

MCKINNEY COMMUNITY DEVELOPMENT CORPORATION
Promotional and Community Event Grant Application
 Fiscal Year 2020

IMPORTANT:

- Please read the McKinney Community Development Corporation Grant Guidelines prior to completing this application.
- The Grant Guidelines and Application are available at www.mckinneycdc.org; by calling 972.547.7653 or by emailing cschneible@mckinneycdc.org
- **Please call to discuss your plans for submitting an application in advance of completing the form.** A completed application and all supporting documents are required to be submitted via email or on a thumb drive for consideration by the MCDC board. Please submit the application to:

McKinney Community Development Corporation
 5900 S. Lake Forest Blvd., Suite 110
 McKinney, TX 75070

- *If you are interested in preliminary Board of Directors review of your project proposal or idea, please complete and submit the **Letter of Inquiry** form, available at www.mckinneycdc.org, by calling 972.547.7653 or emailing cschneible@mckinneycdc.org.*

Applications must be completed in full, using this form, and received by MCDC, via email or on a thumb drive, by 5:00 p.m. on the date indicated in schedule below.

Promotional and Community Event Grant Calendar:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: November 29, 2019	December 19, 2019	January 23, 2020
Cycle II: May 29, 2020	June 25, 2020	July 23, 2020

APPLICATION

INFORMATION ABOUT YOUR ORGANIZATION

Name: McKinney ISD Department of Athletics

Federal Tax I.D.: 75-6002032

Incorporation Date: 2/1/1848

Mailing Address: 4201 Hardin Blvd

City McKinney

ST: TX

Zip: 75070

Phone: 469-742-4028

Fax: 469-302-4183

Email:

spratt@mckinneyisd.net abado@townsquarebuzz.com

Website: www.d2mckinney.com

Check One:

- Nonprofit – 501(c) Attach a copy of IRS Determination Letter
- Governmental entity
- For profit corporation
- Other

Professional affiliations and organizations to which your organization belongs: Texas High School Athletic Directors Assoc., Texas High School Coaches Assoc., University Interscholastic League, National Interscholastic Athletic Administrators Assoc.

REPRESENTATIVE COMPLETING APPLICATION:

Name: Angie Bado

Title: Marketing chair, D2 Football Committee

Mailing Address: 7002 Old York Rd

City: McKinney

ST: TX

Zip: 75072

Phone: 972-658-8560

Fax:

Email: abado@townsquarebuzz.com

CONTACT FOR COMMUNICATIONS BETWEEN MCDC AND ORGANIZATION:

Name: Angie Bado

Title: Marketing chair, D2 Football Comm.

Mailing Address: 7002 Old York Rd

City: McKinney

ST: TX

Zip: 75072

Phone 972-658-8560

Fax:

Email:

abado@townsquarebuzz.com

FUNDING

Total amount requested: 15,000

Matching Funds Available (Y/N and amount): No

Will funding be requested from any other City of McKinney entity (e.g. McKinney Convention and Visitors Bureau, Arts Commission, City of McKinney Community Support Grant)?

Yes

No

Please provide details and funding requested:

PROMOTIONAL/COMMUNITY EVENT

Start Date: Aug. 1, 2020

Completion Date: Dec. 21, 2020

BOARD OF DIRECTORS (*may be included as an attachment*) **Curtis Rippee, (President) Lynn Sperry, Philip Hasler, Maria McKenzie, Amy Dankel, Stephanie O'Dell, Kathi Livezy**

LEADERSHIP STAFF (*may be included as an attachment*)

Shawn Pratt, McKinney ISD Athletics Dir.

Jennifer Frazier, Assoc. Athletic Dir.

Connie Dowell, McKinney ISD Athletics Budget Manager

Dee Dee Guerra, Director, Visit McKinney

Angie Bado, Community Leader/Volunteer

Using the outline below, provide a written narrative no longer than 7 pages in length:

I. Applying Organization

Describe the mission, strategic goals and objectives, scope of services, day to day operations and number of paid staff and volunteers.

Disclose and summarize any significant, planned organizational changes and describe their potential impact on the Project/Promotional/Community Event for which funds are requested.

II. Promotional/Community Event

- Outline details of the Promotional/Community Event for which funds are requested. Include information regarding scope, goals, objectives, target audience.
- Describe how this event will **showcase McKinney and promote the City for the purpose of business development and/or tourism.**
- Describe how the proposed Promotional/Community Event fulfills strategic goals and objectives for your organization.
- Promotional/Community Events must be open to the public. If a registration fee is charged, it must be \$35 or less.
- If the event benefits a nonprofit organization, specific detail must be provided regarding the benefit (e.g. X\$ per entry; X% of overall revenue; X% of net revenue).
- Provide information regarding planned activities in support of the event, timeframe/schedule, estimated attendance and admission/registration fees, if planned.
- Include the venue/location for the proposed event.
- Provide a timeline for the production of the event.
- Detail goals for growth/expansion in future years.
- Provide plans to attract resident and visitor participation and contribute to business development, tourism and growth of McKinney sales tax revenue.
- Demonstrate informed budgeting/financial planning – addressing revenue generation, costs and use of net revenue.

Has a request for funding, for this Project/Promotional/Community Event, been submitted to MCDC in the past?

X Yes

No

Date(s): May 2019

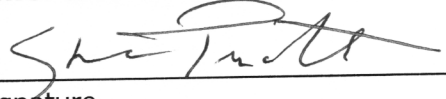
Acknowledgements

If funding is approved by the MCDC board of directors, Applicant will assure:

- The Promotional/Community Event for which financial assistance is sought will be administered by or under the supervision of the applying organization.
- All funds awarded will be used exclusively for advertising, marketing and promotion of the Promotional/Community event described in this application.
- MCDC will be recognized in all marketing, advertising, outreach and public relations as a funder of the Promotional/Community Event. A logo will be provided by MCDCV for inclusion on all advertising, marketing and promotional materials. Specifics for audio messaging will be agreed upon by applicant and MCDC and included in an executed performance agreement.
- The Organization officials who have signed the application are authorized by the organization to submit the application;
- Applicant will comply with the MCDC Grant Guidelines in executing the Promotional/Community Event for which funds were received.
- A final report detailing the success of the Promotional/Community Event, as measured against identified metrics, will be provided to MCDC no later than 30 days following the completion of the Promotional/Community Event.
- Grant funding is provided on a reimbursement basis subsequent to submission of a reimbursement request, with copies of invoices and paid receipts for qualified expenses. Up to 20% of the grant awarded may be withheld until the final report on the Promotional/Community Event is provided to MCDC.
- Funds granted must be used within one year of the date the grant is approved by the MCDC board.

We certify that all figures, facts and representations made in this application, including attachments, are true and correct to the best of our knowledge.

Chief Executive Officer




Signature

Printed Name SHAWN PRATT

Date 5/28/20

Representative Completing Application



Signature

Printed Name Angela Bado

Date 5/28/20

INCOMPLETE APPLICATIONS, OR THOSE RECEIVED AFTER THE DEADLINE, WILL NOT BE CONSIDERED.

CHECKLIST:

Completed Application:

- Use the form/format provided
- Organization Description
- Outline of Promotional/Community Event; description, budget, goals and objectives
- Indicate the MCDC goal(s) that will be supported by this Promotional/Community Event
- Promotional/Community Event timeline and venue included
- Overall event budget that includes plans and budget for advertising, marketing and outreach included
- Evaluation metrics are outlined
- List of board of directors and staff
- Financials: organization's budget and P&L statement for current and previous fiscal year;
Promotional/Community Event budget; audited financial statements are provided
- IRS Determination Letter (if applicable)

A FINAL REPORT MUST BE PROVIDED TO MCDC WITHIN 30 DAYS OF THE EVENT/COMPLETION OF THE PROJECT/PROMOTIONAL/COMMUNITY EVENT.

FINAL PAYMENT OF FUNDING AWARDED WILL BE MADE UPON RECEIPT OF FINAL REPORT.

PLEASE USE THE FORM/FORMAT OUTLINED ON THE NEXT PAGE FOR THE FINAL REPORT.



McKINNEY COMMUNITY DEVELOPMENT CORPORATION

Final Report

Organization:

Funding Amount:

Project/Promotional/Community Event:

Start Date:

Completion Date:

Location of Project/Promotional/Community Event:

Please include the following in your report:

- Narrative report on the Project/Promotional/Community Event
- Identify goals and objectives achieved
- Financial report – budget as proposed and actual expenditures, with explanations for any variance. If the event includes a charitable component, include the donation made.
- Samples of printed marketing and outreach materials (MCDC logo to be included)
- Screen shots of online Promotions (MCDC logo to be included)
- Photographs, slides, videotapes, etc.
- Performance against metrics outlined in application

Please submit Final Report no later than 30 days following the completion of the Promotional/Community Event to:

McKinney Community Development Corporation
5900 S. Lake Forest Blvd., Suite 110
McKinney, TX 75070

Attn: Cindy Schneible
cschneible@mckinneycdc.org



NCAA Division II Football Championship Promotional Grant Narrative

I. **Applying Organization:** McKinney Independent School District Department of Athletics

McKinney ISD Department of Athletics Department is a department within the McKinney Independent School District. Director of Athletics, Shawn Pratt, who supervises a staff of seven full-time administrators, 57 coaches and hundreds of booster club volunteers, heads the department. There are no planned organizational changes that would impact the NCAA Division II Football Championship event.

