wing portables	2,100,000	498,782	1,601,218
	<u>\$ 79,748,456</u>	<u>\$ 29,570,051</u>	<u>\$ 50,178,405</u>

Note 6 - Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, capital leases, and compensated absences. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
General Obligation Bonds	317,509,999	\$ 181,715,000	\$ (26,870,000)	\$ 472,354,999	\$ 10,345,000
Issuance Premium on Bonds	29,448,095	19,899,678	(1,822,671)	47,525,102	-
Accreted interest on capital appreciation bonds	735,797	11,560	-	747,357	-
Capital leases	1,007,023	-	(146,807)	860,216	154,525
Compensated absences payable	513,395	21,210	(534,605)	-	-
Total Governmental Long-term Liabilities	<u>\$ 349,214,309</u>	<u>\$ 201,647,448</u>	<u>\$ (29,374,083)</u>	<u>\$ 521,487,674</u>	<u>\$ 10,499,525</u>

Note 6 - Long-term Liabilities (continued)

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These are issued as current interest bonds and term bonds with various amounts of principal maturing each year.

General obligation bonds currently outstanding are as follows:

<u>Issue</u>	<u>Original Issuance amount</u>	<u>Interest Rate (%)</u>	<u>Fiscal Year Maturity</u>	<u>Debt Outstanding</u>
Unlimited Tax School Building Bonds, Series 2011	\$ 17,465,000	2.625-4%	2022	\$ 1,980,000
Unlimited Tax Refunding Bonds, Series 2012	8,779,999	2-3.5%	2030	8,259,999
Unlimited Tax Refunding Bonds, Series 2013	48,240,000	1.5-5%	2037	30,635,000
Unlimited Tax Refunding Bonds, Series 2014	43,585,000	2-5%	2035	38,775,000
Unlimited Tax School Building Bonds, Series 2014	116,095,000	2-5%	2045	97,590,000
Unlimited Tax Refunding Bonds, Series 2015	25,995,000	4-5%	2039	25,995,000
Unlimited Tax Refunding Bonds, Series 2016	18,315,000	2-5%	2034	17,290,000
Unlimited Tax School Building Bonds, Series 2017	29,955,000	2-5%	2047	25,410,000
Unlimited Tax School Building Bonds, Series 2017A	51,190,000	3-5%	2048	44,705,000
Unlimited Tax School Building Bonds, Series 2020	181,715,000	3-5%	2051	181,715,000
				<u>\$ 472,354,999</u>

On March 12, 2020, the District issued \$181,715,000 Unlimited Tax School Building Bonds, Series 2020. The proceeds from the sale of the bonds will be used for (i) the construction, renovation, acquisition, and equipment of school buildings in the district, the purchase of the necessary sites for school buildings, and the purchase of new school buses and other new vehicles to be used for student transportation, and (ii) issuance costs associated with the Bonds.

Debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 10,345,000	\$ 18,471,589	\$ 28,816,589
2022	6,525,000	18,841,963	25,366,963
2023	11,035,000	18,422,244	29,457,244
2024	11,570,000	17,872,339	29,442,339
2025	12,135,000	17,297,639	29,432,639
2026 - 2030	68,949,999	78,086,270	147,036,269
2031 - 2035	86,945,000	59,768,531	146,713,531
2036 - 2040	92,520,000	39,517,169	132,037,169
2041 - 2045	95,245,000	21,572,500	116,817,500
2046 - 2050	65,440,000	6,434,325	71,874,325
2051	11,645,000	174,675	11,819,675
	<u>\$ 472,354,999</u>	<u>\$ 296,459,244</u>	<u>\$ 768,814,243</u>

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2020.

Note 6 - Long-term Liabilities (continued)

Deferred Charge on Refunding

The balance of deferred charge on refunding at June 30, 2020 is presented as a deferred outflow of resources in the Statement of Net Position as follows:

	<u>Balance</u>	<u>July</u>	<u>Deferred</u>		<u>Balance</u>	<u>June</u>
	<u>1, 2019</u>		<u>Charge on New</u>	<u>Retirements</u>	<u>30, 2020</u>	
			<u>Issues</u>			
Deferred charge on refunding	\$ 7,482,045		\$ -	\$ (489,236)		\$ 6,992,809

Prior Year Defeasance of Debt

The District defeased certain general obligation debt by placing cash in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District’s financial statements. At June 30, 2020, \$15,320,000 of defeased bonds remain outstanding.

Cybersecurity Incident

In November and December of 2019, the District was the victim of a phishing email scam in which, over the course of three separate transactions, approximately \$2.3 million was stolen from the District (the “Cybersecurity Incident”). The stolen \$2.3 million dollars represented prior bond proceeds deposited into a construction fund to pay for District projects authorized at a May 2016 bond election (the “Bond 2016 Projects”). The District anticipates it will be able to recoup approximately \$800,000 through various means including through insurance coverage and assistance from its depository bank. The District has implemented various strategies and procedures to mitigate future risk associated with cybersecurity incidents. The District anticipates it will be able to complete all Bond 2016 Projects without additional delay or impact from the Cybersecurity Incident. Lastly, the District does not believe the Cybersecurity Incident will have a material adverse effect on the District’s financial position or the District’s ability to issue and deliver the Bonds.

Capital Appreciation Bonds

A portion of the bonds sold in the Series 2012 bond issues were capital appreciation bonds commonly referred to as “premium compound interest bonds”. The District annually records the appreciation of the bond principal for the accreted value of the bonds through maturity of the issue. The interest of these bonds series will be paid upon maturity. The following table summarizes the significant features of the individual bonds, by issue:

<u>Series</u>	<u>Accreted Value</u>	<u>Principal</u>	<u>Accreted Interest</u>	<u>Maturity Value</u>	<u>Maturity Date</u>
2012	\$ 757,356	\$ 9,999	\$ 747,357	\$ 925,000	2026

Note 6 - Long-term Liabilities (continued)

Capital Lease Obligations

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2021	\$ 154,525	\$ 46,077	\$ 200,602
2022	162,905	37,697	200,602
2023	171,607	28,995	200,602
2024	180,774	19,828	200,602
2025	190,405	10,200	200,605
Total minimum lease payments	<u>\$ 860,216</u>	<u>\$ 142,797</u>	<u>\$ 1,003,013</u>

Note 7 - Revenues from Local, Intermediate, and Out-of-State Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	<u>General Fund</u>	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Property Taxes	\$ 54,276,293	\$ 27,948,563	\$ -	\$ -	\$ 82,224,856
Penalties, interest and other tax related revenue	359,128	171,331	-	-	530,459
Investment Income	717,490	519,631	689,065	104	1,926,290
Co-curricular student activities	1,465,919	-	-	494,866	1,960,785
Food Sales	-	-	-	829,040	829,040
Other	85,506	-	350,000	332,642	768,148
	<u>\$ 56,904,336</u>	<u>\$ 28,639,525</u>	<u>\$ 1,039,065</u>	<u>\$ 1,656,652</u>	<u>\$ 88,239,578</u>

Note 8 - Operating Leases

Commitments under operating lease (non-capitalized) agreements for facilities and equipment are subject to fiscal funding clauses. As such, the agreements are cancelable and the District is therefore not obligated for minimum future rental payments as of June 30, 2020.

Rental expenditures for the year ended June 30, 2020, amounted to \$285,678.

