

**MARBLE FALLS INDEPENDENT
SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

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Introductory Section

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CERTIFICATE OF BOARD

Marble Falls Independent School District
Name of School District

Burnet
County

027-904
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended June 30, 2020, at a meeting of the Board of Trustees of such school district on the 26th day of October, 2020.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):

(attach list as necessary)

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Financial Section

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LOTT, VERNON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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*Member of
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Certified Public Accountants*

Independent Auditors' Report

Board of Trustees
Marble Falls Independent School District
Marble Falls, Texas

Members of the Board:

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 Marble Falls 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.

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 Marble Falls Independent School District as of June 30, 2020, and the respective changes in financial position 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 13 through 19, the budgetary comparison schedules and the TRS Schedules on pages 77 through 84 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 the required TEA schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1, J-2 and J-3. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 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.

Jott, Newnan & Co., P.C.

Temple, Texas
October 8, 2020

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Marble Falls Independent School District MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Marble Falls Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$23.08 million at June 30, 2020, compared to \$20.98 million at June 30, 2019 (see Table A-1).
- In accordance with HB3, the district increased salaries for all non-teaching staff and teachers with 5 years or less experience by 3%. Teachers with experience greater than 5 years received a 4% increase. In addition, the district's contribution for employee health care premiums were increased by \$35 per month per employee. Payroll expenditures increased by approximately \$1.2 million. The district's overall gain in funding from HB3 was \$.7 million.
- The district's bond program is well under way at approximately 50% completion. Bus loops and parking lots at the middle school and Highland Lakes Elementary, 310 HVAC systems district-wide, keyless entry and access points for all buildings, high school track resurface and high school football field turf replacement projects have been completed at a total cost of \$8.2 million.
- In addition, the transportation facility, funded by the general fund, is now complete at a total cost of \$2.9 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 25 and 26). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise. Fund financial statements (starting on page 28) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 37) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

Government-Wide Statements

The Statement of Net Position and the Statement of Activities are considered to be government-wide statements. The government-wide statements report information about the District as a whole using the accrual basis of accounting. This method of accounting is used by private-sector companies. The statement of net position includes *all* of the government's assets, deferred outflows, liabilities and deferred inflows. The District's assets and liabilities are reported whether they serve current year or future years. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as grants provided by the U.S. Department of Education (program revenues), and revenues provided by the taxpayers or by Texas Education Agency (general revenues).

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

- Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's average daily attendance, property tax base and the condition of school buildings and other facilities.

The government-wide financial statements of the District are described as follows:

- *Governmental activities* - Most of the District's basic services are included here, such as instruction, transportation, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes, state funding and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District has two kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations. All of the District’s fiduciary activities are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Fund Net Position on pages 35-36.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District’s governmental and business-type activities.

Net position – The District’s governmental activities increased \$2.1 million from the previous fiscal year. Unrestricted net position - 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, was a negative \$9.7 million at June 30, 2020. This increase in governmental net position was a result of a significant decrease in general fund expenditures due to COVID-19 school closures.

Table I
Marble Falls Independent School District

NET POSITION
In thousands

	Governmental Activities 2020	Governmental Activities 2019
Current and other assets	\$ 67,565	\$ 87,147
Capital assets	108,977	90,163
Deferred outflows of resources	13,822	15,125
Total assets and deferred outflows of resources	190,364	192,435
Other liabilities	15,097	15,983
Long-term liabilities	142,304	148,910
Deferred inflows of resources	9,886	6,561
Total liabilities and deferred inflows of resources	167,287	171,454
Net Positions:		
Invested in capital assets net of related debt	21,080	21,453
Restricted	11,717	11,375
Unrestricted	(9,720)	(11,847)
Total net positions	\$ 23,077	\$ 20,981

Table II
Marble Falls Independent School District

CHANGES IN NET POSITION
In thousands

	Governmental Activities 2020	Governmental Activities 2019
Revenues:		
Program Revenues		
Charges for services	\$ 1,073	\$ 1,204
Operating grants and contributions	8,617	7,428
General Revenues:		
Maintenance and operations taxes	40,892	40,589
Debt service taxes	8,960	8,283
State aid - formula grants	4,044	5,862
Investment earnings	1,162	1,144
Miscellaneous	1,655	1,636
Total Revenues	66,403	66,146
Expenses:		
Instruction, curriculum and media services	31,900	28,888
Instruction and school leadership	3,986	4,045
Student support services	4,796	4,178
Child nutrition	2,758	2,757
Cocurricular activities	1,922	1,921
General administration	1,920	1,894
Plant maintenance, security, and data processing	6,934	7,845
Community services	80	81
Debt services - interest & bond fees	3,576	3,054
Capital Outlay	448	99
Contracted Instructional Services between Schools	5,203	7,274
Payments to other districts/increment	11	115
Other intergovernmental charges	773	736
Total Expenses	64,307	62,887
Transfers out	-	-
Change in net positions	2,096	3,259
Net positions at beginning	20,981	17,722
Prior period adjustment	-	-
Net positions at ending	\$ 23,077	\$ 20,981

NET PENSION LIABILITY (GASB 68)

During fiscal year 2015, the District adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. With GASB 68, the District must assume their proportionate share of the Net Pension Liability of the Teacher Retirement System. The District's net pension liability at year end totaled \$12.6 million.

NET OPEB LIABILITY (GASB 75)

During fiscal year 2018, the District adopted GASB Statement No. 75 for Accounting and Reporting for Postemployment Benefits Other Than Pensions (OPEB). With GASB 75, the District must assume their proportionate share of the Net OPEB Liability of the Teacher Retirement System which at year end totaled \$16.8 million.

General Fund Budgetary Highlights

The District's governmental funds (page 28) reported a combined fund balance of \$55.1 million, which is \$20.9 million less than the prior year's total of \$76 million. Included in this year's total change in fund balance is an increase of \$1.8 million in the District's General Fund due to school closures in early spring. The Debt Service fund balance increased \$.4 million due to property tax increases. Capital Projects fund balances decreased \$22.8 million for the construction of multiple bond projects related to the 2019 bond issuance. Lastly, School Nutrition fund balance decreased by \$.3 million as a result of lost revenues and the continuance of providing meals to students.

Budget amendments are presented to the Board of Trustees at regularly scheduled meetings. Each budget amendment must be approved by the Board and reflected in the official minutes of the Board before overspending in any functional category.

Additional budget considerations were approved during the year to amend the original budget. These additional considerations included the following:

- \$250,000 increase in Career & Technology funding from increased enrollment in the program.
- \$1.2 million decrease in general fund expenditures from savings experienced during school closures.
- Supplemental appropriations and amendments approved after the beginning of the year to revise the budget from estimated adopted amounts resulting from the unavailability of certified property values at June 30, 2019.
- Decreases in State funding and increases in recapture for changes in average daily attendance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the District had invested approximately \$109 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table III.) This amount represents a net increase (including additions and deductions) of \$18.8 million primarily to due to purchasing four white fleet vehicles, multiple renovation & expansion projects district-wide and the construction of a transportation facility. More detailed information about the district's capital assets activity is presented in Note D of the Notes to the Financial Statements.

Table III
Marble Falls Independent School District

Capital Assets
in thousands

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Land	\$ 4,138	\$ 4,138
Buildings and Improvements	131,112	120,030
Furniture and Equipment	11,286	10,632
Construction in Progress	<u>18,069</u>	<u>6,698</u>
Total at Historical Cost	<u>164,605</u>	<u>141,498</u>
Total Accumulated Depreciation	(55,628)	(51,335)
Net Capital Assets	<u>\$ 108,977</u>	<u>\$ 90,163</u>

Long-Term Debt

The District had \$101.7 million in bonds outstanding versus \$106.9 million last year. At June 30, 2020 the District requires \$144,121,069 (including principal, interest due and accreted interest) through 2040 to retire all of its outstanding general long-term bonds. The debt service fund currently has \$11,538,566 restricted in fund balance for the retirement of this indebtedness.

The District levied a debt service tax rate of \$0.2153 during the 2019-2020 fiscal year to fund a portion of the principal and interest payments on bonded indebtedness. The District's debt service is primarily paid by local tax revenues in the form of property taxes and investment earnings. More detailed information about the District's debt is presented in Note H of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND TAX RATES

- The district is expecting a decline in student enrollment growth for fiscal year 2021. Pandemic uncertainties within the community and the convenience of remote learning are contributing factors.
- There is a lot of uncertainty in the area of school funding at the state and federal levels. The downturn in the economy and pandemic issues will be major obstacles for school funding when legislators meet in the coming months. The district does not anticipate additional state funding in the near future unless there is significant growth in student enrollment.
- The District continues to maintain a healthy fund balance for both operational and debt purposes. The Board approved a maintenance and operations tax rate of \$.9697 and a debt service rate of \$.2153 for the 2020-2021 fiscal year

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show 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 Marble Falls Independent School District, 1800 Colt Circle, Marble Falls, Texas 78654.