The mission of McKinney ISD Department of Athletics is to provide an opportunity to supplement the educational process of students who exhibit an interest in athletics and want a forum to challenge their physical and emotional capabilities.

The goals of the Department of Athletics are to promote the following:

Education: teaching and practicing physical skills that encourage social interaction and physical and mental well being through interscholastic athletics and physical education.

Competition: promoting teamwork, leadership, sportsmanship, and the achievement of personal goals and pursuit of excellence through competitive opportunities at the high school, club, and intramural levels.

Health: promoting stress management and the pursuit of a balanced and healthy lifestyle through the availability of facilities for personal fitness, athletics and recreation.

II. Promotional

a. Event Overview:

In December of 2018, the City of McKinney took center stage as the McKinney ISD Department of Athletics, in conjunction with the Lone Star Conference, hosted the National Collegiate Athletic Association (NCAA) Division II Football National Championship at the McKinney Independent School District's new, state-of-the-art athletics stadium.

Despite a short lead time of only five weeks, and a marketing budget of a mere \$8000, McKinney ISD Department of Athletics, in partnership with an events committee, McKinney ISD, the City of McKinney, the McKinney Convention & Visitors Bureau, the McKinney Chamber of Commerce and community volunteers, planned and executed two days of events and the championship game at McKinney ISD's outstanding new football stadium. The championship game attracted a combination of approximately 6000 fans, players, coaches and volunteers to McKinney to the event. In total, approximately 60 local, dedicated volunteers helped to accomplish a successful series of events and the championship game.

In March of 2019, the NCAA announced that the McKinney had been selected as the home of the Division II National Football Championship game for three years - Dec. 21, 2019, Dec. 19, 2020, and Dec. 18, 2021. Support of the championship continues to be a

collaborative partnership between McKinney ISD, the Dept. of Athletics, the Lone Star Conference, NCAA and the City of McKinney.

“The Lone Star Conference and the city of McKinney performed in an outstanding fashion in hosting the 2018 championship despite having a short window of time for preparation,” said NCAA Division II Football Committee chair Reid Amos. “Combine that local effort with such an outstanding facility and it was an easy decision for the committee to make regarding future championships.”

High-profile events such as this championship game provide the city an opportunity to showcase McKinney’s vibrant and charming community, as well as spur its hospitality businesses, and drive tourism, bolstering local sales tax dollars.

An economic impact study, (see attached study) commissioned by McKinney ISD Athletics, shows that the state and local economy stands to reap over **\$1.1 million in economic gain** as a result of hosting this championship game. This study assumes that both teams competing in the championship game will be from outside Texas, and will attract fans to spend at least one night in area hotels. However, if one competing team becomes a Texas university, the numbers in game attendance and one overnight stay would be estimated to increase by at least 10%.

Although the actual sales tax dollars reaped by the city during game week are impossible to accurately track, hotel room sales in 2019 **increased by 365 rooms**, as reported to Visit McKinney. There is the assumption that many more hotel rooms sold in conjunction with the NCAA game went unreported.

The dollars invested in the NCAA championship game are not only an investment in today’s economy, but also set the stage for similar future events that will drive tourism, stimulate job growth and enhance economic development.

Additionally, the NCAA Championship game is shown on ESPN 2 or ESPN 3, showcasing McKinney and its stadium on national television. According to the city marketing department, “The city could not have afforded to pay for the amount of publicity received while the game was being televised.”

b. Timeline of events and marketing timeline for each

The 2020 championship game will take place at McKinney ISD Stadium on Saturday, December 19 – time TBD. Supporting events such as Fan Fest and Tacos, Tequila and Cerveza, will be held Thursday, December 17 through game day on the 19th. See details in table below.



Expansion: The event team is currently in discussion with Chestnut Square Historic Village, and the McKinney Food Tours, collaborating on expanding the events offered to include a possible virtual Holiday Home Tour, trolley tours and food tours in downtown McKinney. Further, in-depth discussion with Main Street McKinney is also ongoing as the event team seeks out new opportunities for attracting business to historic downtown McKinney. Should these concepts become actual planned events, funds from MCDC's promotional grant would be used to market all events.

Other future plans include a possible family friendly carnival/tailgate at McKinney ISD Stadium on game day. The goal would be to attract more local families to attend the game, and to create opportunity for the business community to be further involved in the game week activities, driving up sales tax revenue for the City of McKinney.

EVENT	LOCATION	ADMISSION	MARKETING TIMELINE	PROJECTED ATTENDANCE	MARKETING	BUDGET
Fan Fest Friday, Dec. 18 6 – 8 p.m.	Tupps Brewery with DJ Lisa	Free	10/1 – 12/18/20 9/15/20	600-800	Digital Marketing targeting: *Championship team cities and surrounding areas *McKinney, TX Social Media Posting	\$1000
Shopping tour & lunch Friday, Dec. 20, 10 a.m. – 2 p.m.	Downtown McKinney	Cost for lunch and any purchases	Oct. – Dec. Oct. 15 – Dec. 19 Ongoing	50 - 200	*Digital marketing shared with participating colleges' alumni offices and administration *Email distribution through city and MISD *Radio (KLAK) *Promotion through visiting city CVBs Social Media promotions	\$1500 Free \$500 Free Free
Tacos, Tequila & Cerveza Friday – Sunday, Dec. 18-21	Participating McKinney Eateries offer taco special.	Cost of individual purchases	September through Dec. 21.	2000 participants (Working to create a contest to enable tracking)	Digital Marketing targeting final 4 Championship cities and surrounding areas McKinney and Collin County Social Media	\$2000 Free
DII Championship Football Game Dec. 19	McKinney ISD Stadium	General \$20 Reserved \$25	Oct. – game day.	Goal: 6000	Radio: KLAK & affiliates Targeting southeastern OK	\$2000

			Dec. 2020	and northeastern TX, & McKinney Community Impact Print (McKinney, Frisco)	\$3000
			Nov/Dec.	Billboard on 75	\$500
			Ongoing Oct. – Dec.	Social Media Digital Ads	Free \$4500

c. Supporting MCDC/Event Goals

- The NCAA Championship Game will showcase the City of McKinney as a destination for tourists, highlighting the city’s entertainment
- Promote McKinney’s quality of life through community engagement by hosting a family tailgate and other family friendly events, including the game.
- Promote business in McKinney through story telling via digital media promoting events
- Promote McKinney as a tourist destination through marketing the game and surrounding events and by featuring McKinney’s unique downtown, Adriatica, TPC, The Dye Course at Stonebridge Ranch and other highlights such as dining, shopping and the charm that McKinney has to offer through digital marketing.
- Establish McKinney as a viable event destination providing the opportunity for attracting future big events that foster economic growth.

MARKETING GOALS	TIMELINE (for Marketing)	MEASURABLE METRICS	TRACKING
Attract more out of town visitors to McKinney	Sept. 1 – December 2020	Increase in visitors to McKinney by 20%	Records from hotels, Main Street McKinney MCVB hotel occupancy Compare city sales tax receipts The Retail Coach
Increase over-night stays during championship game week	December 17-19 2020	*10% Increase in hotel rooms booked during game week Increase game attendance 20% *(due to concerns regarding COVID-19 and travel)	Hotel receipts, Athletic Dept. Records (track zip codes this year)
Promote hospitality industry Fan Fest Shopping/Lunch Tour (Food tours) Holiday Shopping Plan Your Trip App	Aug. 1 – Dec. 22, 2020	Increase in sales in hospitality business over 2019 for same time frame. Track business through Chamber and business	Main Street McKinney McKinney Chamber Track sales tax receipts Track traffic in downtown and in other areas of McKinney with a concentration of

		community for game week	restaurants using The Retail Coach
Promote Community Engagement	Aug. 1 – Dec. 19	Track number of event participants who are local	Track: McKinney ISD social media engagement McKinney ISD Athletics/NCAA track zip codes
Increase attendance to Championship Game	Oct. 15 – Dec. 19	Increase in number of ticket sales by 20% over 2019	Compare with baseline statistics from NCAA and McKinney ISD ticket sales

III. Financial Information:

Overview: McKinney ISD Athletics, as part of McKinney Independent School District, is a not-for-profit government entity. The goal of athletics in school is to provide opportunities for students to develop physically, emotionally and socially, through learning how to work together as a team, leadership opportunities, and through physical and mental conditioning. The D II Championship affords students and families the opportunity to witness the excellent opportunities provided to students who participate in Division II sports. The championship game is a prime example of successful collaborative partnerships within the City of McKinney and beyond, as all groups work together toward the same goals – promoting local business and tourism and promoting the City of McKinney.