Note 9 - Defined Benefit Pension Plan

A. Plan Description

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

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

B. Pension Plan Fiduciary Net Position

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

C. Benefits Provided

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

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

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

Note 9 - Defined Benefit Pension Plan

D. Contributions

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

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

	Contribution Rates	
	2019	2020
Member	7.7%	7.7%
Non-employer contributing agency	6.8%	7.5%
Employers	6.8%	7.5%

	Measurement Year (2019)		Fiscal Year (2020)
	Contributions Required and Made	Pension Expense	TRS Contributions
Employer (District)	\$ 2,140,684	\$ 6,505,898	\$ 2,187,009
Employee (Member)	4,886,068	-	5,064,361
Non-Employer Contributing Entity On-Behalf Contributions (State)	2,936,038	6,850,095	3,620,194

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

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

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

Note 9 - Defined Benefit Pension Plan (continued)

D. Contributions (continued)

When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non (OASDI) surcharge that was in effect in fiscal year 2019.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

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

E. Actuarial Assumptions

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

Valuation Date	August 31, 2018, rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.63%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

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

Note 9 - Defined Benefit Pension Plan (continued)

F. Discount Rate

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

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

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

Asset Class	Target Allocation ¹	New Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³
Global Equity			
USA	18.00%	18.00%	6.40%
Non-U.S. Developed	13.00%	13.00%	6.30%
Emerging Markets	9.00%	9.00%	7.30%
Directional Hedge Funds	4.00%	0.00%	0.00%
Private Equity	13.00%	14.00%	8.40%
Stable Value			
U.S. Treasuries ⁴	11.00%	16.00%	3.10%
Stable Value Hedge Funds	4.00%	5.00%	4.50%
Absolute Return	0.00%	0.00%	0.00%
Real Return			
Global Inflation Linked Bonds ⁴	3.00%	0.00%	0.00%
Real Estate	14.00%	15.00%	8.50%
Energy, Natural Resources and Infrastructure	5.00%	6.00%	7.30%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	8.00%	5.8%/6.5% ⁵
Leverage			
Cash	1.00%	2.00%	2.50%
Asset Allocation Leverage	0.00%	-6.00%	2.70%
Expected Return	100.00%	100.00%	7.23%

¹ Target allocations are based on the Strategic Asset Allocation as of FY2019.

² New allocations are based on the Strategic Asset Allocation to be implemented in FY2020.

³ 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%.

⁴ New Target Allocation groups Government Bonds within the stable value allocation.

This includes global sovereign nominal and inflation-linked bonds.

⁵ 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) volatility.

Note 9 - Defined Benefit Pension Plan (continued)

G. Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
District's proportional share of the net pension liability	\$ 48,870,510	\$ 31,793,033	\$ 17,956,980

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

At June 30, 2020, the District reported a liability of \$31,793,033 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	\$ 31,793,033
State's proportionate share that is associated with the District	<u>43,607,318</u>
Total	<u><u>\$ 75,400,351</u></u>

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

At August 31, 2019, the District's proportion of the collective net pension liability was 0.0612% which was an increase of 0.0013% from its proportion measured as of August 31, 2018.

Note 9 - Defined Benefit Pension Plan (continued)

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Inflows of Resources Related to Pension (continued)

Changes Since the Prior Actuarial Valuation:

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended June 30, 2020, the District recognized pension expense of \$6,505,898 in addition to revenue of \$6,850,095 representing pension expense incurred by the State on behalf of the District.

At June 30, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 133,559	\$ (1,103,905)
Changes of assumption	9,863,760	(4,076,172)
Net difference between projected and actual earnings on pension plan investments	319,239	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,253,710	(777,764)
District contributions subsequent to the measurement date	1,866,378	-
Total	<u>\$ 15,436,646</u>	<u>\$ (5,957,841)</u>

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$1,866,378 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Pension Expense Amount</u>
2021	\$ 1,818,950
2022	1,471,045
2023	1,982,467
2024	1,820,897
2025	784,021
Thereafter	(264,953)
	<u>\$ 7,612,427</u>

Note 10 - Defined Other Post-Employment Benefit Plans

A. Plan Description

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

B. OPEB Plan Fiduciary Net Position

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

C. Benefits Provided

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

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes, including automatic COLAs.

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

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

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

D. Contributions

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

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

	Contribution Rates	
	2020	2019
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

	Measurement Year (2019)		Fiscal Year (2020)
	Contributions Required and Made	Pension Expense	TRS Contributions
Employer (District)	\$ 563,399	\$ 1,313,528	\$ 571,426
Employee (Member)	412,461	-	427,513
Non-Employer Contributing Entity On-Behalf Contributions (State)	748,856	1,314,732	1,275,789

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

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

In addition, \$230,756,971 was transferred to TRS to pay for TRS-Care during the 86th Legislative Session, House Bill 1. GASB Statement No. 85 requires that an on-behalf payment is recorded for the districts proportionate share. The proportionate share was determined using the GASB Statement No. 75 TRS-Care proportionate share allocation. For the year ended June 30, 2020, the District recorded an expenditure for their proportionate share of the funds along with the corresponding revenue of \$183,182.

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

E. Actuarial Assumptions

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

Valuation Date	August 31, 2018, rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	Initial medical trend rates were 10.25% for Medicare retirees and 7.50% for non-Medicare retirees. Initial prescription drug trend rate of 10.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 13 years.
Ad hoc post-employment benefit changes	None

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

The following assumptions used for members of TRS are identical to the assumptions employed in the August 31, 2019 TRS annual pension actuarial valuation: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, (f) Wage Inflation, and (g) Salary Increases.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

F. Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

G. Discount Rate Sensitivity Analysis

Discount Rate - The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease (1.63%)	Current Rate (2.63%)	1% Increase (3.63%)
District's proportionate share of the Net OPEB Liability:	\$ 45,324,221	\$ 37,541,156	\$ 31,452,457

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

At June 30, 2020, the District reported a liability of \$37,541,156 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 37,541,156
State's proportionate share that is associated with District	49,883,799
Total	\$ 87,424,955

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

At August 31, 2019 the District's proportion of the collective Net OPEB Liability was 0.0794% which was an increase of 0.0031% from its proportion measured as of August 31, 2018.

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

	Healthcare Cost Trend Rate		
	1% Decrease	Current	1% Increase
District's proportionate share of the Net OPEB Liability:	\$ 30,624,758	\$ 37,541,156	\$ 46,805,953

Changes since the Prior Actuarial Valuation

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period:

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

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

H. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

Changes since the Prior Actuarial Valuation

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,313,528 in addition to revenue of \$1,314,732 representing OPEB expense incurred by the State on behalf of the District.

At June 30, 2020, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,841,713	\$ (6,143,212)
Changes in actuarial assumptions	2,085,118	(10,097,650)
Difference between projected and actual investment earnings	4,050	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,288,494	-
Contributions paid to TRS subsequent to the measurement date	484,116	-
Total	<u>\$ 6,703,491</u>	<u>\$ (16,240,862)</u>

The \$484,116 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2021. The net amounts of the District’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	
Ended	OPEB Expense
June 30,	Amount
2021	\$ (1,776,647)
2022	(1,776,647)
2023	(1,777,958)
2024	(1,778,707)
2025	(1,778,502)
Thereafter	(1,133,026)
	<u>\$ (10,021,487)</u>

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

I. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired 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 June 30, 2020, 2019, and 2018, the subsidy payments received by TRS-Care on-behalf of the District are as follows:

<u>Fiscal Year</u>	<u>Medicare Part D</u>
2020	\$ 315,566
2019	191,913
2018	229,386

The information for the year ended June 30, 2020 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Note 11 - Risk Management

Property/Liability

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance. The district is covered on property insurance with a limit of \$353,844,333. Insurance coverage is limited to a maximum amount of \$250,000 per occurrence.