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Basic Financial Statements

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Government Wide Financial Statements

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MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,932,155
1120 Current Investments	61,623,550
1220 Property Taxes - Delinquent	2,596,053
1230 Allowance for Uncollectible Taxes	(285,565)
1240 Due from Other Governments	1,476,534
1300 Inventories	158,726
1410 Prepayments	63,230
Capital Assets:	
1510 Land	4,137,649
1520 Buildings, Net	83,647,779
1530 Furniture and Equipment, Net	3,122,164
1580 Construction in Progress	18,069,601
1000 Total Assets	176,541,876
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	6,070,022
1705 Deferred Outflow Related to TRS Pension	5,754,048
1706 Deferred Outflow Related to TRS OPEB	1,997,906
1700 Total Deferred Outflows of Resources	13,821,976
LIABILITIES	
2110 Accounts Payable	3,915,114
2140 Interest Payable	1,375,758
2150 Payroll Deductions and Withholdings	2,910
2160 Accrued Wages Payable	3,999,206
2180 Due to Other Governments	2,040,031
2300 Unearned Revenue	164,453
Noncurrent Liabilities:	
2501 Due Within One Year	3,600,000
2502 Due in More Than One Year	112,794,529
2540 Net Pension Liability (District's Share)	12,653,505
2545 Net OPEB Liability (District's Share)	16,854,903
2000 Total Liabilities	157,400,409
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	2,507,654
2606 Deferred Inflow Related to TRS OPEB	7,378,291
2600 Total Deferred Inflows of Resources	9,885,945
NET POSITION	
3200 Net Investment in Capital Assets	21,079,601
3850 Restricted for Debt Service	11,538,566
3870 Restricted for Campus Activities	179,255
3900 Unrestricted	(9,719,924)
3000 Total Net Position	\$ 23,077,498

The notes to the financial statements are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 30,841,229	\$ 348,178	\$ 4,926,041	\$ (25,567,010)
12 Instructional Resources and Media Services	530,849	-	43,893	(486,956)
13 Curriculum and Instructional Staff Development	527,568	-	210,936	(316,632)
21 Instructional Leadership	1,018,344	-	87,947	(930,397)
23 School Leadership	2,968,244	-	293,717	(2,674,527)
31 Guidance, Counseling and Evaluation Services	1,973,232	-	289,178	(1,684,054)
32 Social Work Services	72,387	-	5,822	(66,565)
33 Health Services	583,543	-	97,105	(486,438)
34 Student (Pupil) Transportation	2,167,202	-	168,114	(1,999,088)
35 Food Services	2,758,475	540,338	1,740,023	(478,114)
36 Extracurricular Activities	1,921,772	99,936	131,991	(1,689,845)
41 General Administration	1,919,566	11,870	143,803	(1,763,893)
51 Facilities Maintenance and Operations	5,303,306	22,930	357,279	(4,923,097)
52 Security and Monitoring Services	195,876	4,748	6,325	(184,803)
53 Data Processing Services	1,434,644	29,324	98,828	(1,306,492)
61 Community Services	80,188	15,808	5,846	(58,534)
72 Debt Service - Interest on Long-Term Debt	3,571,407	-	-	(3,571,407)
73 Debt Service - Bond Issuance Cost and Fees	4,500	-	-	(4,500)
81 Capital Outlay	448,003	-	-	(448,003)
91 Contracted Instructional Services Between Schools	5,203,345	-	-	(5,203,345)
93 Payments Related to Shared Services Arrangements	10,507	-	10,507	-
99 Other Intergovernmental Charges	772,725	-	-	(772,725)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 64,306,912</u>	<u>\$ 1,073,132</u>	<u>\$ 8,617,355</u>	<u>(54,616,425)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			40,891,580
DT	Property Taxes, Levied for Debt Service			8,959,900
SF	State Aid - Formula Grants			2,076,878
GC	Grants and Contributions not Restricted			1,967,356
IE	Investment Earnings			1,162,253
MI	Miscellaneous Local and Intermediate Revenue			1,655,219
TR	Total General Revenues			<u>56,713,186</u>
CN	Change in Net Position			2,096,761
NB	Net Position - Beginning			<u>20,980,737</u>
NE	Net Position - Ending			<u>\$ 23,077,498</u>

The notes to the financial statements are an integral part of this statement.

Governmental Fund Financial Statements

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Bond Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,190,363	\$ 595	\$ 100,000
1120 Investments - Current	18,872,039	11,501,200	31,250,311
1220 Property Taxes - Delinquent	2,130,313	465,740	-
1230 Allowance for Uncollectible Taxes	(234,334)	(51,231)	-
1240 Due from Other Governments	829,994	36,771	-
1260 Due from Other Funds	253,200	-	-
1300 Inventories	99,622	-	-
1410 Prepayments	63,230	-	-
1000 Total Assets	<u>\$ 23,204,427</u>	<u>\$ 11,953,075</u>	<u>\$ 31,350,311</u>
LIABILITIES			
2110 Accounts Payable	\$ 165,988	\$ -	\$ 3,706,935
2150 Payroll Deductions and Withholdings Payable	2,910	-	-
2160 Accrued Wages Payable	3,816,998	-	-
2170 Due to Other Funds	20,805	-	-
2180 Due to Other Governments	2,039,407	-	-
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>6,046,108</u>	<u>-</u>	<u>3,706,935</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,895,979	414,509	-
2600 Total Deferred Inflows of Resources	<u>1,895,979</u>	<u>414,509</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	99,622	-	-
3430 Prepaid Items	63,230	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractural	-	-	27,643,376
3480 Retirement of Long-Term Debt	-	11,538,566	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	15,099,488	-	-
3000 Total Fund Balances	<u>15,262,340</u>	<u>11,538,566</u>	<u>27,643,376</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 23,204,427</u>	<u>\$ 11,953,075</u>	<u>\$ 31,350,311</u>

The notes to the financial statements are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 641,197	\$ 1,932,155
-	61,623,550
-	2,596,053
-	(285,565)
609,769	1,476,534
62,987	316,187
59,104	158,726
-	63,230
<u>\$ 1,373,057</u>	<u>\$ 67,880,870</u>
\$ 42,191	\$ 3,915,114
-	2,910
182,208	3,999,206
295,382	316,187
624	2,040,031
164,453	164,453
<u>684,858</u>	<u>10,437,901</u>
-	2,310,488
<u>-</u>	<u>2,310,488</u>
59,103	158,725
-	63,230
439,045	439,045
-	27,643,376
-	11,538,566
10,796	10,796
179,255	179,255
-	15,099,488
<u>688,199</u>	<u>55,132,481</u>
<u>\$ 1,373,057</u>	<u>\$ 67,880,870</u>

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MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2020

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	55,132,481
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets were \$141,498,215 and the accumulated depreciation was \$51,334,747. The net effect of including the beginning balances for capital assets (net of depreciation) in the governmental activities is to increase net position. Note: Beginning Balances related to TRS are NOT included in this amount.		90,163,468
2 Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2020 capital outlays is to increase net position.		23,122,980
3 The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(4,309,255)
4 Long term debt (net of deferred amount on refunding & unamortized premium on bonds) issued by governmental activities is not a current liability and therefore reported as long term debt on the Statement of Net Position. The net effect of recording the beginning of the year value of all long term debt outstanding is to decrease net position. Note: Beginning Balances related to TRS are NOT included in this amount.		(117,497,190)
5 The District acquired two, three year capital leases that are shown as other financing sources in the fund financial statements. Current payments are viewed as expenditures in the governmental funds, but are treated as reductions of capital leases on the Statement of Net Position. The net effect of the new leases and current payments towards these leases is to increase net position.		333,048
6 Long term debt payments are expenditures in the governmental funds, but are treated as reductions of long term debt on the Statement of Net Position. The net effect of reducing long term debt is to increase net position.		5,463,877
7 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the end of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$5,754,048, a Deferred Resource Inflow in the amount of \$2,507,654 and a net pension liability in the amount of \$12,653,505. The impact of this on Net Position is \$(9,407,111). Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of \$(1,641,867). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of \$(9,407,111).		(9,407,111)
8 Included in the items related to det is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$16,854,903, a Deferred Resource Outflow related to TRS OPEB in the amount of \$1,997,906 and a Deferred Resource Inflow related to TRS OPEB in the amount of \$7,378,291. This amounted to a decrease in net position.		(22,235,288)
9 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue. The net effect of these reclassifications and recognitions is to increase net position.		2,310,488
19 Net Position of Governmental Activities	\$	23,077,498