- a. The budget for the NCAA game and surrounding events is attached.
- b. Proposed marketing budget below:

NCAA Championship Game 2020 Marketing Budget

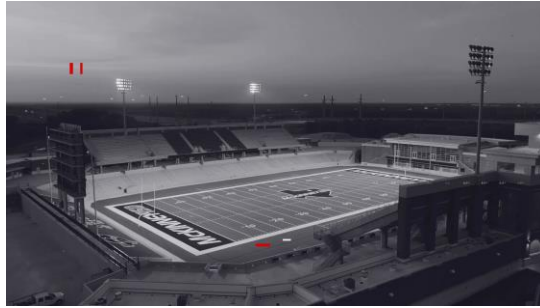
Projected Income	2020 Budget
MCDC Grant	\$15,000
NCAA Marketing	\$ 4,000
NCAA Website Maintenance & Expansion	\$ 1,000
TOTAL	\$20,000

Projected Marketing Expenses	2020 Budget
Digital Marketing (Targeted digital ads, social media, graphic design)	\$12,500
Print ads (design fees included)	\$ 3,500
Radio ads	\$ 2,500
Billboard	\$ 500
Website fees (maintenance and server)	\$ 1000
TOTAL	\$20,000

IV. Marketing & Outreach

- Design ad graphics & place digital ads for each game week event. Ongoing 9/1 – 12/19
- Posters placed in high traffic areas around McKinney (November, 2020)
- Digital signage at MPAC
- Launch economic impact PR blitz via social media, websites, news outlets, speak at local clubs, if possible given COVID-19 situation. (Aug. 15, 2020)

- **Collaborate with Chestnut Square, Main Street McKinney, City of McKinney, McKinney ISD, Lone Star Conference, McKinney Chamber of Commerce to leverage advertising and marketing dollars**
- Social Media posts/boosts (ongoing)
- Active Facebook, Instagram and Twitter pages (ongoing)
- Video production and distribution through various channels including website, social media channels, Chamber, MISD, MCVB (Aug – Sept)



- Story submitted to local news outlets (Sept. 2020)
- Share marketing with Lone Star Conference and NCAA (Sept. – Dec.)
- Visit with local organizations to present information about the game and events
- Enlist the support/service of high school booster clubs (promote local ticket sales)

A grant for promotional funding from MCDC would make it possible to

- Increase the digital ad spend, **reaching a greater target audience**, promote the City of McKinney, the game and surrounding events to a larger, more defined audience.
- Utilize radio to engage an audience of sports enthusiasts
- Enable marketing through a variety of mediums (print, billboards, digital)
- Attract out of town visitors to McKinney and entice them to stay in McKinney hotels

V. Metrics to Evaluate Success (details listed above in table with marketing goals)

- Attendance at football game: Increase attendance by 500 fans*
- Visitors: Attract 10% more visitors to McKinney than same time frame last year
- Spur economic benefit in the City of McKinney business community through sales tax dollars – increase in hospitality and entertainment receipts (although this is difficult, if not impossible to track completely, this year, the committee will review sales tax receipts with the city’s CFO and utilize the Retail Coach for more detailed information)
- Track non-McKinney attendance through game ticket sales
- Use statistics provided by The Retail Coach to compare the numbers of people in downtown McKinney and other high traffic commercial areas of the city
- Track fan fest guests and ask for sales info from Tupps Brewery.

*Due to the unprecedented economic crisis caused by COVID-19, the D2 National Championship Committee is dedicated to pursuing every avenue to promote economic development within the City of McKinney. The committee is cautiously optimistic about expanding the attendance to the game itself, given the prospect of the possible need for continued social distancing. We believe the focus this year should be on increasing exposure in the metropolitan arena and in locations within driving distance.

**NCAA DIVISION 2
NATIONAL CHAMPIONSHIP FOOTBALL GAME
Budget Originals/Actuals**

REIMBURSABLE ITEMS INCLUDED IN MISD'S BID	2018 BID	2018 Actual
PROMOTION	2018-2019	2018-2019
Advertising (FB/RadioMicrosite)	\$ 8,500.00	\$ 7,208.94
Postage	\$ -	\$ -
Printing	\$ -	\$ -
TOTAL PROMOTION	\$ 8,500.00	\$ 7,208.94
TICKETS	2018-2019	2018-2019
Postage	\$ 100.00	\$ -
Printing	\$ 500.00	\$ -
Ticket IPADS	\$ 2,842.00	\$ 2,842.00
Ticket ITOUCHES	\$ 2,041.00	\$ 2,041.00
TOTAL TICKETS	\$ 5,483.00	\$ 4,883.00
FACILITY / BRANDING	2018-2019	2018-2019
Supplies	\$ -	\$ -
Facility Rental Charge	\$ -	\$ -
Décor	\$ 100.00	\$ 271.30
Inside Locker Rooms	\$ 2,160.00	\$ 2,160.00
Top Portion of Locker Room	\$ 1,500.00	\$ 1,500.00
Exit and Entry locker room walls near doors	\$ 3,300.00	\$ 3,300.00
Banner wrap over M front of Stadium	\$ 3,040.00	\$ 3,040.00
TOTAL FACILITY/BRANDING	\$ 10,100.00	\$ 10,271.30
PERSONNEL	2018-2019	2018-2019
Stadium Manager (J Hodges)	\$ 175.00	\$ 175.00
Gate Admin (Causey)	\$ 150.00	\$ 150.00
Will Call / Press (Ladd / M Young)	\$ 70.00	\$ 140.00
Pass Gate (Barnes/Volzer/Holloman)	\$ 80.00	\$ 240.00
Ticket Sellers 8 x \$90	\$ 720.00	\$ 720.00
Ticket Takers 6 X \$80	\$ 480.00	\$ 480.00
25/40 Second Clock (Stephenson)	\$ 125.00	\$ 125.00
Game Clock Operator	\$ 75.00	\$ 125.00
Scoreboard	\$ 75.00	\$ 75.00
Green Vest SRA	\$ 75.00	\$ 75.00
Communicator	\$ 75.00	\$ 75.00
Spotter (M Bilyeu)	\$ 75.00	\$ 75.00
Audio Mixer (Bilyeu)	\$ 125.00	\$ 125.00
PA Announcer (Bruck)	\$ 150.00	\$ 150.00
Officials Host (Villareal)	\$ 125.00	\$ 125.00
Home Team Host. (Gatewood)	\$ 125.00	\$ 125.00
Vistinging Team Host (Johnson)	\$ 125.00	\$ 125.00
Fine Arts Host (Price/Barnes)	\$ 125.00	\$ 250.00
North Elevator (Neal)	\$ 80.00	\$ 80.00
South Elevator (Volunteer)	\$ 80.00	\$ -
Press Box Host 2 (P Martin/S Frazier)	\$ 250.00	\$ 250.00
VIP Host 1 (C Dowell)	\$ 125.00	\$ 125.00
Video Board Producer X2 (Runge/Schumaker)	\$ 300.00	\$ 300.00
Technical Director	\$ 100.00	\$ 100.00
Replay	\$ 100.00	\$ 100.00
Graphics	\$ 100.00	\$ 100.00
Game Director	\$ 100.00	\$ 100.00
Asst to Tech Director	\$ 100.00	\$ 100.00
Camera Op	\$ 100.00	\$ 100.00
Cameral Op	\$ 100.00	\$ 100.00
Statistician (McPherson)	\$ 200.00	\$ 200.00
Clerical (Lester/Justice)	\$ 150.00	\$ 275.00
Custodian	\$ 7,500.00	\$ 5,286.28
Grounds Crew	\$ 3,000.00	\$ 832.33
Maintenance Facility Labor	\$ 5,000.00	\$ 506.22
EMT / Fire	\$ 800.00	\$ 10,745.06
Hellas Turf Cleaning	\$ 7,500.00	\$ 7,500.00
Police (Fan Fest/Escorts/Game)	\$ 4,300.00	\$ 8,685.00
D&L Security	\$ 4,800.00	\$ 4,799.99
Football Committee Lodging 8x\$124x4 nights	\$ 3,968.00	\$ 3,475.36
LSC Officials 6x\$124 hotel / suburbans	\$ 744.00	\$ 906.80
TOTAL PERSONNEL	\$ 42,447.00	\$ 48,022.04

EXPENSES OUTSIDE OF MISD'S BID	2018-2019	NOTES
Pizza for Hotel	\$ 710.00	HOSPITALITY
Initial NCAA site vist lunch	\$ 421.20	HOSPITALITY
Initial NCAA site vist lunch	\$ 111.13	HOSPITALITY
Pizza for Workers on Fri	\$ 100.00	HOSPITALITY
Trophy Plate for Main Event	\$ 21.50	HOSPITALITY
Aramark for Cheer Breakfast	\$ 570.00	HOSPITALITY
Print Lab Banners semi final game	\$ 195.75	HOSPITALITY
Print Lab Banners for game	\$ 195.75	HOSPITALITY
Fan Fest Lighting (DM Event)	\$ 850.00	FAN FEST
Signage Fan Fest	\$ 463.48	FAN FEST
Fan Fest Insurance	\$ 187.00	FAN FEST
Cowboy Hats for Players	\$ 2,465.50	PLAYERS
Amazon Gift Cards	\$ 5,800.00	PLAYERS
Locker Tags	\$ 624.00	PLAYERS
Locker Diamond Plates	\$ 3,130.00	
Mini FB's for Elementary's	\$ 2,519.00	COMMUNITY
Painting of Field	\$ 18,370.13	GAME
Painting of Seat Sections	\$ 3,800.00	GAME
Parking Stickers	\$ 480.00	GAME
Microphone Wind Buster	\$ 39.90	GAME
Plywood for NCAA stage	\$ 18.47	GAME
ESPN Generators	\$ 12,877.50	GAME
Tailgate & Tupps Porta Johns	\$ 1,350.00	GAME / FAN FEST
Airfair for Valdosta Trip	\$ 2,917.79	GAME
Hotel for Valdosta Trip	\$ 695.50	GAME
Rental Car	\$ 115.05	GAME
Gas	\$ 61.45	GAME
Dinner	\$ 167.00	GAME
Merchandise Cost	\$ 2,482.22	GAME
Programs Cost to IM College	\$ 2,633.23	GAME
Volunteer T Shirts	\$ 930.00	GAME
Aramark for Valdosta St Pres Suite	\$ 971.25	GAME
Aramark for ESPN Lunch	\$ 518.00	GAME
Main Event GoBo Lighting	\$ 437.50	
Firework Permits	\$ 800.00	GAME
Tent Permits	\$ 100.00	GAME
Add'l tickets purchased	\$ 904.96	GAME
Payroll taxes for employee workers	\$ 237.48	GAME
TOTAL EXPENSES	\$ 69,271.74	