Note 12 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and the District's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Note 13 - Tax Abatement

On December 17, 2012, the Manor ISD Board of Trustees approved an Agreement with Samsung Austin Semiconductor, LLC (Samsung) for a Limitation On Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Samsung qualified for a tax limitation agreement under Texas Tax Code §313.024(b)(5), as a manufacturing project.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) under the Chapter 313 agreement must be consistent with the state’s goal to “encourage large scale capital investments in this state”. Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant, including Samsung has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application’s approval, the agreement was found to have done so by both the District’s Board of Trustees and the Texas Comptroller’s Office, which recommended approval of the project.

After approval, the applicant company must maintain a viable presence in the district for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that Samsung terminates this Agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

As of the date of this report, the applicant company is in full compliance with all of its obligations under law and the agreement itself.

(A) Project Value 2020	(B) Project's Value Limitation Amount 2020	(C) Amount of Applicant's M&O Taxes Paid 2020	(D) Amount of Applicant's M&O Taxes Reduced 2020	(E) Company Revenue Loss Payment to School District 2020	(F) Company Supplemental Payment To School District 2020	(G) Net Benefit (Loss) to the School District 2020 (C+E+F)
\$957,862,821	\$80,000,000	\$776,000	\$9,291,269	\$92,692	\$857,821	\$1,726,513

Note 14 - Subsequent Events

On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the COVID-19, which disaster declaration he has subsequently extended.

Subsequent to the Governor's disaster declaration students in Texas did not receive in person instruction for the remainder of the 2019-2020 school year. TEA instituted an ADA hold harmless for the last two six-week attendance reporting periods of the 2019-2020 school year as follows: the average daily attendance (ADA) as calculated through the end of the fourth six-weeks will be adjusted to account for historical differences in rates of attendance from the first four six-week periods and the last two six-week periods. Once ADA is adjusted for historical rates of attendance, TEA will then reduce ADA in an amount necessary to ensure each LEA receives total state and CARES funding equal to the amount that would have been available through the Foundation School Program plus an amount to cover equitable services for private schools.

TEA instituted an ADA hold harmless for the first two six-week attendance reporting periods of the 2020-2021 school year as follows: if an LEA's Refined ADA counts during those first two six-week reporting periods are less than the ADA hold harmless projections (described in the paragraph below), the first two six-week attendance reporting periods for 2020-2021 will be excluded from the calculation of ADA and student FTEs for FSP funding purposes and will be replaced with the ADA hold harmless projections. For purposes of the hold harmless calculation, TEA will not consider each six weeks attendance period independent of each other. TEA will replace attendance numbers for each eligible LEA's 2020-2021 first two six-week attendance periods with projected ADA and student FTE numbers calculating using a three-year average trend of final numbers from the 2017-2018 through the 2019-2020 school years, unless this projection is both 15% higher and 100 ADA higher than the 2020-2021 LPE projections. In the latter case, 2020-2021 LPE counts will be used.

TEA will make available an ADA hold harmless for the third six weeks attendance reporting period, on the condition that LEAs allow on-campus instruction throughout the entire third six weeks period, as further described below. The ADA hold harmless methodology will be identical to the methodology used for the first two six weeks attendance reporting periods, except that the third six weeks will be examined independent of the first two six weeks attendance reporting periods. Specifically, if an LEA's refined ADA counts during the third six-weeks attendance reporting period is less than the ADA hold harmless projections (described in the prior question and available online), the third six-weeks attendance reporting period for 2020-2021 will be excluded from the calculation of ADA and student FTEs for FSP funding purposes and will be replaced with the ADA hold harmless projections. As noted above, this ADA hold harmless methodology will only apply to attendance-based counts and will not apply to enrollment-based FSP allotments such as the state compensatory education allotment and the dyslexia allotment.

Due to the COVID-19 global pandemic, Manor ISD staff members have faced unprecedented challenges in providing instruction to students and carrying out the operations of the District simultaneously in virtual and physical spaces. These challenges and a number of other factors have contributed to attrition, declining morale, and increased stress among school district personnel in Manor ISD and nationwide. To help provide remedy to Manor ISD staff, the Manor Independent School District Board of Trustees has established a COVID-19 Pandemic Employee Retention Program, which will further the District's stated public purpose, while establishing sufficient controls to ensure that this public purpose and the corresponding benefit to District staff is achieved. The Manor ISD COVID-19 Pandemic Employee Retention Program will provide a one-time stipend supplement to each designated full-time staff member according to terms and conditions established by the MISD Administration. We estimate the sufficient funding of this program in Fiscal Year 2020-2021 will cost \$1.2MM and be distributed in December 2020.



REQUIRED SUPPLEMENTARY INFORMATION

MANOR INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2020

Exhibit G-1

Data Control Codes		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
		Original	Final	Actual Amounts	
Revenues					
5700	Local revenues	\$ 49,714,500	\$ 55,675,000	\$ 56,904,336	\$ 1,229,336
5800	State program revenues	39,412,067	32,761,000	34,623,672	1,862,672
5900	Federal program revenues	1,760,000	1,812,700	1,974,810	162,110
5020	Total revenues	<u>90,886,567</u>	<u>90,248,700</u>	<u>93,502,818</u>	<u>3,254,118</u>
Expenditures					
Current:					
0011	Instruction	49,357,184	48,716,404	48,892,933	(176,529)
0012	Instructional resources and media services	1,002,797	943,097	914,597	28,500
0013	Curriculum and staff development	1,245,944	1,266,944	1,270,701	(3,757)
0021	Instructional leadership	3,324,184	3,656,884	3,656,383	501
0023	School leadership	6,649,219	6,754,083	6,741,129	12,954
0031	Guidance, counseling and evaluation services	2,437,854	2,761,604	2,758,163	3,441
0032	Social work services	831,001	850,526	820,087	30,439
0033	Health services	1,144,458	1,332,483	1,301,479	31,004
0034	Student transportation	5,365,415	4,833,415	4,809,758	23,657
0035	Food service	-	-	82,200	(82,200)
0036	Extracurricular activities	2,461,922	2,247,322	2,241,002	6,320
0041	General administration	3,004,842	3,116,042	3,089,982	26,060
0051	Facilities maintenance and operations	9,608,810	10,191,639	9,942,400	249,239
0052	Security and monitoring services	1,240,536	1,343,036	1,316,063	26,973
0053	Data processing services	2,060,882	2,187,882	2,188,461	(579)
0061	Community services	646,519	676,639	648,311	28,328
0081	Facilities acquisition and construction	-	-	2,485	(2,485)
Intergovernmental:					
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	5,000	18,400	18,377	23
0099	Payments to other governments	500,000	436,600	409,279	27,321
6030	Total Expenditures	<u>90,886,567</u>	<u>91,333,000</u>	<u>91,103,790</u>	<u>229,210</u>
1200	Net change in fund balances	-	(1,084,300)	2,399,028	3,483,328
0100	Fund balances - beginning	<u>28,966,254</u>	<u>28,966,254</u>	<u>28,966,254</u>	<u>-</u>
3000	Fund balances - ending	<u>\$ 28,966,254</u>	<u>\$ 27,881,954</u>	<u>\$ 31,365,282</u>	<u>\$ 3,483,328</u>

NOTES TO BUDGETARY SCHEDULE

For the Year Ended June 30, 2020

The District adopts annual appropriations type budgets for the General Fund, Child Nutrition Program Special Revenue Fund, and the Debt Service Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to federal, state, and locally imposed project length budgets and monitoring through submission of reimbursement reports. The General Fund Budget report is presented on Exhibit G-1, the Child Nutrition Program Special Revenue fund budget report and the Debt Service Fund budget report appear on Exhibit J-2 and J-3, respectively.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made during the fiscal year ended June 30, 2020.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews the expenditure requests submitted by the various organizational heads (principal and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget was prepared for adoption for budgeted governmental fund types by June 30, 2019. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Encumbrance accounting is utilized in all government fund types. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent year’s budget.