The notes to the financial statements are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Bond Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 42,841,961	\$ 9,293,394	\$ 722,496
5800 State Program Revenues	4,303,646	98,502	-
5900 Federal Program Revenues	863,742	-	-
5020 Total Revenues	<u>48,009,349</u>	<u>9,391,896</u>	<u>722,496</u>
EXPENDITURES:			
Current:			
0011 Instruction	23,091,823	-	-
0012 Instructional Resources and Media Services	409,694	-	-
0013 Curriculum and Instructional Staff Development	299,317	-	-
0021 Instructional Leadership	838,765	-	-
0023 School Leadership	2,434,759	-	-
0031 Guidance, Counseling, and Evaluation Services	1,489,421	-	-
0032 Social Work Services	65,353	-	-
0033 Health Services	445,717	-	-
0034 Student (Pupil) Transportation	1,714,122	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	1,648,436	-	-
0041 General Administration	1,587,516	-	-
0051 Facilities Maintenance and Operations	4,639,331	-	-
0052 Security and Monitoring Services	186,549	-	-
0053 Data Processing Services	1,296,983	-	-
0061 Community Services	41,242	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	5,280,000	-
0072 Interest on Long-Term Debt	-	3,752,296	-
0073 Bond Issuance Cost and Fees	-	4,500	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	23,556,059
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	5,203,345	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0099 Other Intergovernmental Charges	772,725	-	-
6030 Total Expenditures	<u>46,165,098</u>	<u>9,036,796</u>	<u>23,556,059</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,844,251</u>	<u>355,100</u>	<u>(22,833,563)</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	4,750	-	-
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	(64,127)	-	-
7080 Total Other Financing Sources (Uses)	<u>(59,377)</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	1,784,874	355,100	(22,833,563)
0100 Fund Balance - July 1 (Beginning)	<u>13,477,466</u>	<u>11,183,466</u>	<u>50,476,939</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 15,262,340</u>	<u>\$ 11,538,566</u>	<u>\$ 27,643,376</u>

The notes to the financial statements are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 716,080	\$ 53,573,931
890,075	5,292,223
3,668,621	4,532,363
5,274,776	63,398,517
2,576,832	25,668,655
31,776	441,470
188,999	488,316
777	839,542
24,934	2,459,693
131,389	1,620,810
-	65,353
34,013	479,730
171	1,714,293
2,420,714	2,420,714
11,577	1,660,013
1,225	1,588,741
-	4,639,331
-	186,549
-	1,296,983
-	41,242
-	5,280,000
-	3,752,296
-	4,500
66,308	23,622,367
-	5,203,345
10,507	10,507
-	772,725
5,499,222	84,257,175
(224,446)	(20,858,658)
-	4,750
64,127	64,127
-	(64,127)
64,127	4,750
(160,319)	(20,853,908)
848,518	75,986,389
\$ 688,199	\$ 55,132,481

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (20,853,908)
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2020 capital outlays is to increase net position.	23,122,980
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(4,309,255)
Current year long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2020 debt principal payments is to increase net position.	5,463,877
The District acquired two, three year capital leases. Current payments are viewed as expenditures in the governmental funds, but are treated as reductions of capital leases on the Statement of Net Position. The net effect is an increase to net position.	333,048
Current year changes due to GASB 68 increased revenues in the amount of \$2,581,580 and increased expenditures in the amount of \$4,223,447. The net effect on the change in the ending net position was a decrease.	(1,641,867)
Current year changes due to GASB 75 increased revenues \$255,423 and increased expenditures in the amount of \$436,940. The net effect on the change in the ending net position was a decrease.	(181,517)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue and adjusting current year revenue to show the revenue earned from the current year's tax levy. The net effect of these reclassifications and recognitions is an increase to net position.	163,403
Change in Net Position of Governmental Activities	\$ 2,096,761

The notes to the financial statements are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

EXHIBIT E-1

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ 24,320	\$ 334,131
Total Assets	<u>24,320</u>	<u>\$ 334,131</u>
LIABILITIES		
Accounts Payable	-	2,109
Due to Student Groups	-	332,022
Total Liabilities	<u>-</u>	<u>334,131</u>
NET POSITION		
Restricted for Other Purposes	24,320	-
Total Net Position	<u>\$ 24,320</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Private Purpose Trust Fund	Custodial Fund
Change in Fiduciary Net Position	-	-
Total Net Position July 1 (Beginning)	<u>24,320</u>	<u>-</u>
Total Net Position June 30 (Ending)	<u>\$ 24,320</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Measurement Focus, Financial Statement Presentation, and Basis of Accounting

a. Financial Statement Presentation

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

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

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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

The District reports the following major governmental funds:

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

Debt Service Fund – Accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. This is a budgeted fund.

Bond Fund - Fund that accounts for proceeds from the sale of the Unlimited Tax School Building Bond Series 2019 related to authorized construction and other capital asset acquisition.

In addition, the District reports the following fund types:

Special Revenue Funds – Accounts for resources to, or designated for, specific purposes by the District or a grantor. Most Federal and some State financial assistance is accounted for a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods. The National Breakfast and Lunch Program fund is the only required budgeted special revenue fund. For all other funds in this type, project accounting is employed to maintain integrity for the various sources of funds. The following is a list of non-major Special Revenue funds used by the district:

Title I – Improving Basic Programs – funds allocated to improve the teaching of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentrations of children from low-income families.

IDEA B Formula – funds granted on a project basis, to operate educational programs for children with disabilities.

IDEA B Preschool – funds granted on a project basis, for preschool children with disabilities.

National Breakfast and Lunch Program – funds granted by the National School Lunch Program, the National School Breakfast Program and donated commodities received for the Food Distribution Program.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Summer Feeding Program – funds received from the Department of Human Services that are awarded for meals provided to the community based on the average number of daily participants.

Career and Technical Basis Grant – funds provided for purposes of vocational-technical education.

Title II Part A Teacher and Principal Training and Recruiting – financial assistance to 1) increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms; 2) hold local education agencies and schools accountable for improving student academic achievement.

Title III Part A English Language Acquisition – funds granted on a project basis to improve the education of limited English proficient children, by assisting the children to learn English and meet challenging academic achievement standards.

Title V Part B Rural and Low Income – funds granted on a project basis to increase student academic achievement and decrease student dropout rates of students from families with income levels below the poverty line.

Medicaid Administrative Claiming – federal grants to states for a proportion of expenditures for medical assistance under an approved Medicaid state plan.

STOP School Violence – funding to provide training to staff and resources to educate students in an effort to reduce school violence.

Title IV Part A, Subpart 1 Student Support and Academic Enrichment – funding to improve students' academic achievement by increasing the capacity of local educational agencies to provide all students with access to a well-rounded education, improve school conditions for student learning, and improve the use of technology to improve the academic achievement and digital literacy of all students.

Visually Impaired SSVI – funding to support students with visual impairments so that they may receive an educational experience equal to their sighted peers, in order to gain academic excellence.

Advanced Placement Incentives – funds designated to assist districts and schools with enhancing their programs for advanced level students.

Instructional Materials Allotment – funds awarded to schools under the textbook allotment.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Special Education Fiscal Support – funds allocated to assist in securing appropriately certified/licensed providers or extending the use of existing staff to fill short-term needs related to full and individual initial evaluations, independent educational evaluations, compensatory services, and extended school year services.

Teacher Achievement – funds appropriated by the State to pay stipends to teachers at the kindergarten through third grade level, who successfully complete mathematics and literacy achievement academies.

Campus Activity Funds – funds raised from fundraising and used for transactions related to a principal’s activity fund.

Grow Your Own Grant – a shared service arrangement to develop college course work within our community with our local colleges to educate, recruit and retain teachers after they complete the courses of study.

Education Foundation Grant – funds given in the form of grants to teachers with innovative ideas and projects that support student achievement.

Capital Projects Funds - non-major, unbudgeted funds that account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisition. The district is currently accounting for the construction of a transportation facility that is being financed from the general fund balance through transfers to the capital projects funds.

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

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

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

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

b. Measurement Focus, Basis of Accounting

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

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

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

3. Financial Statement Amounts

a. Property Taxes

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

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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

b. Inventories and Prepaid Items

Inventories of supplies and plant maintenance on the balance sheet are valued at cost determined on a weighted average method, and offset with a corresponding fund equity reserve. These inventory items are accounted for on the consumption method whereby expenditures are recorded when they are consumed. Food commodities, on the other hand, are recorded at market values supplied by the Texas Department of Human Services. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures when consumed rather than purchased.

c. Cash and Cash Equivalents

Cash equivalents include demand deposits as well as short-term, highly liquid investments readily convertible to cash. Cash equivalents are reported as cash and temporary investments.

d. Investments

Investments are recorded at fair value.

e. Capital Assets

Capital assets, land, buildings, construction in progress and furniture and equipment, are reported in the governmental activities' column in the government-wide financial statements. Capital assets are reported at cost or estimated historical cost. Capital assets have an individual cost of \$5,000 or more. Donated capital assets are recorded at their estimated fair market value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

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

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

f. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

g. Bonds Payable

In the government-wide financial statements, long-term debt obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method.

The fund financial statements 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 are reported as other financing sources. Discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

h. Inter-fund Receivables and Payables

Inter-fund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.

i. Use of Estimates

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

j. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. These codes refer to the account code structure prescribed by the Texas Education Agency in the *Financial Accountability System Resource Guide*. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

k. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

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

i. Net Position Flow Assumption

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

m. Fund Balance Flow Assumptions

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

4. Pensions

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

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FOR THE YEAR ENDED JUNE 30, 2020

5. Other Post-Employment Benefits

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance related legal and contractual provisions, The District did not incur any such violations in the current year.

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

The District's fund balances did not experience deficit fund balances in the current year.

C. Deposits and Investments

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

1. Cash Deposits:

At June 30, 2020, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$2,290,606 and the bank balance was \$5,108,701. The District's cash deposits at June 30, 2020 and during the year ended June 30, 2020, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of

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return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

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

The District's investment at June 30, 2020 is shown below.