REVENUE GIFTS	2018-2019	
City of McKinney	\$ 30,000.00	
Parking	\$ 11,006.50	
Ronnie Flowers	\$ 10,000.00	PLAYERS GIFTS
Encore Wire	\$ 3,000.00	
Bob & Brandon Tomes	\$ 1,000.00	
Independent Bank	\$ 1,000.00	
First United Bank	\$ 500.00	
CUTX (mini fb's)	\$ 2,519.00	
Programs	\$ 3,230.00	CLEARED \$596.77
Merchandise	\$ 7,362.00	CLEARED \$4879.78
Body Shop for Tshirts	\$ 930.00	
Valdosta State for Pres Suite	\$ 1,500.00	PAY FOR FOOD
ESPN for their Lunch	\$ 518.00	
Valdosta St for extra Main Event	\$ 727.80	PAY FOR 12 EXTRA KIDS
Ticket Revenue	-	
Revenue from Cheer Breakfast	\$ 45.00	
TOTAL REVENUE	\$ 73,338.30	

EXPENSES OUTSIDE OF MISD'S BID		
TOTAL REVENUE	\$ 73,338.30	
TOTAL EXPENSES	\$ 69,271.74	
TOTAL OUTSIDE OF BID	\$ 4,066.56	

NCAA DIVISION 2
NATIONAL CHAMPIONSHIP FOOTBALL GAME
Budget Originals/Actuals

ENTERTAINMENT	2018-2019	2018-2019
Media (Newks / Sheraton snacks)	\$ 1,000.00	\$ 907.44
Pregame, Halftime, and Postgame (VIP)	\$ 1,000.00	\$ 1,667.25
Meetings	\$ 600.00	\$ -
Banquets (Main Event) Balloons & Ribbon	\$ 14,356.00	\$ 14,655.56
Participant Refreshments (Snacks)	\$ 1,000.00	\$ 841.33
TOTAL ENTERTAINMENT	\$ 17,956.00	\$ 18,071.58
EQUIPMENT	2018-2019	2018-2019
Telephone Installation	\$ 200.00	\$ -
Temporary Restrooms	\$ -	\$ -
Copy / Fax Machines	\$ -	\$ -
TOTAL EQUIPMENT	\$ 200.00	\$ -
OFFICIATING EXPENSES	2018-2019	2018-2019
Officials Lodging	\$ 3,348.00	\$ 2,876.16
Officials Travel		
Officials Fees		
Officials Per Diem		
TOTAL OFFICIATING EXPENSES	\$ 3,348.00	\$ 2,876.16
FINAL BID	\$ 88,144.00	
ACTUAL EXPENSES		\$ 91,333.02
TICKET REVENUE		\$ 75,065.90
DUE FROM NCAA		\$ 13,643.00
HONORARIUM DUE TO MISD AND LSC		\$ 1,500.00
TOTAL		\$ 90,208.90

REIMBURSABLE ITEMS INCLUDED IN MISD'S BID		
TOTAL BID REIMBURSEMENT	\$	90,208.90
ACTUAL BID EXPENSES	\$	91,333.02
TOTAL BID	\$	(1,124.12)

TOTAL FINANCIALS IN AND OUTSIDE OF NCAA BID		
OUTSIDE OF BID	\$	4,066.56
INSIDE OF BID		(\$1,124.12)
TOTAL REVENUE	\$	2,942.44

CONCESSION REVENUE		2018-2019
McKinney High	\$	3,147.19
McKinney North	\$	3,147.19
McKinney Boyd	\$	3,147.19
TOTAL CONCESSION REVENUE	\$	9,441.57

**MCKINNEY
INDEPENDENT SCHOOL DISTRICT**
McKinney, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2019

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Transmittal Letter	1	
List of Principal Officials	5	
Organizational Chart.....	6	
FINANCIAL SECTION		
Independent Auditor’s Report.....	9	
Management’s Discussion and Analysis	11	
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	22	A-1
Statement of Activities	23	B-1
Fund Financial Statements:		
Balance Sheet – Governmental Funds	24	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	27	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds	28	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	30	C-4
Statement of Net Position – Fiduciary Funds	31	D-1
Statement of Changes in Net Position – Fiduciary Funds	32	D-2
Notes to the Financial Statements.....	33	
Required Supplementary Information:		
Budgetary Comparison Schedule – General Fund	63	E-1
Schedule of District’s Proportionate Share of Net Pension Liability.....	64	E-2
Schedule of District Contributions for Pensions.....	66	E-3
Schedule of District’s Proportionate Share of Net OPEB Liability.....	68	E-4
Schedule of District Contributions for OPEB	69	E-5
Combining Statements:		
Combining Balance Sheet – Nonmajor Governmental Funds.....	72	F-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds	76	F-2
Combining Statement of Net Position – Private Purpose Trust Funds.....	80	F-3
Combining Statement of Changes in Net Position – Private Purpose Trust Funds.....	81	F-4
Required T.E.A. Schedules:		
Schedule of Delinquent Taxes Receivable	84	G-1
Budgetary Comparison Schedule – Child Nutrition Fund	86	G-2
Budgetary Comparison Schedule – Debt Service Fund	87	G-3


TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
STATISTICAL SECTION		
Net Position by Component	90	S-1
Change in Net Position	92	S-2
Fund Balances of Governmental Funds.....	96	S-3
Governmental Funds – Revenues.....	98	S-4
Governmental Funds – Expenditures & Debt Service Ratio	100	S-5
Governmental Funds – Other Financing Sources & Uses	102	S-6
Assessed Value and Actual Value of Taxable Property.....	104	S-7
Direct and Overlapping Property Tax Rates	106	S-8
Principal Property Taxpayers	108	S-9
Property Tax Levies and Collections	110	S-10
Outstanding Debt by Type	112	S-11
Direct and Overlapping Governmental Activities Debt	114	S-12
Legal Debt Margin Information	115	S-13
Demographic and Economic Statistics	116	S-14
Principal Employers	117	S-15
Full-Time Equivalent District Employees by Type.....	118	S-16
Operating Statistics	120	S-17
Teacher Base Salaries.....	122	S-18
School Building Information	124	S-19
FEDERAL AWARDS SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Basic Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	137	
Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance Required by the Uniform Guidance	139	
Schedule of Findings and Questioned Costs	141	
Schedule of Status of Prior Findings.....	142	
Corrective Action Plan.....	143	
Schedule of Expenditures of Federal Awards.....	144	H-1
Notes to Schedule of Expenditure of Federal Awards	146	

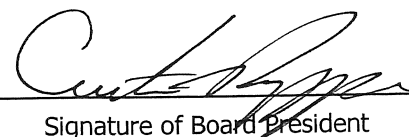
CERTIFICATE OF BOARD

McKinney Independent School District	Collin	043-907
_____ Name of School District	_____ County	_____ Co.- Dist. Number

We, the undersigned, certify that the attached financial reports of the above-named school district were reviewed and (✓) approved () disapproved for the year ended June 30, 2019, at a meeting of the Board of School Trustees of such school district on the 22 day of October, 2019.



Signature of Board Secretary



Signature of Board President

If the auditor's report was disapproved, the reason(s) therefore is/are (attach list if necessary):



September 20, 2019

Board of Trustees
McKinney Independent School District
#1 Duvall Street
McKinney, TX 75069

Members of the Board:

Texas Education Code requires school districts to submit financial statements to Texas Education Agency within 150 days of the close of the fiscal year. The reports must adhere to Generally Accepted Accounting Principles and be audited by a firm of licensed Certified Public Accountants. In compliance with this requirement, McKinney Independent School District (ISD) hereby submits the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019.

The CAFR represents the financial position of the District as measured by the activity of all funds of the District. The financial position of the District is discussed in greater detail in the Management's Discussion and Analysis (MDA) presented within the CAFR.

The report was prepared by the District's Business Services Department. The District assumes full responsibility for the accuracy, completeness, and fairness of the reports. The CAFR was audited by Evans & Knauth, PLLC, a licensed certified public accounting firm. The audit is intended to provide the District with reasonable assurance that the financial statements for the fiscal year ended, June 30, 2019, are free from material misstatement. The independent auditor's report presented within verifies there was a reasonable basis to issue an unmodified opinion. The opinion states that the reports are presented in conformity with Generally Accepted Accounting Principles and without material misstatements.