Excess of Expenditures Over Appropriations by Function

The District had the following expenditures in excess of appropriations in the general fund:

Instruction	\$176,529
Curriculum and staff development	3,757
Food service	82,200
Data processing services	579
Facilities acquisition and construction	2,485

MANOR INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
Teacher Retirement System of Texas
For the Last Six Measurement Years Ended June 30

Exhibit G-3

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.0612%	0.0599%	0.0545%
District's proportionate share of the net pension liability	\$ 31,793,033	\$ 32,953,005	\$ 17,423,755
State's proportionate share of the net pension liability associated with the District	43,607,318	45,591,662	28,233,322
Total	<u>\$ 75,400,351</u>	<u>\$ 78,544,667</u>	<u>\$ 45,657,077</u>
District's covered payroll (for Measurement Year)	\$ 63,455,415	\$ 59,939,410	\$ 57,223,710
District's proportionate share of the net pension liability as a percentage of covered payroll	50.10%	54.98%	30.45%
Plan's fiduciary net position as a percentage of the total pension liability *	75.24%	73.74%	82.17%
Plan's net pension liability as a percentage of covered payroll *	114.93%	126.11%	75.93%
	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0585%	0.0565%	0.0424%
District's proportionate share of the net pension liability	\$ 22,092,768	\$ 19,972,776	\$ 11,330,541
State's proportionate share of the net pension liability associated with the District	33,022,025	30,171,032	23,732,728
Total	<u>\$ 55,114,793</u>	<u>\$ 50,143,808</u>	<u>\$ 35,063,269</u>
District's covered payroll (for Measurement Year)	\$ 57,282,739	\$ 52,822,628	\$ 48,547,788
District's proportionate share of the net pension liability as a percentage of its covered payroll	38.57%	37.81%	23.34%
Plan's fiduciary net position as a percentage of the total pension liability *	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll *	92.75%	91.94%	72.89%

The amounts presented for each Plan year which ends the preceding August 31 of the Districts fiscal year Net pension liability is presented prospectively in accordance with GASB 68.

* Per Teacher retirement System of Texas' comprehensive annual financial report

MANOR INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
Teacher Retirement System of Texas
For the Last Six Fiscal Years Ended June 30

Exhibit G-4

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 2,187,009	\$ 2,182,736	\$ 2,058,940	\$ 1,695,335
Contributions in relation to the contractually required contributions	<u>2,187,009</u>	<u>2,182,736</u>	<u>2,058,940</u>	<u>1,695,335</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered payroll	 \$ 65,770,930	 \$ 62,950,545	 \$ 61,951,863	 \$ 54,437,245
 Contributions as a percentage of covered payroll	 3.33%	 3.47%	 3.32%	 3.11%
	<u>2016</u>	<u>2015</u>		
Contractually required contributions	\$ 1,876,432	\$ 1,719,011		
Contributions in relation to the contractually required contributions	<u>1,876,432</u>	<u>1,719,011</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
 District's covered payroll	 \$ 57,058,223	 \$ 51,812,156		
 Contributions as a percentage of covered payroll	 3.29%	 3.32%		

Notes:

Ten years of data should be presented in this schedule but data is unavailable prior to 2015.
Contribution data will be presented prospectively in accordance with GASB 68.

Changes of Assumptions

- The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

Changes in Benefit Terms

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

Other Information

Effective September 1, 2014, employers who did not contribute to Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

MANOR INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
Teacher Retirement System of Texas
For the Last Three Measurement Years Ended June 30

Exhibit G-6

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0794%	0.0763%	0.0751%
District's proportionate share of the net OPEB liability	\$ 37,541,156	\$ 38,077,606	\$ 32,654,012
State's proportionate share of the net OPEB liability associated with the District	49,883,799	51,207,637	45,260,096
Total	<u>\$ 87,424,955</u>	<u>\$ 89,285,243</u>	<u>\$ 77,914,108</u>
District's covered payroll (for Measurement Year)	\$ 63,455,415	\$ 59,939,410	\$ 57,223,710
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	59.2%	63.5%	57.1%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll	135.21%	146.64%	132.55%

Note: Ten years of data should be presented in this schedule but data is unavailable prior to 2017
Net OPEB liability and related ratios will be presented prospectively as data becomes available.

MANOR INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
Teacher Retirement System of Texas
For the Last Five Fiscal Years Ended June 30

Exhibit G-7

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 571,426	\$ 568,234	\$ 536,486	\$ 372,044
Contributions in relation to the contractually required contributions	<u>571,426</u>	<u>568,234</u>	<u>536,486</u>	<u>372,044</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 65,770,930	\$ 62,950,545	\$ 61,951,863	\$ 54,437,245
Contributions as a percentage of covered payroll	0.87%	0.90%	0.87%	0.68%
	<u>2016</u>			
Contractually required contributions	\$ 374,993			
Contributions in relation to the contractually required contributions	<u>374,993</u>			
Contribution deficiency (excess)	<u>\$ -</u>			
District's covered payroll	\$ 51,812,156			
Contributions as a percentage of covered payroll	0.72%			

Notes:

- Ten years of data should be presented in this schedule but data is unavailable prior to 2016.
- Contribution data will be presented prospectively in accordance with GASB 75.

Changes of Assumptions

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

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

Changes of Benefit Terms

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

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums



OTHER SUPPLEMENTARY INFORMATION

MANOR INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020

Exhibit H-1
Page 1 of 4

Data Control Codes	206 ESEA Title X Part C - Education for Homeless Children	211 ESEA Title I Part A - Improving Basic Programs	224 IDEA - Part B Formula	240 Child Nutrition
Assets				
1110	\$ -	\$ -	\$ -	\$ 1,290
Receivables:				
1240	8,436	357,278	163,566	24,200
1260	-	-	-	1,462,979
1310	-	-	-	27,685
1000 Total Assets	\$ 8,436	\$ 357,278	\$ 163,566	\$ 1,516,154
Liabilities and Fund Balances				
Liabilities:				
Current Liabilities:				
2110	\$ -	\$ -	\$ 142,685	\$ 7,875
2160	-	30,508	-	156,231
2170	7,904	326,770	20,881	97,183
2300	532	-	-	-
2000 Total Liabilities	8,436	357,278	163,566	261,289
Fund Balances:				
Restricted:				
3450	-	-	-	1,254,865
3490	-	-	-	-
Committed:				
3545	-	-	-	-
3000 Total fund balances				1,254,865
4000 Total Liabilities and Fund Balances	\$ 8,436	\$ 357,278	\$ 163,566	\$ 1,516,154