<u>Investment of Investment Type</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
Lone Star Investment Pool	AAA	50 days	\$ 43,992,126
Texas Class	AAA	51 days	\$ 17,631,424
Total Investments			<u>\$ 61,623,550</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At June 30, 2020, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

b. Custodial Credit Risk

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

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name.

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

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

Public Funds Investment Pools

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

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and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

Lone Star

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

Texas Class

The Texas Cooperative Liquid Assets Securities System Trust (Texas Class) was created as a local government investment pool pursuant to section 2256.016 of the Public Funds Investment Act, Texas Government code (PFIA). The Texas Class Trust Agreement is an agreement of indefinite term regarding the investment reinvestment, and withdrawal of local government funds. The Texas local government entities that choose to participate in the Trust, Public Trust Advisors, LLC (Public Trust) as program administrator, and Wells Fargo Bank Texas, N.A. as custodian. Texas Class is overseen by the Texas Class board of trustees that comprised of active members of the pool and elected by the participants guided by the advisory board. The board is responsible for selecting the administrator and investment advisor. The board retains the services of Public Trust Advisors, LLC. Texas Class is rated AAA by S&P Global ratings. The District is invested in the Texas Class and the Texas Class Government funds. Both funds seek to maintain a net asset value of one dollar.

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D. Capital Assets

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

	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 4,137,649	\$ -	\$ -	\$ 4,137,649
Construction in Progress	6,697,779	22,454,224	(11,082,402)	18,069,601
Total Capital Assets Not Being Depreciated	<u>10,835,428</u>	<u>22,454,224</u>	<u>(11,082,402)</u>	<u>22,207,250</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	120,030,147	11,082,402	-	131,112,549
Equipment	10,632,640	668,756	(15,716)	11,285,680
Total Capital Assets Being Depreciated	<u>130,662,787</u>	<u>11,751,158</u>	<u>(15,716)</u>	<u>142,398,229</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(43,932,364)	(3,532,406)	-	(47,464,770)
Equipment	(7,402,383)	(776,849)	15,716	(8,163,516)
Total Accumulated Depreciation	<u>(51,334,747)</u>	<u>(4,309,255)</u>	<u>15,716</u>	<u>(55,628,286)</u>
Total Capital Assets Being Depreciated, Net	<u>79,328,040</u>	<u>7,441,903</u>	<u>-</u>	<u>86,769,943</u>
Governmental Activities Capital Assets, Net	<u>\$ 90,163,468</u>	<u>\$ 29,896,127</u>	<u>\$ (11,082,402)</u>	<u>\$ 108,977,193</u>

Instruction	\$ 2,407,016
Instructional Resources and Media Services	49,691
Curriculum & Staff Development	16,067
Instructional Leadersuip	78,880
School Leadership	212,091
Guidance, Counseling and Evaluation Services	143,640
Health Services	44,669
Student Transportation	360,786
Food Services	226,054
Cocurricular/Extracurricular Activities	118,655
General Administration	168,031
Plant Maintenance and Operations	387,561
Security and Monitoring Services	1,923
Data Processing Services	59,976
Community Services	34,215
	<u>\$ 4,309,255</u>

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E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2020, consisted of the following:

Due to Fund	Due From Fund	Amount	Purpose
Bond Fund	General Fund	\$ 20,764	Temporary advances
General Fund	Other Governmental Funds	253,200	Temporary advances
Other Governmental Funds	General Fund	41	Temporary advances
Other Governmental Funds	Other Governmental Funds	42,182	Temporary advances
Total		<u>\$ 316,187</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2020, consisted of the following:

Transfer To Fund	Transfer From Fund	Amount	Purpose
Other Governmental Funds	General Fund	\$ 64,127	Construction
Total		<u>\$ 64,127</u>	

F. Disaggregation of Receivables and Payables

Receivables at June 30, 2020 were as follows:

	Property Taxes (Net of Allowance)	Other Governments	Total Receivables
Governmental Activities:			
General Fund	\$ 1,895,979	\$ 829,994	\$ 2,725,973
Debt Service Fund	414,509	36,771	451,280
Nonmajor Governmental Funds	-	609,769	609,769
Total-Governmental Activities	<u>\$ 2,310,488</u>	<u>\$ 1,476,534</u>	<u>\$ 3,787,022</u>

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Payables at June 30, 2020 were as follows:

	Accounts Payable	Salaries and Benefits	Due to Other Governments	Total Payables
Governmental Activities:				
General Fund	\$ 165,988	\$ 3,819,908	\$ 2,039,407	\$ 6,025,303
Bond Fund	3,706,935	-	-	3,706,935
Nonmajor Governmental Funds	42,191	182,208	624	225,023
Total-Governmental Activities	<u>\$ 3,915,114</u>	<u>\$ 4,002,116</u>	<u>\$ 2,040,031</u>	<u>\$ 9,957,261</u>

G. Capital Leases

The District accounts for short-term debts through the appropriate funds. Short-term debts include leases made in accordance with the provisions of the Texas Education Code.

In December 2017, the District entered into a capital lease agreement for four hundred iPad and Otter Box cases for 3 years with the option to purchase.

In September 2018, the District entered into a capital lease agreement for fourteen hundred iPad and Otter Box cases for 3 years with the option to purchase.

The interest rate and payments are outlined below:

Date of Issue and Purpose	Interest Rate	Maturity Date	Amounts Outstanding 7/1/2019	Issued Current Year	(Retired) Current Year	Amounts Outstanding 6/30/2020	Interest Current Year
12/8/2017 Apple Ipads & Otter Box	1.90%	2020	\$ 43,488	-	(43,488)	-	826
9/25/2018 Apple Ipads & Otter Box	1.90%	2021	289,560	-	(289,560)	-	8,278
			<u>\$ 333,048</u>	<u>\$ -</u>	<u>\$ (333,048)</u>	<u>\$ -</u>	<u>\$ 9,104</u>

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H. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2020, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 106,945,000	\$ -	\$ (5,280,000)	\$ 101,665,000	\$ 3,600,000
Premium on Bonds	10,223,291	-	(583,899)	9,639,392	-
Accumulated Accretion on CAB's	5,009,634	80,503	-	5,090,137	-
Loss on Refunding	(6,516,182)	-	446,160	(6,070,022)	-
Total Bonds Payable	115,661,743	80,503	(5,417,739)	110,324,507	3,600,000
Other Liabilities:					
Capital Leases	333,048	-	(333,048)	-	-
Net OPEB Liability	17,788,281	2,098,736	(3,032,114)	16,854,903	-
Net Pension Liability	14,078,342	1,993,367	(3,418,204)	12,653,505	-
Total Other Liabilities	32,199,671	4,092,103	(6,783,366)	29,508,408	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 147,861,414</u>	<u>\$ 4,172,606</u>	<u>\$ (12,201,105)</u>	<u>\$ 139,832,915</u>	<u>\$ 3,600,000</u>
			Due Within One Year	\$ 3,600,000	
			Due in More Than One Year	106,724,507	
				<u>\$ 110,324,507</u>	

The following table displays total principal debt outstanding by issuance at year end.

Date of Issue	Description	Interest Rates	Original Issue	Final Maturity Date	Debt Principal	CAB Accretion
7/15/2014	Series 2014	2.00 to 4.00	9,290,000	8/15/2034	\$ 8,055,000	\$ 226,530
2/15/2015	Series 2015	3.00 to 4.50	8,685,000	8/15/2037	7,620,000	-
4/15/2016	Series 2016A	2.00 to 3.00	9,025,000	8/15/2037	7,745,000	-
5/1/2016	Series 2016B	3.00 to 4.00	4,945,000	8/15/2022	75,000	4,863,607
1/15/2017	Series 2017	3.00 to 5.00	30,090,000	8/15/2037	26,290,000	-
1/22/2019	Series 2019	3.00 to 5.00	51,880,000	8/15/2039	51,880,000	-
					<u>\$ 101,665,000</u>	<u>\$ 5,090,137</u>

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2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2020, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total Requirements
2021	\$ 3,600,000	\$ 5,261,275	\$ 8,861,275
2022	3,930,000	5,137,600	9,067,600
2023	4,280,000	4,991,025	9,271,025
2024	5,490,000	3,156,575	8,646,575
2025	5,670,000	2,953,662	8,623,662
2026-2030	23,355,000	12,095,744	35,450,744
2031-2035	28,560,000	6,901,413	35,461,413
Thereafter	26,780,000	1,958,775	28,738,775
Total	<u>\$ 101,665,000</u>	<u>\$ 42,456,069</u>	<u>\$ 144,121,069</u>

On July 15, 2014, the District issued \$6,550,000 in Unlimited Tax Building Bonds with an interest rate between 2% to 4%. In addition, \$2,740,000 in Unlimited Tax Refunding Bonds were issued, along with additional funds of the district to refund \$3,000,000 of the District's 2007A Series, Unlimited Tax Building Bonds. The net proceeds of \$3,272,859 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 2007A Series bonds. As a result, this portion of the 2007A Series bonds are considered under Texas State law, to be defeased in-substance and the liability for those bonds has been removed from the Statement of Net Position.