PROFILE & GOVERNANCE OF THE DISTRICT

McKinney ISD is an independent public education agency recognized as a political subdivision of the state of Texas. Formed in 1926, the District provides educational services to students in pre-kindergarten through grade 12. McKinney ISD has twenty elementary schools, five middle schools, three high schools, one alternative campus, and one early childhood education school. The ages and capabilities of these facilities can be found in the statistical section. The District had enrollment of 24,717 students in the 18/19 school year. Enrollment is predicted to decline in the 19/20 school year to 24,337.

Located in Collin County in north central Texas, the District provides services wholly or partially to the communities of McKinney, Allen, Fairview, Lucas, and Princeton. Governance is by an elected and uncompensated Board of seven trustees. The Board's primary role is governance and oversight while the operational functions of the District are delegated to the Superintendent and administrative staff.

Board members serve four year overlapping terms with elections in May. Regular Board meetings are conducted the fourth Tuesday of the month unless otherwise noted on the website.

In general, the Board adopts policies, approves curriculum, employs the superintendent, and oversees the operations of the District and its schools. Besides general Board business, trustees are charged with numerous statutory regulations, including appointing the tax assessor/collector, calling trustee and other school elections and canvassing the results, organizing the Board and electing its officers. The Board is also responsible for setting the tax rate, setting salary schedules, acting as a board of appeals in personnel and student matters, confirming recommendations for textbook adoptions, and adopting and amending the annual budget.

The Board solicits and evaluates community input and support concerning school policies and has final control over local school matters limited only by the state legislature, by the courts and by the will of the people as expressed in School Board elections. Board decisions are based on a majority vote of a quorum of the Board.

The Board has responsibilities and control over all activities related to the public school education within its geographic boundaries. Even though there is considerable association between such other entities as the Collin County Tax Office and the Collin County Central Appraisal District, this report is restricted only to the actual activities of the District.

MISSION & AWARDS

The mission of the District is stated as:

“We will provide engaging learning experiences so students can become effective communicators, quality contributors, and socially responsible citizens.”

The vision of the District is stated as:

“A cohesive, diverse community providing engaging learning experiences for all.”

Both the mission and vision are evident throughout all District programs/services including regular and enriched academic education, special education for disabled children, career and technology education, gifted and talented programs, and programs for those with limited English proficiency. In addition, the programs are supplemented with a wide variety of co-curricular offerings that include fine arts and athletics.

MISD strives to provide students with quality educational experiences and has attained the highest possible ratings in the state accountability system. The District continues to outperform the region and state in all subjects and grade levels as measured by STAAR assessments. The latest statistics from Texas Education Agency (TEA) report the Class of 2017's graduation rate at 97%. Available data related to seniors that had previously taken the PSAT/NMSQT revealed that thirty earned Commended Scholar recognition and five were named as semifinalists in the National Merit Scholarship Program. In addition, thirteen students were recognized in the Hispanic Recognition Program.

McKinney ISD claims one of the most distinguished Fine Arts programs in the state. It is one of only a few districts in Texas to have had groups from every level selected to perform at the Texas Music Educators Association conference. In the spring of 2018 the Cockrill Middle School Band program received the Sudler Cup award from the John Phillips Sousa Foundation. In 2018-2019, the Eddins Elementary Honor Choir was selected to perform at the Texas Music Educators Conference. McKinney ISD was also selected by the National Association of Music Merchants in 2017, 2018 and 2019 as one of the “Best Communities for Music Education.”

McKinney ISD Athletics was successful both in academics and athletics. MISD had seventy athletes receive full or partial scholarships. MISD had eight teams earn District Championships with Boyd Baseball making it to the State Championship

In 1999, the 76th Texas Legislature, approved legislation requiring the commissioner of education in consultation with the Comptroller of Public Accounts to develop a rating system for school district financial accountability. The 77th Texas Legislature in 2001 subsequently adopted rules for the implementation and administration of the financial accountability rating system known as School FIRST, Financial Integrity Rating System of Texas. The financial accountability rating system benefits the public by having in place a system to ensure that school districts will be held accountable for the quality of their financial management practices. McKinney ISD has received the highest rating provided each year since the implementation of the rating system in the 2001-02 year.

The Texas Comptroller of Public Accounts has implemented a program to recognize local governments for going above and beyond posting the usual financial data to their websites. The program recognizes government entities that provide clear and meaningful financial information not only by posting financial documents, but also through summaries, visualizations, downloadable data and other relevant information. The District earned prestigious Transparency Star recognition from the State Comptroller for financial transparency for three years running. The District has earned the highest rating for eight consecutive years in the Comptroller's Leadership Circle Recognition Program.

ECONOMIC CONDITIONS & OUTLOOK

McKinney ISD is situated in the Collin County, 36 miles north of Dallas on U.S. Highway 75 in the city of McKinney. The city is an integral part of the Dallas Fort Worth metroplex. It enjoys easy access to major transportation and shipping hubs located 37 miles from DFW airport and 32 miles from Love Field. In addition, McKinney's National Airport will accommodate all types of business aircraft.

McKinney is home to several industries such as Raytheon, Encore Wire, Emerson Process Management, Baylor Medical Center, and Torchmark/United American Insurance. As the county seat of Collin County, public employers include the County, City of McKinney, McKinney ISD, and Collin College. Contributing to the area's growth has been the relocation of Toyota Motor Company's Headquarters as well as the State Farm Insurance Company's and Liberty Mutual regional offices in neighboring cities. These factors have created an increased residential demand and rapidly expanding economy.

The 2016 voter authorized multi-year bond program continues through building refresh, technology enhancements, and instructional programming.

The 2018-19 school year marks the continuation of the \$220,000,000 2016 Bond Program approved by voters in May 2016. Projects include comprehensive upgrades to heating and air conditioning systems, roof replacements, renovations and additions at several schools, security cameras, and a district-wide stadium and event center. This multi-year bond program will positively impact every child in McKinney ISD.

2019/20 BUDGET & TAX RATE

The Board of Trustees is required to adopt a final budget no later than the close of the fiscal year, June 30. Annual budgets for the General Operating Fund, Debt Service Fund and Food Service Fund were adopted by the Board of Trustees on June 25, 2019. The budgets are allocated by fund and function. Site based decisions are made throughout the year as campuses and departments manage their funds. Budget transfers between functions, however, require approval from the Board of Trustees. The Budget is tightly controlled in all areas of operation.

The District adopted a maintenance and operations tax rate of \$1.06835, and the debt service rate of \$0.42 for the 2019-2020 school year. For additional information about the financial status of the District, readers should refer to Management's Discussion and Analysis section of this report.

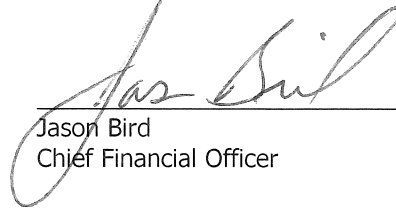
ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of Business Services. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation.

We also wish to thank the members of the Board of Trustees for their continued consideration and support, and for planning and conducting the financial operations of the District in a responsible and progressive manner.