MANOR INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020

Exhibit H-1
Page 2 of 4

<u>Data Control Codes</u>	244	255 ESEA Title II, Part A - Teacher and Principal Training	263 Title III, Part A - English Language Acquisition	266 ESSER Grant
Assets				
1110	\$ -	\$ -	\$ -	\$ -
Receivables:				
1240	42,227	47,270	77,472	244,067
1260	-	-	-	-
1310	-	-	-	-
1000	<u>\$ 42,227</u>	<u>\$ 47,270</u>	<u>\$ 77,472</u>	<u>\$ 244,067</u>
Liabilities and Fund Balance				
Liabilities:				
Current Liabilities:				
2110	\$ -	\$ -	\$ -	\$ -
2160	-	-	-	-
2170	42,227	47,270	77,472	244,067
2300	-	-	-	-
2000	<u>42,227</u>	<u>47,270</u>	<u>77,472</u>	<u>244,067</u>
Fund Balances:				
Restricted:				
3450	-	-	-	-
3490	-	-	-	-
Committed :				
3545	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 42,227</u>	<u>\$ 47,270</u>	<u>\$ 77,472</u>	<u>\$ 244,067</u>

MANOR INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020

Exhibit H-1
Page 3 of 4

Data Control Codes		274	289	385	397
		GEAR UP	Federally Funded Special Revenue Funds	State Supplemental Visually Impaired	Advanced Placement Initiatives
	Assets				
1110	Cash and cash equivalents	\$ 253,694	\$ -	\$ 2,078	\$ -
	Receivables:				
1240	Receivables from other governments	66,074	32,646	1,599	-
1260	Due from other funds	-	-	-	110
1310	Inventories, at cost	-	-	-	-
1000	Total Assets	\$ 319,768	\$ 32,646	\$ 3,677	\$ 110
	Liabilities and Fund Balance				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	319,768	32,646	3,677	-
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	319,768	32,646	3,677	
	Fund Balances:				
	Restricted:				
3450	Federal/State grant restrictions	-	-	-	110
3490	Local grants	-	-	-	-
	Committed :				
3545	Other purposes	-	-	-	-
3000	Total fund balances				110
4000	Total Liabilities and Fund Balances	\$ 319,768	\$ 32,646	\$ 3,677	\$ 110

MANOR INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020

Exhibit H-1
Page 4 of 4

	410	429	461	499	
	<u>Instructional Materials Allotment</u>	<u>State Special Revenue Fund</u>	<u>Campus Activity Funds</u>	<u>Local Grants</u>	<u>Total Nonmajor Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 122,022	\$ 96,676	\$ 475,760
Receivables:					
Receivables from other governments	-	803,342	-	-	1,868,177
Due from other funds	299,477	-	240,246	212,482	2,215,294
Inventories, at cost	-	-	-	-	27,685
Total Assets	<u>\$ 299,477</u>	<u>\$ 803,342</u>	<u>\$ 362,268</u>	<u>\$ 309,158</u>	<u>\$ 4,586,916</u>
Liabilities and Fund Balance					
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 15,000	\$ 353,136	\$ 19,754	\$ 10,523	\$ 548,973
Accrued wages payable	-	-	-	-	186,739
Due to other funds	-	390,230	109,082	23,934	1,743,111
Unearned revenues	284,477	7,000	-	116,396	408,405
Total Liabilities	<u>299,477</u>	<u>750,366</u>	<u>128,836</u>	<u>150,853</u>	<u>2,887,228</u>
Fund Balances:					
Restricted:					
Federal/State grant restrictions	-	52,976	-	-	1,307,951
Local grants	-	-	-	158,305	158,305
Committed :					
Other purposes	-	-	233,432	-	233,432
Total fund balances	<u>-</u>	<u>52,976</u>	<u>233,432</u>	<u>158,305</u>	<u>1,699,688</u>
Total Liabilities and Fund Balances	<u>\$ 299,477</u>	<u>\$ 803,342</u>	<u>\$ 362,268</u>	<u>\$ 309,158</u>	<u>\$ 4,586,916</u>

MANOR INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

Exhibit H-2
Page 1 of 4

Data Control Codes	206 ESEA Title X Part C - Education for Homeless Children	211 ESEA Title I Part A - Improving Basic Programs	224 IDEA - Part B Formula	240 Child Nutrition
Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ 836,982
5800	State program revenues	-	-	29,165
5900	Federal program revenues	33,652	1,422,351	4,304,210
5020	Total revenues	<u>33,652</u>	<u>1,422,351</u>	<u>5,170,357</u>
Expenditures				
Current:				
0011	Instruction	-	445,395	1,008,180
0012	Instruction resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	265,736	387,527
0021	Instructional leadership	-	292,789	13,584
0023	School leadership	-	23,857	-
0031	Guidance, counseling and evaluation services	-	85,053	13,060
0032	Social work services	33,652	145,421	-
0033	Health services	-	-	-
0034	Student transportation	-	8,550	-
0035	Food service	-	-	5,535,311
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	357,498	-
6030	Total Expenditures	<u>33,652</u>	<u>1,624,299</u>	<u>5,535,311</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	(364,954)
1200	Net change in fund balances	-	-	(364,954)
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>1,619,819</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,254,865</u>

MANOR INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

Exhibit H-2
Page 2 of 4

	244	255 ESEA Title II, Part A - Teacher and Principal Training	263 Title III, Part A - English Language Acquisition	266 ESSER Grant
Revenues				
Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
State program revenues	-	-	-	-
Federal program revenues	91,542	249,526	366,703	244,067
Total revenues	<u>91,542</u>	<u>249,526</u>	<u>366,703</u>	<u>244,067</u>
Expenditures				
Current:				
Instruction	68,844	-	96,046	244,067
Instruction resources and media services	-	-	-	-
Curriculum and instructional staff development	22,698	231,101	16,522	-
Instructional leadership	-	9,636	252,812	-
School leadership	-	-	1,208	-
Guidance, counseling and evaluation services	-	-	-	-
Social work services	-	-	-	-
Health services	-	-	-	-
Student transportation	-	-	-	-
Food service	-	-	-	-
Extracurricular activities	-	-	-	-
General administration	-	8,789	-	-
Security and monitoring services	-	-	-	-
Data processing services	-	-	-	-
Community services	-	-	115	-
Total Expenditures	<u>91,542</u>	<u>249,526</u>	<u>366,703</u>	<u>244,067</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MANOR INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

Exhibit H-1
Page 3 of 4

	274	289	385	397
	GEAR UP	Federally Funded Special Revenue Funds	State Supplemental Visually Impaired	Advanced Placement Initiatives
Revenues				
Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
State program revenues	-	-	1,599	110
Federal program revenues	298,132	78,156	-	-
Total revenues	<u>298,132</u>	<u>78,156</u>	<u>1,599</u>	<u>110</u>
Expenditures				
Current:				
Instruction	61,616	72,474	1,599	-
Instruction resources and media services	-	-	-	-
Curriculum and instructional staff development	2,000	5,682	-	-
Instructional leadership	233,660	-	-	-
School leadership	-	-	-	-
Guidance, counseling and evaluation services	536	-	-	-
Social work services	-	-	-	-
Health services	-	-	-	-
Student transportation	-	-	-	-
Food service	-	-	-	-
Extracurricular activities	-	-	-	-
General administration	-	-	-	-
Security and monitoring services	-	-	-	-
Data processing services	-	-	-	-
Community services	320	-	-	-
Total Expenditures	<u>298,132</u>	<u>78,156</u>	<u>1,599</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>110</u>
Net change in fund balances	-	-	-	110
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110</u>