The difference between the principal amount of \$9,290,000 and the sales price of \$9,994,189 represents the unamortized premium. The premium was being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. The amortization for the year ended June 30, 2020 was \$35,209.

The advanced refunding of the 2007A Series bonds resulted in a \$552,037 difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the financial statements as a deferred outflow of resources, is being amortized over the life of the Series 2007A debt in accordance with GASB 7 entitled Advanced Refundings Resulting in Defeasance of Debt. This transaction resulted in future cash flow savings of \$376,267 through 2039 and an economic gain (difference between the present value of the old and new debt service payments) of \$297,302.

On February 18, 2015, the District issued \$8,685,000 in Unlimited Tax Refunding Bonds with an interest rate between 3.0% to 4.5%, along with additional funds of the district, to refund \$9,065,000 of the 2007A Unlimited Tax Building Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 2007A Series bonds. As a result, this portion of the 2007A Series bonds are considered under Texas

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
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State law, to be defeased in-substance and the liability for those bonds has been removed from the Statement of Net Position.

The difference between the principal amount of \$8,685,000 and the sales price of \$9,750,963 represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. The amortization for the year ended June 30, 2020 was \$45,147.

The advanced refunding of the 2007A Series bonds resulted in a \$528,035 difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the financial statements as a deferred outflow of resources, is being amortized over the life of the Series 2007A debt in accordance with GASB 7 entitled Advanced Refundings Resulting in Defeasance of Debt. This transaction resulted in future cash flow savings of \$1,808,334 through 2039 and an economic gain (difference between the present value of the old and new debt service payments) of \$1,381,298.

On April 15, 2016, the District issued \$9,025,000 in Unlimited Tax Refunding Bonds, Series 2016A with an interest rate between 2.0% and 3%, to refund \$9,085,000 of the 2007A Unlimited Tax School Building Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 2007A Series bonds. As a result, this portion of the 2007A Series bonds are considered under Texas State law, to be defeased in-substance and the liability for those bonds has been removed from the Statement of Net Position.

The difference between the principal amount of \$9,025,000 and the sales price of \$9,468,830 represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. The amortization for the year ended June 30, 2020 was \$24,352.

The advanced refunding of the 2007A Series bonds resulted in a \$200,634 difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the financial statements as a deferred outflow of resources, is being amortized over the life of the Series 2006 debt in accordance with GASB 7 entitled Advanced Refundings Resulting in Defeasance of Debt. This transaction resulted in future cash flow savings of \$2,629,695 through 2037 and an economic gain (difference between the present value of the old and new debt service payments) of \$2,147,739.

On May 1, 2016, the District issued \$4,945,000 in Unlimited Tax Refunding Bonds, Series 2016B with an interest rate of 4.0%, along with additional funds of the district, to refund \$4,946,809 of the 2006 Unlimited Tax Refunding Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 2006 Series bonds. As a result, this portion of the 2006 Series bonds are considered under Texas State law, to be defeased in-substance and the liability for those bonds has been removed from the Statement of Net Position.

The difference between the principal amount of \$4,945,000 and the sales price of \$9,955,501 represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds.

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The amortization for the year ended June 30, 2020 was \$247,827.

The advanced refunding of the 2006 Series bonds resulted in a \$6,366,483 difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the financial statements as a deferred outflow of resources, is being amortized over the life of the Series 2006 debt in accordance with GASB 7 entitled Advanced Refundings Resulting in Defeasance of Debt. This transaction resulted in future cash flow savings of \$2,972,404 through 2022 and an economic gain (difference between the present value of the old and new debt service payments) of \$2,811,152.

On January 15, 2017, the District issued \$30,090,000 in Unlimited Tax Refunding Bonds, Series 2017 with an interest rate between 3% and 5%, along with additional funds of the district, to refund \$23,210,000 of the 2008 Unlimited Tax School Building Bonds and \$7,985,000 of the 2009A Unlimited Tax School Building Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 2008 and 2009A Series bonds. As a result, this portion of the 2008 and 2009A Series bonds are considered under Texas State law, to be defeased in-substance and the liability for those bonds has been removed from the Statement of Net Position.

The difference between the principal amount of \$30,090,000 and the sales price of \$31,590,120 represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. The amortization for the year ended June 30, 2020 was \$56,013.

The advanced refunding of the 2008 and 2009A Series bonds resulted in a \$903,360 difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the financial statements as a deferred outflow of resources, is being amortized over the life of the Series 2006 debt in accordance with GASB 7 entitled Advanced Refunding. Resulting in Defeasance of Debt. This transaction resulted in future cash flow savings of \$9,490,094 through 2039 and an economic gain (difference between the present value of the old and new debt service payments) of \$6,182,273.

On February 1, 2019, the District issued \$51,880,000 in Unlimited Tax Building Bonds, Series 2019 with an interest rate between 3% and 5%. The net proceeds will be used for construction, acquisition and equipment of school buildings in the district, the purchase of new buses and the issuance cost.

The difference between the principal amount of \$51,880,000 and the sales price of \$55,737,732 represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is represented as an addition to the face value of the bonds. The amortization for the year ended June 30, 2020 was \$175,351.

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.

In prior years the District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
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the Statement of Net Position.

The defeased bonds outstanding at June 30, 2020 are as follows:

<u>Bond Issue</u>	<u>Amount</u>
Series 2006	\$ 2,530,573
Series 2007A	19,125,000
Series 2008	21,790,000
Series 2009A	7,750,000
Total	<u>\$ 51,195,573</u>

I. Risk Management

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

J. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2019.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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3. Benefits Provided

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

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

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

4. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Reform Bill (Senate Bill 12) of the 86rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2020 through 2025. *Contribution Rates can be found in the TRS 2019 CAFR, Note 12, on page 76.*

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Contribution Rates

	<u>2019</u>	<u>2020</u>
Member	7.70%	7.70%
Non-employer Contributing Entity (NECE-State)	6.80%	7.50%
Employers	6.80%	7.50%
District's Employer contributions	\$ 855,504	\$ 885,562
District's Member Contributions	\$ 2,254,751	\$ 2,329,324
District's NECE On-Behalf Contributions	\$ 1,455,194	\$ 1,486,061

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

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

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

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age,

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Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

5. Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial evaluation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2019 TRS CAFR, Note 11, page 77.*

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 Rate	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"
Last year ending August 31 in	2116
Projection Period (100 years)	Health care benefits are included
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05% including
Ad hoc post-employment benefit changes	None

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

6. Discount Rate

The single discount rate used to measure the total pension liability was 7.25 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing

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entity are made at the statutorily required rates. 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 project 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 arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019 (see page 52 of the TRS CAFR) are summarized below:

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Asset Class	FY 2019 Target Allocation	New Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity			
U.S.	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	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	3.00%	0.00%	0.00%
Real Assets	14.00%	15.00%	8.50%
Energy and Natural Resources	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%
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%

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate <u>6.250%</u>	Discount Rate <u>7.250%</u>	1% Increase in Discount Rate <u>8.250%</u>
District's proportionate share of the net pension liability	\$ 19,450,275	\$ 12,653,505	\$ 7,146,809

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

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At June 30, 2020, the District reported a liability of \$12,653,505 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	\$12,653,505
State's proportionate share that is associated with District	<u>22,071,627</u>
Total	<u>\$34,725,132</u>

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

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.02434% which was an increase (decrease) of (.001237) % from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation

- The Total Pension Liability as of August 31, 2019 was developed using a roll-forward method from the August 31, 2018 valuation.
- 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.

For the year ended June 30, 2020, the District recognized pension expense of \$3,467,142 and revenue of \$3,467,142 for support provided by the State.

At June 30, 2019, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 53,156	\$ 439,350
Changes in actuarial assumptions	3,925,739	1,622,301
Difference between projected and actual investment earnings	127,056	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	<u>897,498</u>	<u>446,003</u>
Total as of August 31, 2020 measurement date	5,003,449	2,507,654
Contributions paid to TRS subsequent to the measurement date	<u>750,599</u>	<u>-</u>
Total	<u>\$ 5,754,048</u>	<u>\$ 2,507,654</u>

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

Year Ended June 30	<u>Pension Expense Amount</u>
2021	\$ 657,815
2022	511,580
2023	658,509
2024	630,478
2025	180,597
Thereafter	(143,184)

k. Defined Other Post Employment Benefit Plans

1. TRS-Care

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 Benefit (OPEB) plan that has a special funding situation. The plan is administered 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 TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial

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statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

c. Benefits Provided

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

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

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

TRS-Care Monthly for Retirees				
	<u>Medicare</u>		<u>Non-Medicare</u>	
Retiree*	\$	135	\$	200
Retiree and Spouse		529		689
Retiree* and Children		468		408
Retiree and Family		1,020		999

* or surviving spouse

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 .75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

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	<u>Contribution Rates</u>	
	2019	2020
Member	0.65%	0.75%
Non-employer Contributing Entity (NECE-State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding Remitted by Employers	1.25%	1.25%
District's Employer contributions	\$ 254,107	\$ 266,100
District's Member Contributions	\$ 190,336	\$ 196,632
District's NECE On-Behalf Contributions	\$ 337,131	\$ 336,094

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 employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

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

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: *Actuarial Assumptions can be found in the 2019 TRS CAFR, Note 9, page 70.*

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

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

Additional Actuarial Methods and Assumptions: *Actuarial Assumptions can be found in the 2019 TRS CAFR, Note 9, page 70.*

Other Information: The impact of the Cadillac Tax that is returning in fiscal year 2023, has been calculated as a portion of the trend assumptions. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 indexed annually by 2.50 percent.