Rick McDaniel
Superintendent



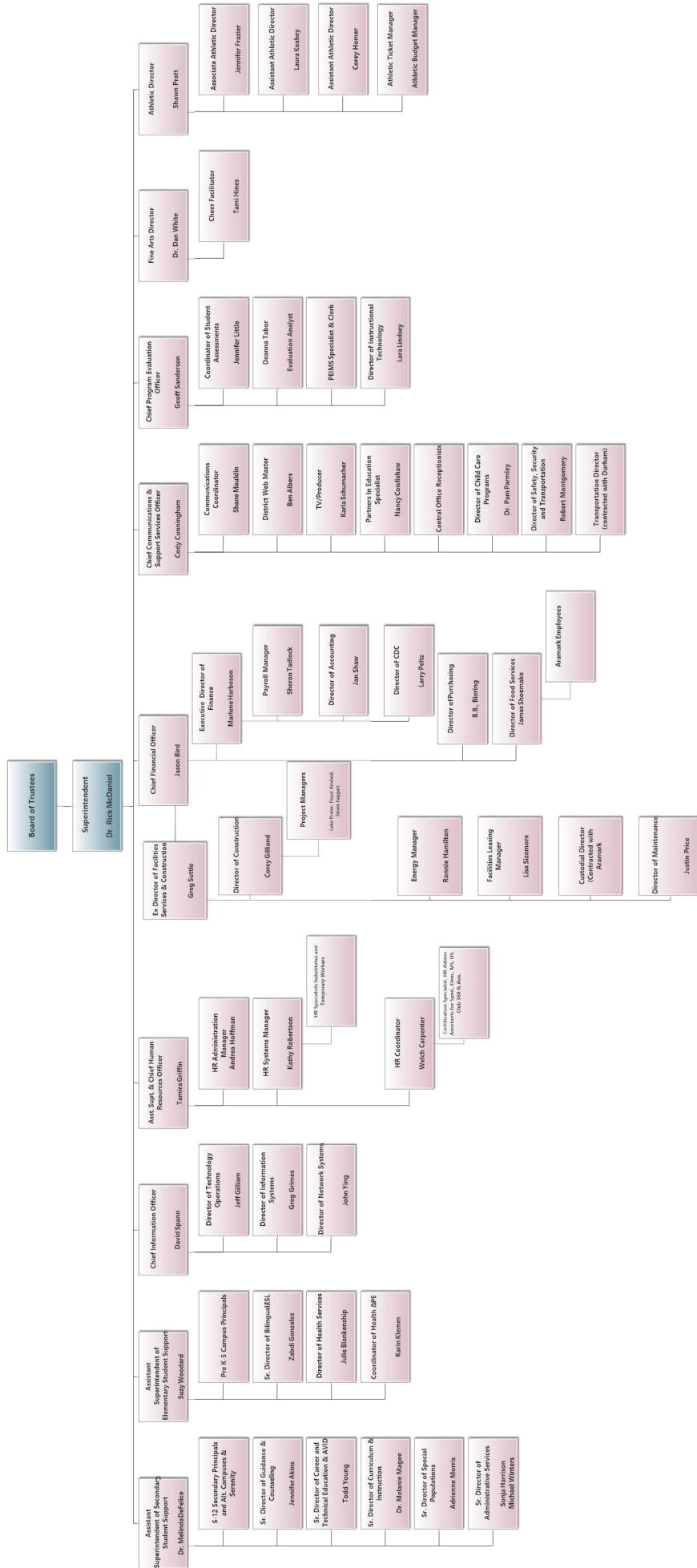
Jason Bird
Chief Financial Officer

BOARD OF TRUSTEES

<u>Name</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Curtis Ripee President	9 Years	May 2021	Managing Partner & CEO
Stephanie O'Dell Vice President	4 Years	May 2023	Community Volunteer
Maria McKinzie Secretary	12 Years	May 2021	Supply Chain Specialist
Kathi Livezey Trustee	8 Years	May 2021	Retired Educator
Amy Dankel Trustee	8 Years	May 2023	Retired Educator
Lynn Sperry Trustee	34 Years	May 2023	Magazine Publisher
Kenneth Ussery Trustee	2 Years	May 2021	Realtor

ADMINISTRATIVE OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Length of District Service</u>
Dr. Rick McDaniel	Superintendent	13 years
Jason Bird	Chief Financial Officer	21 years
Dr. Melinda DeFelice	Assistant Superintendent of Secondary Student Services	18 years
Suzanne Woodard	Assistant Superintendent of Elementary Student Support	17 years
Tamira Griffin	Assistant Superintendent, Chief Human Resources Officer *Total school experience 17 years	4 years*
Cody Cunningham	Chief Communications and Support Services Officer	14 years
David Spann	Chief Information Officer *Total school experience 24 years	5 years*
Geoff Sanderson	Chief Program Evaluation Officer	14 years
Dr. Dan White	Fine Arts Director *Total school experience 18 years	4 years*
Shawn Pratt	Athletic Director	26 years



FINANCIAL SECTION



INDEPENDENT SCHOOL DISTRICT



Independent Auditor's Report

Board of School Trustees
McKinney Independent School District
1 Duvall Street
McKinney, Texas 75069

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 McKinney Independent School District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the District, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the District's proportionate share of the net pension and net OPEB, and schedules of District contributions for pension and OPEB, on pages 64-69, 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 introductory section, combining and individual fund statements, and schedules, required Texas Education Agency schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit 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), and is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules, required Texas Education Agency schedules, 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 fund statements, required Texas Education Agency schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2019 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.



Evans & Knauth, PLLC
September 20, 2019

MANAGEMENT'S DISCUSSION & ANALYSIS

This section of the McKinney Independent School District annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2019. Please read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's total assets and deferred outflows of resources as presented on the government-wide Statement of Net Position exceeded total liabilities and deferred inflows of resources by \$100.8 million. The net position of the District increased by \$14.0 million during the year ended June 30, 2019.

The District's governmental funds financial statements reported combined ending fund balance of \$240.8 million. Of this amount, the General Fund has a total of \$109.8 of which \$1.7 million is nonspendable, \$3.1 million is assigned, and \$104.9 million is unassigned available for spending at the District's discretion. Fund balance of \$120.3 million is restricted by the Debt Service Fund and Capital Projects Fund. The Special Revenue Funds have a fund balance of \$10.7 million with \$4.7 million restricted, \$6.0 million unrestricted, and a small amount in the nonspendable prepaid classification.

In May 2016, the District held a successful bond election with voters approving \$220 million in authorized new bonds.

The final 2000 bond was issued for \$12,500,000 in FY17. The first issuance of the 2016 bond was also issued for \$77,950,000.

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 Assets (Exhibit A-1) and the Statement of Activities (Exhibit B-1). These statements 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 (Exhibits C-1 and C-3) 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 (following Exhibit D-2) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA and begin with Exhibit F-1. Exhibits labeled Exhibit G, TEA Required Schedules, and Federal Awards, contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

REPORTING THE DISTRICT AS A WHOLE

Government-Wide Statements: The Statement of Net position and the Statement of Activities

The government-wide statements (Exhibits A-1 and B-1) report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets, Exhibit A-1, includes all of the government's assets and liabilities. The Statement of Activities, Exhibit B-1, accounts for all of the current period's revenues and expenses.

The two government-wide statements report the District's *net assets* and how they have changed. Net assets, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, consider additional non-financial factors such as changes in the District's tax base.

Within the government-wide financial statements of the District, most of the District's basic services are included, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes, grants and state revenues finance most of the activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements (Exhibits C-1 and C-3) provide more detailed information about the District's most significant funds, not the District as a whole. Funds are a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives.

- Some funds are required by State law and bond covenants.
- Other funds are established to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has two kinds of funds:

- *Governmental Funds* – Most of the District's basic services are reported in governmental funds. The funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances at the end of the fiscal period. The governmental funds statements provide a detailed, short-term view of the District's general operations and the basic services it provides. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in reconciliation narratives following each of the fund financial statements. (Exhibits C-2 and C-4)
- *Fiduciary Funds* – The District is the trustee, or *fiduciary*, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position, Exhibits D-1 and D-2 respectively. These resources are excluded from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Immediately following the required supplementary information, combining statements are included for nonmajor special revenue funds and the agency funds.

The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements. The table below summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain.

<i>Type of Statements</i>	Government Wide	Governmental Funds	Fiduciary Funds
<i>Scope</i>	All activities of the District (except fiduciary)	The activities of the district that are not fiduciary.	Instances in which the district is the trustee or agent for someone else’s resources.
<i>Required financial statements</i>	* Statement of net assets * Statement of activities	* Balance Sheet * Statement of revenues, expenditures, & changes in fund balances	*Statement of fiduciary net assets *Statement of changes in fiduciary net assets
<i>Accounting Basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the Agency’s funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was \$100,802,776 on June 30, 2019. (See Table A-1).

Table A-1
The District's Net Position

	Governmental Activities		Percentage Change
	2019	2018	
Current & Other Assets	\$ 274,405,064	269,186,692	1.94%
Capital & Non-Current Assets	595,775,745	585,029,547	1.84%
Total Assets	870,180,809	854,216,239	1.87%
Deferred outflows of resources	55,083,625	19,173,805	187.29%
Current Liabilities	37,276,611	75,315,027	-50.51%
Long Term Liabilities	755,906,542	671,048,074	12.65%
Total Liabilities	793,183,153	746,363,101	6.27%
Deferred Resource Inflow	31,278,505	40,246,998	-22.28%
Net Position			
Net Invested in Capital Assets	96,405,441	88,038,813	9.50%
Restricted	34,138,253	31,601,007	8.03%
Unrestricted	(29,740,918)	(32,859,875)	-9.49%
Total Net Position	\$ 100,802,776	86,779,945	16.16%

Governmental Activities – Net Position

Current and other assets increased 1.94% from the previous year as amounts due to higher than normal tax collection and issuance of 2016 bond. Long term liabilities increased due to the bond sale.

**Table A-2
Changes in Net Position**

	Governmental Activities		Percentage
	2019	2018	Change
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 9,779,947	9,266,162	5.54%
Operating Grants & Contributions	37,465,198	(12,652,728)	-396.10%
<u>General Revenues</u>			
Property Taxes	242,478,935	226,194,606	7.20%
State Aid - Formula	32,917,170	47,705,493	-31.00%
Investment Earnings	6,188,380	3,620,235	70.94%
Grants & Contributions Not Restricted	815,614	916,778	-11.03%
Other	13,202,410	11,876,675	11.16%
Total Revenues & Extraordinary Items	<u>342,847,654</u>	<u>286,927,221</u>	19.49%
Expenses			
Instruction & Instructional Related	191,906,681	123,643,688	55.21%
Instructional Leadership/school Administration	20,756,702	12,409,437	67.27%
Guidance, Social Work, Health, Transportation	21,966,730	16,202,705	35.57%
Food Services	11,256,277	11,099,460	1.41%
Extracurricular Activities	11,388,934	8,866,478	28.45%
General Administration	5,525,728	3,491,688	58.25%
Plant Maintenance & Security	31,062,396	22,607,886	37.40%
Community Services	3,022,918	2,779,346	8.76%
Data Processing Services	4,819,649	4,108,297	17.32%
Debt Service	20,247,767	20,416,944	-0.83%
Contracted Instructional Services Between Public Schools	5,324,870	3,825,607	39.19%
Other Intergovernmental Charges	1,546,171	1,452,326	6.46%
Total Expenses	<u>328,824,823</u>	<u>230,903,862</u>	42.41%
Change in Net Position	14,022,831	56,023,359	-74.97%
Net Position-Beginning	86,779,945	153,601,609	-43.50%
Prior Period Adjustment	-	(122,845,023)	100.00%
Net Position-Ending	<u>\$ 100,802,776</u>	<u>86,779,945</u>	16.16%

Governmental Activities – Changes in Net position

- Property taxes increased as total appraised property values continue to improve.
- Investment earnings improved as higher tax collection increased and the increased balance of investment accounts.
- GASB Statement 75 was implemented during 2018.
- Salary increases were recorded in all functions.