MANOR INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

Exhibit H-1
Page 4 of 4

	410	429	461	499	
	<u>Instructional Materials Allotment</u>	<u>State Special Revenue Fund</u>	<u>Campus Activity Funds</u>	<u>Local Grants</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues					
Local, intermediate, and out-of-state	\$ -	\$ -	\$ 494,866	\$ 324,804	\$ 1,656,652
State program revenues	1,493,362	876,197	-	-	2,400,433
Federal program revenues	-	-	-	-	8,712,638
Total revenues	<u>1,493,362</u>	<u>876,197</u>	<u>494,866</u>	<u>324,804</u>	<u>12,769,723</u>
Expenditures					
Current:					
Instruction	1,488,899	48,098	-	252,301	3,787,519
Instruction resources and media services	-	-	-	1,931	1,931
Curriculum and instructional staff development	-	2,850	-	9,163	943,279
Instructional leadership	-	-	-	344	802,825
School leadership	-	-	-	12,128	37,193
Guidance, counseling and evaluation services	-	-	-	2,628	101,277
Social work services	-	723,943	-	30,000	933,016
Health services	-	-	-	1,472	1,472
Student transportation	-	-	-	-	8,550
Food service	-	-	-	-	5,535,311
Extracurricular activities	-	-	464,215	1,453	465,668
General administration	-	-	-	-	8,789
Security and monitoring services	-	50,601	-	-	50,601
Data processing services	4,463	-	-	-	4,463
Community services	-	-	-	13,384	371,317
Total Expenditures	<u>1,493,362</u>	<u>825,492</u>	<u>464,215</u>	<u>324,804</u>	<u>13,053,211</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>50,705</u>	<u>30,651</u>	<u>-</u>	<u>(283,488)</u>
Net change in fund balances	-	50,705	30,651	-	(283,488)
Fund balance - beginning	<u>-</u>	<u>2,271</u>	<u>202,781</u>	<u>158,305</u>	<u>1,983,176</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 52,976</u>	<u>\$ 233,432</u>	<u>\$ 158,305</u>	<u>\$ 1,699,688</u>



REQUIRED TEA SCHEDULES

MANOR INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2020

Exhibit J-1
Page 1 of 2

<u>Last Ten Fiscal Years</u>	<u>Tax Rates</u>		<u>Net Assessed/Appraised Value For School Tax Purposes</u>	<u>Beginning Balance 7/1/2019</u>
	<u>1</u>	<u>2</u>		
	<u>Maintenance</u>	<u>Debt Service</u>		
2011 and prior	Various	Various	Various	\$ 1,127,351
2012	1.040000	0.475000	3,200,551,815	58,061
2013	1.040000	0.475000	3,250,287,925	98,796
2014	1.040000	0.475000	3,151,131,023	114,216
2015	1.040000	0.475000	4,186,459,208	119,040
2016	1.040000	0.475000	3,902,520,528	150,677
2017	1.040000	0.475000	4,670,138,746	179,356
2018	1.040000	0.475000	4,893,258,086	285,149
2019	1.040000	0.475000	4,895,991,089	1,072,250
2020	0.970000	0.500000	5,630,810,408	-
1000 Totals				<u><u>\$ 3,204,896</u></u>

MANOR INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2020

Exhibit J-1
Page 2 of 2

	20	31	32	40	50
<u>Last Ten Fiscal Years</u>	<u>Current Year's Total Levy</u>	<u>Maintenance Total Collections</u>	<u>Debt Service Total Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 6/30/2020</u>
2011 and prior	\$ -	\$ 1,260	\$ 346	\$ (11)	\$ 1,125,734
2012	-	1,095	500	-	56,466
2013	-	3,403	1,554	1,709	95,548
2014	-	41,039	18,744	21,570	76,003
2015	-	49,545	22,629	17,840	64,706
2016	-	69,178	31,596	36,601	86,504
2017	-	102,314	46,730	103,937	134,249
2018	-	78,775	35,979	1,663	172,058
2019	-	143,707	65,635	(550,487)	312,421
2020	<u>82,772,913</u>	<u>53,785,977</u>	<u>27,724,730</u>	<u>-</u>	<u>1,262,206</u>
1000 Totals	<u>\$ 82,772,913</u>	<u>\$ 54,276,293</u>	<u>\$ 27,948,443</u>	<u>\$ (367,178)</u>	<u>3,385,895</u>
					<u>3,102,635</u>
					<u>\$ 6,488,530</u>

MANOR INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION PROGRAM
For the Year Ended June 30, 2020

Exhibit J-2

Data Control Codes	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts		
Revenues					
5700	Local revenues	\$ 1,531,158	\$ 1,531,158	\$ 836,982	\$ (694,176)
5800	State program revenues	33,000	33,000	29,165	(3,835)
5900	Federal program revenues	4,550,000	4,550,000	4,304,210	(245,790)
5020	Total revenues	<u>6,114,158</u>	<u>6,114,158</u>	<u>5,170,357</u>	<u>(943,801)</u>
Expenditures					
Current:					
0035	Food services	6,114,158	6,114,158	5,535,311	578,847
6030	Total Expenditures	<u>6,114,158</u>	<u>6,114,158</u>	<u>5,535,311</u>	<u>578,847</u>
1200	Net change in fund balances	-	-	(364,954)	(364,954)
0100	Fund balances - beginning	<u>1,619,819</u>	<u>1,619,819</u>	<u>1,619,819</u>	<u>-</u>
3000	Fund balances - ending	<u>\$ 1,619,819</u>	<u>\$ 1,619,819</u>	<u>\$ 1,254,865</u>	<u>\$ (364,954)</u>

MANOR INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended June 30, 2020

Exhibit J-3

Data Control Codes		Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
		Original	Final		
	Revenues				
5700	Local revenues	\$ 29,126,500	\$ 29,126,500	\$ 28,639,525	\$ (486,975)
5800	State program revenues	200,000	200,000	286,125	86,125
5020	Total revenues	<u>29,326,500</u>	<u>29,326,500</u>	<u>28,925,650</u>	<u>(400,850)</u>
	Expenditures				
	Debt Service:				
0071	Principal on long-term debt	11,550,000	28,197,663	26,870,000	1,327,663
0072	Interest on long-term debt	13,774,514	13,774,514	13,774,512	2
0073	Bond issuance costs and fees	1,921,931	41,931	1,300,210	(1,258,279)
6030	Total Expenditures	<u>27,246,445</u>	<u>42,014,108</u>	<u>41,944,722</u>	<u>69,386</u>
1100	Excess (deficiency) of revenues over expenditures	<u>2,080,055</u>	<u>(12,687,608)</u>	<u>(13,019,072)</u>	<u>(331,464)</u>
	Other Financing Sources (Uses)				
7915	Operating transfers in	-	-	2,108	2,108
7080	Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>2,108</u>	<u>2,108</u>
0100	Net change in fund balances	2,080,055	(12,687,608)	(13,016,964)	(329,356)
1300	Fund balances - beginning	<u>43,317,637</u>	<u>43,317,637</u>	<u>43,317,637</u>	<u>-</u>
3000	Fund balances - ending	<u>\$ 45,397,692</u>	<u>\$ 30,630,029</u>	<u>\$ 30,300,673</u>	<u>\$ (329,356)</u>



FEDERAL AWARDS SECTION



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*

To the Board of Trustees
Manor Independent School District
Manor, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Manor Independent School District (the “District”), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise District’s basic financial statements, and have issued our report thereon dated November 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

Our consideration of internal control financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying *schedule of findings and questioned costs* as item 2020-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying *schedule of findings and questioned costs* as item 2020-002 to be a significant deficiency.