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- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

f. Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability. There was an decrease of 1.06 percent in the discount rate since the previous year. *The Discount Rate can be found in the 2019 TRS CAFR on page 70.* 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.

g. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate 1.63%	Discount Rate 2.63%	1% Increase in Discount Rate 3.63%
District's proportionate share of the net opeb liability	\$ 20,349,276	\$ 16,854,903	\$ 14,121,251

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 \$16,854,903 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:

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District's proportionate share of the collective net opeb liability	\$16,854,903
State's proportionate share that is associated with District	<u>22,396,396</u>
Total	<u><u>\$39,251,299</u></u>

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 employer's proportion of the collective Net OPEB Liability was .035641%, compared to .035626% 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 8.50% rate is used.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the net opeb liability	\$ 13,749,638	\$ 16,854,903	\$ 21,014,531

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period: *These can be found in the TRS CAFR on page 71.*

For the year ended August 31, 2020, the District recognized OPEB expense of \$590,277 and revenue of \$590,277 for support provided by the State.

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

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 826,876	\$ 2,758,126
Changes in actuarial assumptions	936,158	4,533,555
Difference between projected and actual investment earnings	1,818	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	8,098	86,610
Total as of August 31, 2020 measurement date	<u>1,772,950</u>	<u>7,378,291</u>
Contributions paid to TRS subsequent to the measurement date	<u>224,956</u>	<u>-</u>
Total	<u>\$ 1,997,906</u>	<u>\$ 7,378,291</u>

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

Year Ended June 30	OPEB Expense Amount
2021	\$ (941,278)
2022	(941,278)
2023	(941,867)
2024	(942,203)
2025	(942,111)
Thereafter	(896,602)

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for a Medicare beneficiary 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 were \$131,752, \$112,591, and \$85,865, respectively.

J. Employee Health Care Coverage

During the current fiscal period, employees of the District were covered by a statewide health insurance plan, TRS Active Care. The District paid premiums of \$260 per month per employee to the Plan with the State providing an additional \$75.

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Employees at their option, authorize payroll withholdings to pay premiums for dependent coverage. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The Plan is administered by Aetna.

The latest financial information on the statewide plan is available from TRS (see note on pension plan).

L. Deferred Inflow of Resources

Deferred inflows of resources at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Taxes	\$ 1,895,979	\$ 414,509	\$ 2,310,488
Total Deferred Inflow of Resources	<u>\$ 1,895,979</u>	<u>\$ 414,509</u>	<u>\$ 2,310,488</u>

M. Due From Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2020, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Receivables from Other Governments.

Fund	State Entitlements	Federal Grants	Due From Other Governments	Total
General	\$ 660,141	\$ -	\$ 169,853	\$ 829,994
Debt Service Fund	-	-	36,771	36,771
Nonmajor Governmental Funds	213,152	396,617	-	609,769
Total	<u>\$ 873,293</u>	<u>\$ 396,617</u>	<u>\$ 206,624</u>	<u>\$ 1,476,534</u>

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N. Revenue From Local and Intermediate Sources

	General	Debt	Bond	Nonmajor	
	Fund	Service	Fund	Governmental	Total
				Funds	
Property Taxes	\$ 41,520,272	\$ 9,068,679	\$ -	\$ -	\$ 50,588,951
Penalties, Interest and Other					
Tax-related Income	394,842	83,657	-	-	478,499
Investment Income	292,224	141,058	722,496	6,477	1,162,255
Tuition and Fees	145,098	-	-	-	145,098
Food Sales	-	-	-	540,338	540,338
Co-Curricular Student Activities	96,993	-	-	2,943	99,936
Shared Services	-	-	-	-	-
Foundation, Gifts and Bequests	176,923	-	-	78,305	255,228
Other	215,609	-	-	88,017	303,626
Total	\$ 42,841,961	\$ 9,293,394	\$ 722,496	\$ 716,080	\$ 53,573,931

O. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at June 30, 2020.

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P. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for Shared Services Arrangements ("SSA") which provide services to the member districts listed below. All services are provided by the fiscal agent. The member districts are provided funds from the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 1 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Fredricksburg ISD	\$ 3,234
Marble Falls ISD	7,273
Total	<u>\$ 10,507</u>

Required Supplementary Information

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

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**Budgetary Comparison Schedules
And the TRS Schedules**

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MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 41,412,277	\$ 42,486,745	\$ 42,841,961	\$ 355,216
5800 State Program Revenues	3,291,941	3,837,669	4,303,646	465,977
5900 Federal Program Revenues	620,000	858,631	863,742	5,111
5020 Total Revenues	45,324,218	47,183,045	48,009,349	826,304
EXPENDITURES:				
Current:				
0011 Instruction	22,653,592	23,155,579	23,091,823	63,756
0012 Instructional Resources and Media Services	440,162	415,946	409,694	6,252
0013 Curriculum and Instructional Staff Development	356,495	338,584	299,317	39,267
0021 Instructional Leadership	923,156	849,080	838,765	10,315
0023 School Leadership	2,584,209	2,438,363	2,434,759	3,604
0031 Guidance, Counseling, and Evaluation Services	1,402,165	1,491,093	1,489,421	1,672
0032 Social Work Services	65,340	67,509	65,353	2,156
0033 Health Services	394,116	485,586	445,717	39,869
0034 Student (Pupil) Transportation	1,749,074	1,780,928	1,714,122	66,806
0036 Extracurricular Activities	1,687,258	1,666,101	1,648,436	17,665
0041 General Administration	1,743,523	1,630,311	1,587,516	42,795
0051 Facilities Maintenance and Operations	4,949,944	4,810,917	4,639,331	171,586
0052 Security and Monitoring Services	140,229	195,574	186,549	9,025
0053 Data Processing Services	1,165,074	1,352,573	1,296,983	55,590
0061 Community Services	40,721	42,512	41,242	1,270
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	4,254,160	5,286,674	5,203,345	83,329
0099 Other Intergovernmental Charges	775,000	773,500	772,725	775
6030 Total Expenditures	45,324,218	46,780,830	46,165,098	615,732
1100 Excess of Revenues Over Expenditures	-	402,215	1,844,251	1,442,036
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	4,750	4,750	-
8911 Transfers Out (Use)	-	(205,407)	(64,127)	141,280
7080 Total Other Financing Sources (Uses)	-	(200,657)	(59,377)	141,280
1200 Net Change in Fund Balances	-	201,558	1,784,874	1,583,316
0100 Fund Balance - July 1 (Beginning)	13,477,466	13,477,466	13,477,466	-
3000 Fund Balance - June 30 (Ending)	\$ 13,477,466	\$ 13,679,024	\$ 15,262,340	\$ 1,583,316

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Pension Liability (Asset)	0.0243416%	0.0255773%	0.0242298%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 12,653,505	\$ 14,078,342	\$ 7,747,371
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	22,071,627	23,791,421	14,122,645
Total	<u>\$ 34,725,132</u>	<u>\$ 37,869,763</u>	<u>\$ 21,870,016</u>
District's Covered Payroll	\$ 29,374,781	\$ 29,143,110	\$ 27,440,348
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	43.08%	48.31%	28.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.24%	73.74%	82.17%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

<u>FY 2017</u> <u>Plan Year</u>	<u>FY 2016</u> <u>Plan Year</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.024484%	0.025348%	0.0178188%
\$ 9,252,132	\$ 8,960,181	\$ 4,759,648
16,310,985	15,868,236	13,550,181
<u>\$ 25,563,117</u>	<u>\$ 24,828,417</u>	<u>\$ 18,309,829</u>
\$ 26,409,814	\$ 25,704,660	\$ 25,320,041
35.03%	34.86%	18.80%
78.00%	78.43%	83.25%

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 851,984	\$ 861,633	\$ 794,110
Contribution in Relation to the Contractually Required Contribution	851,984	861,633	794,110
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 30,246,995	\$ 29,274,576	\$ 28,920,646
Contributions as a Percentage of Covered Payroll	2.82%	2.94%	2.75%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

	2017	2016	2015
\$	772,853	\$ 775,653	\$ 695,924
	772,853	775,653	695,924
\$	-	\$ -	\$ -
\$	27,322,802	\$ 26,203,818	\$ 25,618,009
	2.83%	2.96%	2.72%

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED JUNE 30, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.0356407%	0.0356258%	0.0358051%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 16,854,903	\$ 17,788,281	\$ 15,570,285
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	22,396,396	24,435,887	20,923,648
Total	<u>\$ 39,251,299</u>	<u>\$ 42,224,168</u>	<u>\$ 36,493,933</u>
District's Covered Payroll	\$ 29,374,781	\$ 29,143,110	\$ 27,440,348
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	57.38%	61.04%	56.74%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.66%	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 252,950	\$ 245,767	\$ 186,151
Contribution in Relation to the Contractually Required Contribution	252,950	245,767	186,151
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 30,246,995	\$ 29,274,576	\$ 28,920,646
Contributions as a Percentage of Covered Payroll	0.84%	0.84%	0.64%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Budget

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

- a. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

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

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

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

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

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

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

Combining Statements and Budget Comparisons as Supplementary Information.