Table A-3 presents the cost of each of the District's largest functions as well as each function's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this period was \$328,824,823
- The amount paid by MISD taxpayers for these governmental activities through property taxes was \$242,478,935
- Some of the cost (\$9,779,947) was paid by those who directly benefited from the programs or by grants and contributions of \$37,465,198.
- State aid formula grants paid for \$32,917,170 of the costs.

**Table A-3
Net Cost of Selected District Functions**

	Total Cost of Services			Net Cost of Services		
	2019	2018	% Change	2019	2018	% Change
Instruction	\$183,478,883	117,785,493	55.8%	\$156,954,744	128,140,299	22.5%
School Leadership	16,505,735	10,066,977	64.0%	15,169,073	12,474,112	21.6%
Plant Maintenance & Operations	28,821,847	21,014,135	37.2%	27,203,604	20,831,866	30.6%
Debt Service - Interest & Fiscal Charges	\$ 20,247,767	20,416,944	-0.8%	20,247,767	20,416,944	-0.8%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, governmental funds (as presented in the balance sheet on Exhibit C-1) reported a combined fund balance of \$240,784,686 as compared to a fund balance ending June 30, 2018 of \$228,490,916.

General Fund Budgetary Highlights

During the course of the fiscal year, the District reviews and revises its budget on a monthly basis in accordance with Texas Education Agency Financial Accountability System Resource Guide standards. General Fund revenues for the fiscal year ended June 30, 2019 exceeded budget by \$12,881,517. State program revenues were under budget by \$339,227. Total expenditures for the fiscal year were \$10,839,281 under budget. This was attributable primarily that the budget was based on full staffing for the entire year; however, there were miscellaneous vacancies throughout the year. Facilities Maintenance and Operations and Student Transportation also under spent a significant portion of their non-payroll budget.

At the end of FY18, the ending unassigned general fund balance of \$97.8 million represented 40.67% of the FY19 final operating budget. At FY19, the ending fund balance (unassigned) of \$104.98 million represents 45.2% of the 2019-2020 operating budget.

CAPITAL ASSETS & DEBT ADMINISTRATION

At the end of FY19, the District had invested \$595,775,745 in a broad range of capital assets, including land, equipment, buildings, and construction in progress. (See Table A-4) Additional information on capital assets is contained in Note 4, Section D of the Notes to the Financial Statements.

Table A-4
District's Capital Assets
Governmental Activities

	<u>2019</u>	<u>2018</u>	<u>Total % Change</u>
Land	\$ 41,909,253	\$ 41,909,253	0.00%
Buildings & Improvements	665,522,461	651,704,440	2.12%
Furniture & Equipment	20,233,905	18,628,352	8.62%
Construction in Progress	<u>118,093,737</u>	<u>101,995,748</u>	15.8%
Totals at Historical Cost	\$ 845,759,356	\$ 814,237,793	3.87%
Total Accumulated Depreciation	<u>249,983,611</u>	<u>229,208,246</u>	9.06%
Net Capital Assets	<u>\$ 595,775,745</u>	<u>\$ 585,029,547</u>	1.84%

Construction in progress increased as the McKinney High School auditorium project continued and numerous other campus projects.

At the end of FY19, the District had \$594,659,391 in bonds outstanding as compared to \$592,831,853 at the end of FY18. More detailed information about the District's debt is presented in the Notes to the Financial Statements.

Table A-5
District's Long-Term Debt

	<u>2019</u>	<u>2018</u>	<u>Total % Change</u>
Bonds Payable	\$ 594,659,391	\$ 592,831,853	0.31%
Total	<u>\$ 594,659,391</u>	<u>\$ 592,831,853</u>	0.31%

All of the District's bonds except the Series 2009 and 2010 Bonds presently carry AAA Ratings by virtue of the Texas Permanent School Fund Bond Guarantee Program. The District's underlying ratings are as follows:

Moody's Investor Services "Aa1"
Standard & Poor's "AA+"

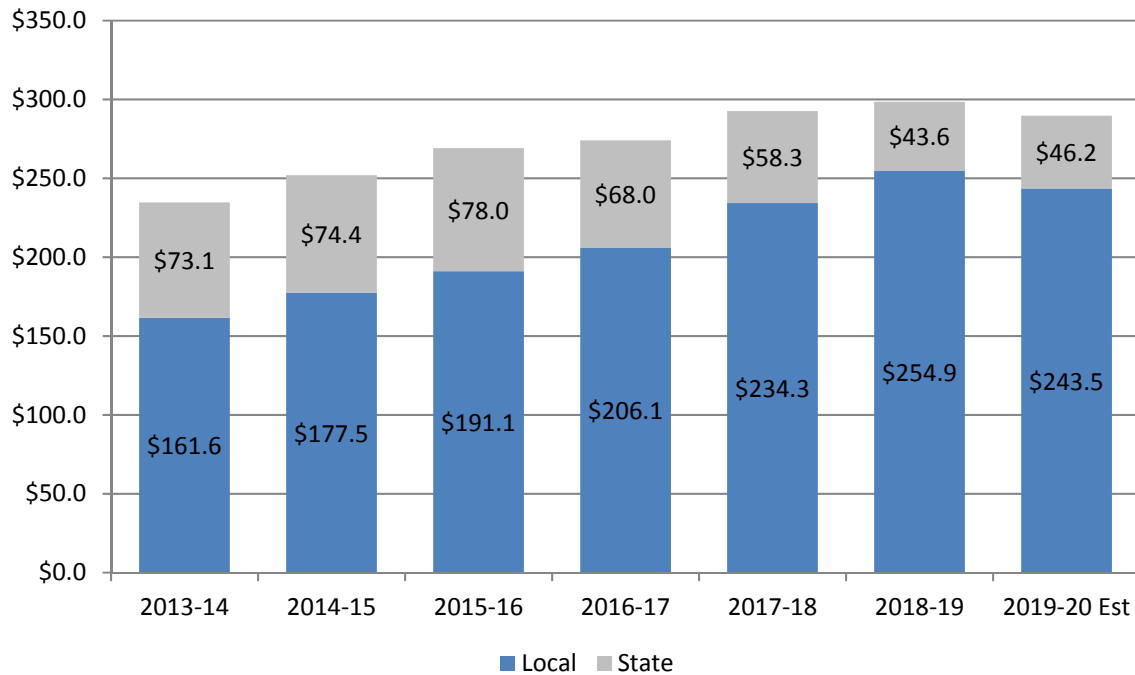
ECONOMIC FACTORS & NEXT YEAR'S BUDGETS AND RATES

- Net taxable appraised value used for FY20 budget preparation increased approximately \$1,274 million, which represents an increase of 8.06% from FY19 values. New construction for FY19 amounts to approximately \$532.5 million.
- A comparison of budgeted general operating fund spending per pupil (based on fall enrollment) in the FY19 fiscal year of \$9,477 to the budgeted FY20 spending per pupil of \$9,531 represents a budgeted increase in spending per pupil of .57%.
- The District's 2019 fall enrollment is expected to be approximately 24,337 which represents a 1.5% decrease over 2018.