To the Board of Trustees
Manor Independent School District

Compliance and Other Matters

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

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive style with a large, stylized "P" for "Penn".

Houston, Texas
November 16, 2020

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY *THE UNIFORM GUIDANCE***

To the Board of Trustees
Manor Independent School District
Manor, Texas

Report on Compliance for Each Major Federal Program

We have audited Manor Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

To the Board of Trustees
Manor Independent School District

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as findings 2020-003 and 2020-004. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.


Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance described in the accompanying schedule of findings of questioned costs as findings 2020-003 and 2020-004, considered to be significant deficiencies.

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


Houston, Texas
November 16, 2020

MANOR INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes. Finding 2020-001
Significant deficiencies identified that are not considered to be material weaknesses?	Yes. Finding 2020-002
Noncompliance material to financial statements noted?	None reported

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes. Findings 2020-003 and 2020-004
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	Yes. Findings 2020-003 and 2020-004

Identification of major programs

Name of Federal Program or Cluster	CFDA Numbers
------------------------------------	--------------

Child Nutrition Cluster

<i>National School Lunch Program (Commodities)</i>	10.555
<i>National School Lunch Program</i>	10.555
<i>National School Breakfast Program</i>	10.553
<i>COVID 19 – National School Lunch Program</i>	10.555
<i>COVID 19 – National School Breakfast Program</i>	10.553
<i>CARES Act ESSER Formula Grant</i>	84.425D

Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

MANOR INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2020

II. Financial Statement Findings

Finding 2020-001 Internal Control over Financial Reporting: Financial Close and Reporting Processes

Criteria: The District is required to maintain internal control procedures over financial reporting to provide a high level of assurance that the financial amounts are accurate, valid, and reported correctly through the Public Education Information Management System (PEIMS).

Condition: Material adjusting journal entries were identified during the audit of the financial statements that were not previously identified or corrected in a timely manner by the District.

Cause: The District's limited size and staffing resources have made it difficult for management to provide sufficient staffing of experienced personnel. Because these errors were not detected timely by the District, there is an indication that closing procedures, specifically the monitoring and review of financial information, were not being effectively performed.

Effect or Potential Effect: Material misstatements of the District's financial statements were not prevented, or detected and corrected, by the District's system of internal control. Failure to establish effective monitoring and closing procedures will allow possible irregularities to exist and continue without notice.

Recommendation: We recommend that the District review its internal control procedures over financial reporting to ensure controls are in place to identify and record all transactions in the correct period.

Finding 2020-002 Internal Control over Financial Reporting: Policies and Procedures

Criteria: The District is required to maintain internal control procedures over financial reporting to provide a high level of assurance that the financial amounts are accurate and valid.

Condition: (1) The Accounts Payable Specialist has the ability to change vendor address information and process payments without any second review or approval. (2) Payroll department employees have the ability to change pay rates and process payroll disbursements. (3) Individuals in the finance department have the ability to initiate, approve and post journal entries into the accounting system without a second review or approval.

Cause: Improperly designed internal controls.

Effect or Potential Effect: Unauthorized activity may impact data integrity and financial reporting. Unauthorized user access may lead to erroneous transaction, undetected transactions, and compromised data resulting in unreliable financial reports.

Recommendation: Internal control policies and procedures including user access rights should be periodically reviewed, properly documented, and adequate actions should be taken to address issues noted.

MANOR INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2020

III. Federal Awards Findings and Questioned Costs

Finding 2020-003: Child Nutrition Cluster (CFDA 10.553, 10.555) - Program Income

Criteria: The District is required to determine, record, and use program income in accordance with program requirements

Condition: The District has not designed or implemented formal controls for the receipt, deposit, and recording of Program Income related to the Child Nutrition Cluster program.

Cause: This is a process that has not been implemented by the Finance Department.

Effect or Potential Effect: The lack of proper oversight results in the risk of non-detection of errors as well as the opportunity for individuals to commit fraud.

Questioned Cost: Unknown

Recommendation: We recommend the District establish procedures and guidelines related to program income; provide training to program personnel on program requirements and assign a responsible individual to conduct a review. In addition, supporting documentation should be maintained.

Finding 2020-004: Child Nutrition Cluster (CFDA 10.553, 10.555) – Procurement

Criteria: The District is required to maintain internal controls over compliance with procurement to provide a high level of assurance that the District is in compliance with grant provisions for federal funds received.

Condition: The District entered into professional service contracts with various vendors which required formal competitive procurement, as these services were paid with federal funds passed through TEA from the U.S. Department of Education. The District should have conducted formal competitive procurement methods for Temporary Grounds, Custodial & Food Service Workers as these services exceeded \$50,000. In addition, there was one instance noted of an independent cost price analysis not being performed for the procurement of school cafeteria milk and juice supplies including summer school milk and juice supplies from Borden Inc., as these services amounted to greater than \$150,000.

Cause: The District’s limited size and staffing resources have made it difficult for management to provide sufficient staffing of experienced personnel.

Effect or Potential Effect: The District is non-compliant with grant provisions.

Questioned Cost: Unknown

Recommendation: These findings relate to federal procurement requirements described in the Uniform Guidance: Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. §200). The District must ensure their procurement policies and procedures fully comply with the Uniform Guidance.

MANOR INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Exhibit K-1
Page 1 of 2

Fund Code	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U. S. Department of Education				
Passed Through State Department of Education:				
206	<i>Texas Education for Homeless Children and Youth</i>	84.196A	194600057110047	\$ 3,105
206	<i>Texas Education for Homeless Children and Youth</i>	84.196A	204600057110051	<u>30,547</u>
	Total CFDA 84.196			<u>33,652</u>
211	<i>Title I Part A - Improving Basic Programs</i>	84.010A	19610101227907	120,442
211	<i>Title I Part A - Improving Basic Programs</i>	84.010A	20610101227907	1,337,820
211	<i>2017-2019 School Redesign Grant, Pilot Cycle</i>	84.010A	186101207110013	46,114
	Total CFDA 84.010			<u>1,504,376</u>
211	<i>2018-2020 School Transformation Fund</i>	84.377A	176107337110019	205,773
224	<i>IDEA B - Formula</i>	84.027A	196600012279076000	26,778
224	<i>IDEA B - Formula</i>	84.027A	206600012279076000	1,395,573
	Total Special Education Cluster (CFDA 84.027)			<u>1,422,351</u>
244	<i>Carl D. Perkins Basic Formula</i>	84.048A	20420006227907	61,543
244	<i>Carl D. Perkins Reserve Grant</i>	84.048A	204200287110052	29,999
	Total CFDA 84.048			<u>91,542</u>
255	<i>Title II, Part A - Supporting Effective Instruction</i>	84.367A	19694501227907	123,373
255	<i>Title II, Part A - Supporting Effective Instruction</i>	84.367A	20694501227907	137,328
	Total CFDA 84.367			<u>260,701</u>
263	<i>Title III, Part A - ELA</i>	84.365A	19671001227907	15,904
263	<i>Title III, Part A - ELA</i>	84.365A	20671001227907	370,959
	Total CFDA 84.365			<u>386,863</u>
266	<i>COVID 19 - ESSER Grant - CARES Act</i>	84.425D	20521001227907	244,067
289	<i>Title IV, Part A, Subpart 1</i>	84.424A	20680101227907	71,348
289	<i>Title IV, Part A, Subpart 1</i>	84.424A	19680101227907	11,162
	Total CFDA 84.424			<u>82,510</u>
199	<i>Summer School LEP</i>	84.369A	69551902	<u>10,685</u>