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

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Nonmajor Governmental Funds

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	
ASSETS					
1110	Cash and Cash Equivalents	\$ 24,861	\$ 7,552	\$ -	\$ 290,320
1240	Due from Other Governments	156,119	186,743	1,351	-
1260	Due from Other Funds	-	-	-	34,909
1300	Inventories	-	-	-	59,104
1000	Total Assets	<u>\$ 180,980</u>	<u>\$ 194,295</u>	<u>\$ 1,351</u>	<u>\$ 384,333</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 7,339	\$ -	\$ 1,427
2160	Accrued Wages Payable	68,831	104,096	-	-
2170	Due to Other Funds	111,556	82,829	1,351	-
2180	Due to Other Governments	593	31	-	-
2300	Unearned Revenue	-	-	-	11,441
2000	Total Liabilities	<u>180,980</u>	<u>194,295</u>	<u>1,351</u>	<u>12,868</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	59,103
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	312,362
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>371,465</u>
4000	Total Liabilities and Fund Balances	<u>\$ 180,980</u>	<u>\$ 194,295</u>	<u>\$ 1,351</u>	<u>\$ 384,333</u>

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA V, Pt B Rural & Low Income	272 Medicaid Admin. Claim MAC	288 STOP School Violence	289 Title IV, A Subpart 1
\$ 13,215	\$ 7,009	\$ 7,046	\$ 1,936	\$ -	\$ -	\$ -	\$ -
131,445	3,834	18,357	3,551	-	-	4,328	22,334
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 144,660</u>	<u>\$ 10,843</u>	<u>\$ 25,403</u>	<u>\$ 5,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,328</u>	<u>\$ 22,334</u>
\$ 7,504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	9,281	-	-	-	-	-
34,909	10,843	16,122	5,487	-	-	4,328	11,029
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>42,413</u>	<u>10,843</u>	<u>25,403</u>	<u>5,487</u>	<u>-</u>	<u>-</u>	<u>4,328</u>	<u>11,029</u>
-	-	-	-	-	-	-	-
102,247	-	-	-	-	-	-	11,305
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>102,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,305</u>
<u>\$ 144,660</u>	<u>\$ 10,843</u>	<u>\$ 25,403</u>	<u>\$ 5,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,328</u>	<u>\$ 22,334</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

Data Control Codes	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Instructional Materials	427 Special Ed Fiscal Support	
ASSETS					
1110	Cash and Cash Equivalents	\$ 1,750	\$ 10,450	\$ 22,669	\$ 61,716
1240	Due from Other Governments	-	-	71,200	-
1260	Due from Other Funds	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 1,750</u>	<u>\$ 10,450</u>	<u>\$ 93,869</u>	<u>\$ 61,716</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	-	-	91,296	61,716
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>91,296</u>	<u>61,716</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	10,450	2,573	-
3490	Other Restricted Fund Balance	1,750	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>1,750</u>	<u>10,450</u>	<u>2,573</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,750</u>	<u>\$ 10,450</u>	<u>\$ 93,869</u>	<u>\$ 61,716</u>

429 Teacher Achievement	461 Campus Activity Funds	459 SSA - Grow Your Own Grant	499 Education Foundation Grant	Total Nonmajor Special Revenue Funds	651 Capital Projects Fund - Maint	Total Nonmajor Governmental Funds
\$ -	\$ 182,174	\$ -	\$ 9,046	\$ 639,744	\$ 1,453	\$ 641,197
-	-	10,507	-	609,769	-	609,769
7,314	-	-	-	42,223	20,764	62,987
-	-	-	-	59,104	-	59,104
<u>\$ 7,314</u>	<u>\$ 182,174</u>	<u>\$ 10,507</u>	<u>\$ 9,046</u>	<u>\$ 1,350,840</u>	<u>\$ 22,217</u>	<u>\$ 1,373,057</u>
\$ -	\$ 470	\$ 3,234	\$ -	\$ 19,974	\$ 22,217	\$ 42,191
-	-	-	-	182,208	-	182,208
7,206	2,449	7,273	-	295,382	-	295,382
-	-	-	-	624	-	624
-	-	-	-	164,453	-	164,453
<u>7,206</u>	<u>2,919</u>	<u>10,507</u>	<u>-</u>	<u>662,641</u>	<u>22,217</u>	<u>684,858</u>
-	-	-	-	59,103	-	59,103
108	-	-	-	439,045	-	439,045
-	-	-	9,046	10,796	-	10,796
-	179,255	-	-	179,255	-	179,255
<u>108</u>	<u>179,255</u>	<u>-</u>	<u>9,046</u>	<u>688,199</u>	<u>-</u>	<u>688,199</u>
<u>\$ 7,314</u>	<u>\$ 182,174</u>	<u>\$ 10,507</u>	<u>\$ 9,046</u>	<u>\$ 1,350,840</u>	<u>\$ 22,217</u>	<u>\$ 1,373,057</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 543,196
5800 State Program Revenues	-	-	-	23,613
5900 Federal Program Revenues	793,245	805,763	16,669	1,467,664
5020 Total Revenues	793,245	805,763	16,669	2,034,473
EXPENDITURES:				
Current:				
0011 Instruction	596,920	802,913	16,669	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	61,021	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	10,554	-	-	-
0031 Guidance, Counseling, and Evaluation Services	124,750	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	2,295,291
0036 Extracurricular Activities	-	2,850	-	-
0041 General Administration	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	793,245	805,763	16,669	2,295,291
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(260,818)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	(260,818)
0100 Fund Balance - July 1 (Beginning)	-	-	-	632,283
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ 371,465

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA V, Pt B Rural & Low Income	272 Medicaid Admin. Claim MAC	288 STOP School Violence	289 Title IV, A Subpart 1
\$ 129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
227,541	44,471	94,740	36,578	50,603	33,192	27,676	70,479
227,670	44,471	94,740	36,578	50,603	33,192	27,676	70,479
-	39,887	82,478	721	35,483	-	11,499	30,370
-	-	-	-	-	-	-	-
-	3,239	11,485	35,857	15,120	-	16,177	40,109
-	-	777	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,345	-	-	-	-	-	-
-	-	-	-	-	33,192	-	-
-	-	-	-	-	-	-	-
125,423	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
125,423	44,471	94,740	36,578	50,603	33,192	27,676	70,479
102,247	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
102,247	-	-	-	-	-	-	-
-	-	-	-	-	-	-	11,305
\$ 102,247	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,305

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Instructional Materials	427 Special Ed Fiscal Support
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,285	\$ -	\$ -	\$ -
5800 State Program Revenues	-	3,411	752,073	92,163
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>1,285</u>	<u>3,411</u>	<u>752,073</u>	<u>92,163</u>
EXPENDITURES:				
Current:				
0011 Instruction	1,285	-	751,632	86,869
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	5,294
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>1,285</u>	<u>-</u>	<u>751,632</u>	<u>92,163</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	3,411	441	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	3,411	441	-
0100 Fund Balance - July 1 (Beginning)	<u>1,750</u>	<u>7,039</u>	<u>2,132</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 1,750</u>	<u>\$ 10,450</u>	<u>\$ 2,573</u>	<u>\$ -</u>

429 Teacher Achievement	461 Campus Activity Funds	459 SSA - Grow Your Own Grant	499 Education Foundation Grant	Total Nonmajor Special Revenue Funds	651 Capital Projects Fund - Maint	Total Nonmajor Governmental Funds
\$ -	\$ 107,998	\$ -	\$ 61,291	\$ 713,899	\$ 2,181	\$ 716,080
8,308	-	10,507	-	890,075	-	890,075
-	-	-	-	3,668,621	-	3,668,621
8,308	107,998	10,507	61,291	5,272,595	2,181	5,274,776
3,016	62,755	-	54,335	2,576,832	-	2,576,832
-	31,776	-	-	31,776	-	31,776
5,334	657	-	-	188,999	-	188,999
-	-	-	-	777	-	777
-	14,380	-	-	24,934	-	24,934
-	-	-	-	131,389	-	131,389
-	821	-	-	34,013	-	34,013
-	171	-	-	171	-	171
-	-	-	-	2,420,714	-	2,420,714
-	8,727	-	-	11,577	-	11,577
-	1,225	-	-	1,225	-	1,225
-	-	-	-	-	66,308	66,308
-	-	10,507	-	10,507	-	10,507
8,350	120,512	10,507	54,335	5,432,914	66,308	5,499,222
(42)	(12,514)	-	6,956	(160,319)	(64,127)	(224,446)
-	-	-	-	-	64,127	64,127
(42)	(12,514)	-	6,956	(160,319)	-	(160,319)
150	191,769	-	2,090	848,518	-	848,518
\$ 108	\$ 179,255	\$ -	\$ 9,046	\$ 688,199	\$ -	\$ 688,199

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Other Supplementary Information

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

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2020

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2011 and prior years	Various	Various	\$ 2,855,639,845
2012	1.053300	0.25000	2,857,119,070
2013	1.053300	0.22670	2,940,462,613
2014	1.053300	0.22670	2,945,172,530
2015	1.053300	0.22670	3,026,438,979
2016	1.053300	0.22670	3,147,882,146
2017	1.053300	0.22670	3,271,825,078
2018	1.053300	0.22530	3,518,724,855
2019	1.053300	0.21530	3,905,224,499
2020 (School year under audit)	0.983300	0.21530	4,228,305,273
100 TOTALS			

(10) Beginning Balance 7/1/2019	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2020
\$ 337,872	\$ -	\$ 20,044	\$ 4,045	\$ (1,751)	\$ 312,032
75,607	-	8,610	2,057	(409)	64,531
78,368	-	11,647	2,475	(359)	63,887
87,798	-	17,412	3,748	(461)	66,177
112,601	-	23,041	4,954	2,982	87,588
125,501	-	28,479	6,082	3,048	93,988
172,925	-	45,619	9,808	8,669	126,167
269,009	-	73,290	15,597	16,694	196,816
1,152,774	-	654,232	132,081	(23,760)	342,701
-	50,680,467	40,636,842	8,887,832	86,373	1,242,166
<u>\$ 2,412,455</u>	<u>\$ 50,680,467</u>	<u>\$ 41,519,216</u>	<u>\$ 9,068,679</u>	<u>\$ 91,026</u>	<u>\$ 2,596,053</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 718,549	\$ 538,549	\$ 543,196	\$ 4,647
5800 State Program Revenues	12,000	12,000	23,613	11,613
5900 Federal Program Revenues	1,850,065	1,451,065	1,467,664	16,599
5020 Total Revenues	<u>2,580,614</u>	<u>2,001,614</u>	<u>2,034,473</u>	<u>32,859</u>
EXPENDITURES:				
Current:				
0035 Food Services	<u>2,580,614</u>	<u>2,328,614</u>	<u>2,295,291</u>	<u>33,323</u>
6030 Total Expenditures	<u>2,580,614</u>	<u>2,328,614</u>	<u>2,295,291</u>	<u>33,323</u>
1200 Net Change in Fund Balances	-	(327,000)	(260,818)	66,182
0100 Fund Balance - July 1 (Beginning)	<u>632,283</u>	<u>632,283</u>	<u>632,283</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 632,283</u>	<u>\$ 305,283</u>	<u>\$ 371,465</u>	<u>\$ 66,182</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 9,025,894	\$ 9,218,500	\$ 9,293,394	\$ 74,894
5800 State Program Revenues	100,790	98,502	98,502	-
5020 Total Revenues	9,126,684	9,317,002	9,391,896	74,894
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	5,280,000	5,280,000	5,280,000	-
0072 Interest on Long-Term Debt	3,851,650	3,752,297	3,752,296	1
0073 Bond Issuance Cost and Fees	10,000	10,000	4,500	5,500
6030 Total Expenditures	9,141,650	9,042,297	9,036,796	5,501
1200 Net Change in Fund Balances	(14,966)	274,705	355,100	80,395
0100 Fund Balance - July 1 (Beginning)	11,183,466	11,183,466	11,183,466	-
3000 Fund Balance - June 30 (Ending)	\$ 11,168,500	\$ 11,458,171	\$ 11,538,566	\$ 80,395

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Federal Awards Section

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LOTT, VERNON & COMPANY, P.C.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Trustees
Marble Falls Independent School
District Marble Falls, Texas

Members of the Board:

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 Marble Falls Independent School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Marble Falls Independent School District's basic financial statements, and have issued our report thereon dated October 8, 2020.

Internal Control Over Financial Reporting

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

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

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 (CONTINUED)

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

Compliance and Other Matters

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

Purpose of this Report

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



Temple, Texas
October 8, 2020



LOTT, VERNON & COMPANY, P.C.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Marble Falls Independent School
District Marble Falls, Texas

Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited the Marble Falls Independent School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Marble Falls Independent School District's major federal program for the year ended June 30, 2020. Marble Falls Independent School District's major federal program is 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 Marble Falls Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Marble Falls Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)

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 Marble Falls Independent School District's compliance.

Opinion on Each Major Federal Program

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

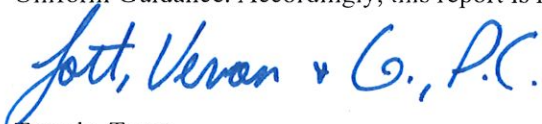
Report on Internal Control Over Compliance

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

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

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

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



Temple, Texas
October 8, 2020

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR
 THE YEAR ENDED JUNE 30, 2020

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- One or more material weakness(es) identified? Yes X No
 - One or more significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported
- Noncompliance material to financial statements noted? Yes X No

2 Federal Awards

Internal control over major programs:

- One or more material weakness(es) identified? Yes X No
- One or more significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

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

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

Identification of Major Programs:

CFDA Number(s)

Name of Federal
Program or Cluster

10.553
10.555
10.559

93.778

Child Nutrition Cluster:
National School Breakfast Program
National School Lunch Program
Summer Feeding Program

Medical Assistance Program

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

Auditee qualified as low risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND CORRECTIVE
ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2020

Prior Year Findings:

There were no prior findings relative to Federal Awards.

Corective Action Taken:

No corrective action plan was required.

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	71402001	\$ 329,689
National School Lunch Program	10.555	71302001	956,695
National School Lunch Program (Donated Commodities)	10.555	027 904	181,280
Total CFDA Number 10.555			1,137,975
Summer Food Service Program, Texas Department of Agriculture	10.559	027 904	227,541
Total Child Nutrition Cluster			1,695,205
Total Passed Through the Texas Department of Agriculture			1,695,205
Total U.S. Department of Agriculture			1,695,205
U.S. DEPARTMENT OF JUSTICE			
<u>Passed Through County of Burnet, TX</u>			
STOP School Violence	16.839	2018-YS-BX-0151	27,676
Total Passed Through County of Burnet, TX			27,676
Total U.S. Department of Justice			27,676
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Cluster			
Medicaid Administrative Claiming Program - MAC	93.778	529-070-0157-00093	33,192
Total Medicaid Cluster			33,192
Total Passed Through Texas Health and Human Services Commission			33,192
Total U.S. Department of Health and Human Services			33,192
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101027904	27,061
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101027904	692,002
ESEA Title I -1003 School Improvement	84.010A	20610123027904	86,371
Total CFDA Number 84.010A			805,434
Special Education Cluster			
IDEA - Part B, Formula	84.027A	196600010279046600	74,271
IDEA - Part B, Formula	84.027A	206600010279046600	772,912
Total CFDA Number 84.027A			847,183
IDEA - Part B, Preschool	84.173A	196610010279046610	289
IDEA - Part B, Preschool	84.173A	206610010279046610	16,380
Total CFDA Number 84.173A			16,669
Total Special Education Cluster			863,852

The accompanying notes are an integral part of this schedule.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR
 ENDED JUNE 30, 2020

EXHIBIT K-1 (continued)

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Career and Technical - Basic Grant	84.048A	19420006027904	\$ 1,028
Career and Technical - Basic Grant	84.048A	20420006027904	43,443
Total CFDA Number 84.048A			<u>44,471</u>
ESEA Title VI, Part B, Subpart 2, Rural and Low Income School	84.358B	19696001027904	9,408
ESEA Title VI, Part B, Subpart 2, Rural and Low Income School	84.358B	20696001027904	44,203
Total CFDA Number 84.358B			<u>53,611</u>
Title III Part A English Language Acquisition & Lang. Enhancement	84.365A	19671001027904	25,971
Title III Part A English Language Acquisition & Lang. Enhancement	84.365A	20671001027904	15,251
Total CFDA Number 84.365A			<u>41,222</u>
ESEA Title II Part A - Teacher & principal Training & Recruiting	84.367A	19694501027904	9,972
ESEA Title II Part A - Teacher & principal Training & Recruiting	84.367A	20694501027904	92,305
Total CFDA Number 84.367A			<u>102,277</u>
Summer School LEP	84.369	69551702	2,671
Title IV, Part A, Subpart 1	84.424	19680101027904	17,172
Title IV, Part A, Subpart 1	84.424	20680101027904	54,160
Total CFDA Number 84.424			<u>71,332</u>
Total Passed Through Texas Education Agency			<u>1,984,870</u>
Total U.S. Department of Education			<u>1,984,870</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 3,740,943</u></u>

The accompanying notes are an integral part of this schedule.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Basis of Presentation

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award grant activity of the District under programs of the federal government for the year. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 assets, or cash flows of the District.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. Subrecipients

The District has no subrecipients.

D. Child Nutrition Cluster

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

E. Food Donation Program

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program(s) [National School Lunch Program (Non-Cash)] that benefitted from the use of those donated food commodities.

F. Matching Requirements

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2020

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statement as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF4	Was the school district 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 in effect at the 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 and school district adopted its budget?	Yes
SF9	Total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ 5,090,137