MANOR INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Exhibit K-1
Page 2 of 2

Fund Code	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U. S. Department of Education (continued)				
Passed Through University of Texas at Austin:				
274	<i>GEAR UP Grant</i>	84.334	P334A170079	\$ 74,150
274	<i>GEAR UP Grant</i>	84.334	P334A170079	223,982
	Total CFDA 84.334			<u>298,132</u>
Total U. S. Department of Education				<u>4,540,652</u>
U. S. Department of Agriculture				
Passed Through the Texas Department of Agriculture:				
<i>National School Lunch Program - USDA Commodities -</i>				
240	<i>Non-Cash Assistance</i>	10.555	CE-227907	457,287
Passed Through State Department of Education:				
240	<i>National School Breakfast Program</i>	10.553	71402001	1,129,563
240	<i>National School Lunch Program</i>	10.555	71302001	2,683,108
240	<i>COVID 19 - National School Breakfast Program</i>	10.553	52402001	13,220
240	<i>COVID 19 - National School Lunch Program</i>	10.555	52302001	21,032
	Total Child Nutrition Cluster (CFDA 10.553, 10.555)			<u>4,304,210</u>
Total U. S. Department of Agriculture				<u>4,304,210</u>
Total Expenditures of Federal Awards				<u>\$ 8,844,862</u>

Note 1 - Summary of Significant Accounting Policies

The District accounts for all awards under federal programs in the General and Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

All federal grants are subject to review by the grantor agencies. Any expenditures identified by the grantor agencies as disallowed could require reimbursement to the grantor agency from the District's general fund.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 3 - Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards program per Exhibit K-1 and expenditures reported on Exhibit C-3:

Total shown on Schedule of Expenditures of Federal Awards	\$ 8,844,862
Federal Revenue Accounted for in Governmental Funds:	
SHARS	1,679,499
E-Rate	163,087
Total Expenditures of Federal Awards per SEFA	<u>1,842,586</u>
Total Federal Revenue - Exhibit C-3	<u><u>\$ 10,687,448</u></u>

Note 4 - General Fund Expenditures

Federal Awards reported in the general fund are summarized as follows:

SHARS	\$ 1,679,499
E-Rate	163,087
Summer School LEP (CFDA 84.369A)	10,685
Indirect Costs	121,539
	<u>\$ 1,974,810</u>

MANOR INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2020

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, “The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings.” The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit’s schedule of findings and questioned costs and
- All audit findings reported in the prior audit’s summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None Noted

MANOR INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2020

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, “At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports.”

I. Corrective Action Plan

Financial Statement Findings

Finding 2020-001 Internal Control over Financial Reporting: Financial Close and Reporting Processes

Response: As of fiscal year end 2019-2020, the District did not have a full-time Chief Financial Officer, nor a Director of Finance on staff. This caused significant challenges for existing staff in managing year-end processing and the financial close process. Since year end, the District has hired a Chief Financial Officer (CPA) and is in the process of interviewing for Director of Finance, Director of Business Services and Manager of Bond Finance. These roles, in support of the CFO, will promote a robust and complete financial close and reporting process and minimize risk of material misstatements.

In regards to our annual PEIMS reporting, the District’s corrective action plan will also include instituting a quarterly review of expenditure data in Skyward, generating and analyzing PEIMS error reports, and making adjustments to our accounting records as needed, prior to year-end. Finally, instead of relying on just one staff person from Academics and another from Finance to generate and submit the PEIMS reporting, both departments will cross train at least one additional person in each area to support this function and provide secondary review for the submission.

Contact Person: Melinda Gildart, CPA, Chief Financial Officer

Estimated Completion Date: June 30, 2021

Finding 2020-002 Internal Control over Financial Reporting: Policies and Procedures

Response: As discussed in our response to finding #2020-001, the District has hired/is in the process of hiring additional personnel, which would further increase segregation of duties and provide additional mitigating controls to offset system deficiencies in Skyward. The District will also increase the frequency of our reviews of system generated audit reports to identify issues as soon as possible. Finally, we will work to institute a secondary review for these conditions through Skyward. The program has a feature called “Task Manager” that can be used to create a workflow for the review and update of transactions. Our Information Technology partners will assist Finance in continuing to identify any technical adjustments that may be made in Skyward to minimize overlapping access for staff.

Contact Person: Melinda Gildart, CPA, Chief Financial Officer

Estimated Completion Date: June 30, 2021

MANOR INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2020

I. Corrective Action Plan (continued)

Federal Award Findings

Finding 2020-003: Child Nutrition Cluster (CFDA 10.553, 10.555) - Program Income

Response: To increase internal controls and promote the safeguarding of assets, the Finance and Operations departments have revamped the cash deposit and recording process for Child Nutrition receipts. Beginning in FY2021, Manor Food Service department staff began submitting deposit slips to departmental administrative staff, while deposit bags are submitted via drop box to the Finance/Business Office. Food Service admin staff will generate reports out of the point of sale system and compare and enter the actual cash receipts into the Skyward system. Finance department staff will then verify the deposit bag totals against the Skyward cash receipts. On a monthly basis, an analysis of Food Service activity will be included in the Finance department's bank reconciliation.

Contact Person: Melinda Gildart, CPA, Chief Financial Officer

Estimated Completion Date: June 30, 2021

Finding 2020-004: Child Nutrition Cluster (CFDA 10.553, 10.555) – Procurement

Response: The District no longer uses the previous vendors for temporary staffing services and took steps to comply with Federal guidelines and contract with an approved temporary staffing services firm for Custodial, Food Service and other services. In October 2020, Manor adopted an interlocal agreement for these services that brings the District into compliance with all related procurement regulations. Additional training has also been given to staff so that they are aware of current procurement requirements, especially those for the expenditure of Federal funds. In regards to not retaining and/or preparing an independent cost price analysis for Food Service commodities purchases, the District has implemented a process to screen prospective purchases in order to identify procurement method, contract type, funding source, required documentation, etc. prior to executing an agreement. The District has also developed a Master Contract List, which will track all pending and active contracts, and promote timely and complete contract execution.

Contact Person: Melinda Gildart, CPA, Chief Financial Officer

Estimated Completion Date: June 30, 2021

DO NOT BIND IN REPORT

Schedule L-1 – Required Responses to Selected School FIRST Indicators

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes/
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	<p>Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.</p> <p>Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.</p>	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district’s fiscal year end?	Yes
SF8	Did the school board members discuss the school district’s property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$747,357-

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission on the required due date and published as a part of the school district’s AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).