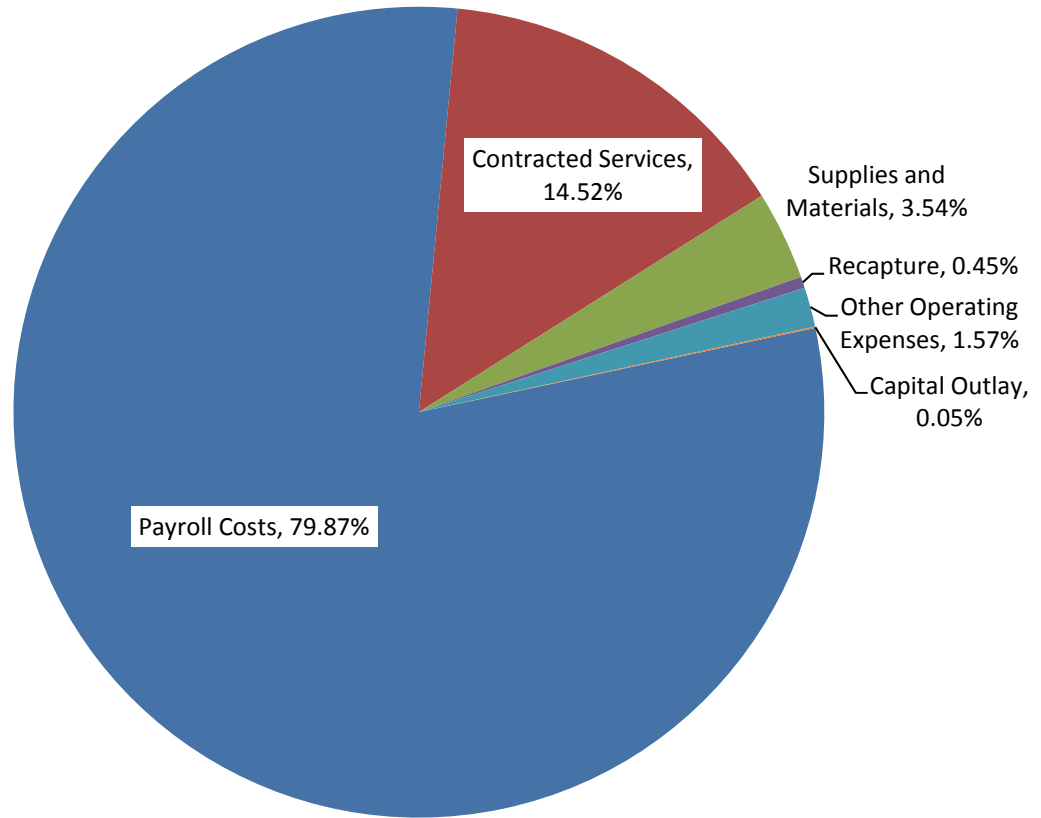
These indicators were taken into account when adopting the general fund budget for FY20. Revenues available for appropriation in the general fund budget are \$227,053,441, an increase of 1.6% over the final FY19 budget of \$223,422,177.

The District's projected FY20 tax rate is \$1.48835, which is changed. The following chart demonstrates the relationship of state and local funding for the past four years along with estimated amounts for FY20.

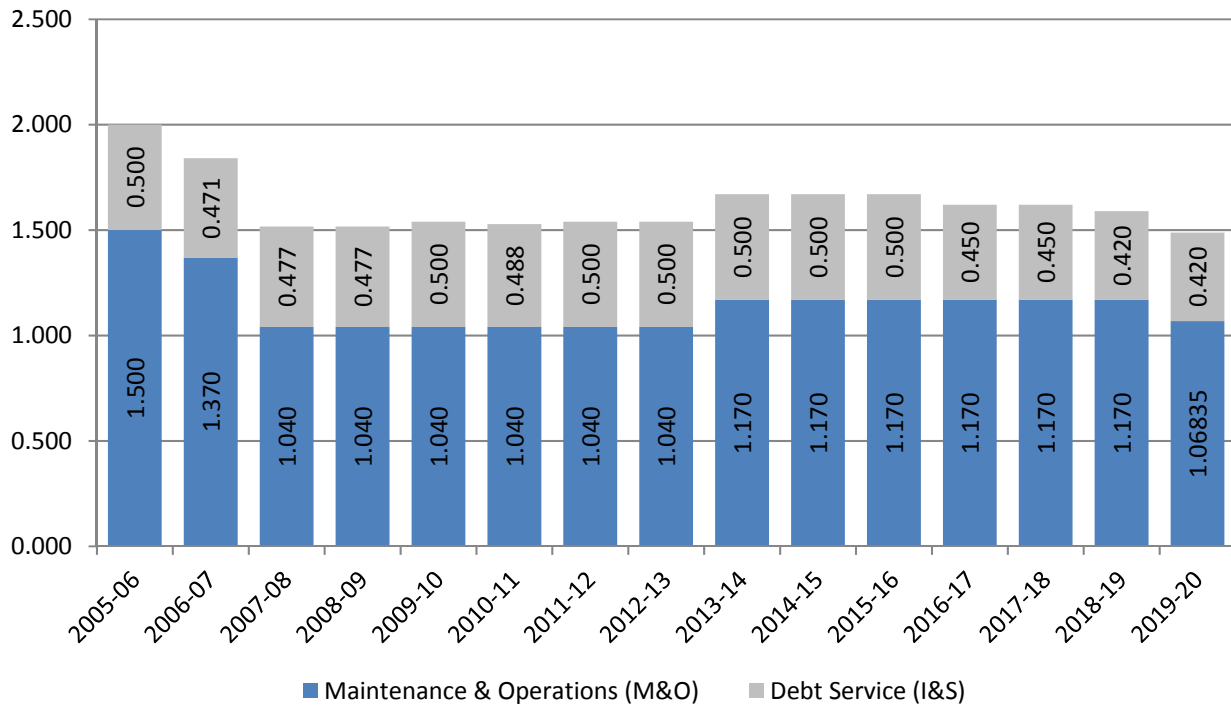
State vs. Local Revenue (millions) General & Debt Service Funds



2019-20 Percent of General Fund Budget by Object



Historical Tax Rates



TEA implemented and has annually assigned financial accountability ratings to Texas state school districts since the 2001-2002 fiscal audit. McKinney ISD has received the highest rating that a district can achieve for all applicable fiscal years.

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 demonstrate the District's accountability for funds received. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Business Services Group
 McKinney Independent School District
 #1 Duvall Street
 McKinney, TX 75069
 469-302-4000

BASIC FINANCIAL STATEMENTS

MCKINNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 255,783,600
1220 Property Taxes - Delinquent	5,011,808
1230 Allowance for Uncollectible Taxes	(150,316)
1240 Due from Other Governments	9,754,304
1290 Other Receivables, Net	2,255,241
1300 Inventories	549,754
1410 Prepayments	1,200,673
Capital Assets:	
1510 Land	41,909,253
1520 Buildings, Net	429,426,015
1530 Furniture and Equipment, Net	6,346,740
1580 Construction in Progress	118,093,737
1000 Total Assets	870,180,809
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	3,098,528
1705 Deferred Related to TRS Pension	39,726,968
1706 Deferred Related to TRS OPEB	12,258,129
1700 Total Deferred Outflows of Resources	55,083,625
LIABILITIES	
2110 Accounts Payable	1,809,130
2140 Interest Payable	8,696,612
2150 Payroll Deductions and Withholdings	571,145
2160 Accrued Wages Payable	23,566,890
2200 Accrued Expenses	2,632,834
Noncurrent Liabilities:	
2501 Due Within One Year	35,335,000
2502 Due in More Than One Year	559,324,391
2540 Net Pension Liability (District's Share)	76,086,879
2545 Net OPEB Liability (District's Share)	85,160,272
2000 Total Liabilities	793,183,153
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Revenue	178,887
2605 Deferred Inflow Related to TRS Pension	4,169,889
2606 Deferred Inflow Related to TRS OPEB	26,929,729
2600 Total Deferred Inflows of Resources	31,278,505
NET POSITION	
3200 Net Investment in Capital Assets	96,405,441
3820 Restricted for Federal and State Programs	4,684,762
3850 Restricted for Debt Service	29,453,491
3900 Unrestricted	(29,740,918)
3000 Total Net Position	\$ 100,802,776

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	3 Charges for Services	4 Operating Grants and Contributions	Primary Gov. Governmental Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 183,478,883	\$ 198,158	\$ 26,325,981	\$ (156,954,744)
12 Instructional Resources and Media Services	4,787,362	-	327,609	(4,459,753)
13 Curriculum and Instructional Staff Development	3,640,436	-	349,837	(3,290,599)
21 Instructional Leadership	4,250,967	-	391,836	(3,859,131)
23 School Leadership	16,505,735	-	1,336,662	(15,169,073)
31 Guidance, Counseling and Evaluation Services	8,535,638	-	887,638	(7,648,000)
32 Social Work Services	424,206	-	14,009	(410,197)
33 Health Services	2,812,082	-	224,035	(2,588,047)
34 Student (Pupil) Transportation	10,194,804	-	12,344	(10,182,460)
35 Food Services	11,256,277	5,037,354	5,746,261	(472,662)
36 Extracurricular Activities	11,388,934	596,656	407,771	(10,384,507)
41 General Administration	5,525,728	-	338,537	(5,187,191)
51 Facilities Maintenance and Operations	28,821,847	929,382	688,861	(27,203,604)
52 Security and Monitoring Services	2,240,549	-	153,396	(2,087,153)
53 Data Processing Services	4,819,649	-	223,252	(4,596,397)
61 Community Services	3,022,918	3,018,397	37,169	32,648
72 Debt Service - Interest on Long-Term Debt	20,059,512	-	-	(20,059,512)
73 Debt Service - Bond Issuance Cost and Fees	188,255	-	-	(188,255)
91 Contracted Instructional Services Between Schools	5,219,857	-	-	(5,219,857)
95 Payments to Juvenile Justice Alternative Ed. Prg.	105,013	-	-	(105,013)
99 Other Intergovernmental Charges	1,546,171	-	-	(1,546,171)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 328,824,823	\$ 9,779,947	\$ 37,465,198	(281,579,678)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	178,402,788
DT	Property Taxes, Levied for Debt Service	64,076,147
SF	State Aid - Formula Grants	32,917,170
GC	Grants and Contributions not Restricted	815,614
IE	Investment Earnings	6,188,380
MI	Miscellaneous Local and Intermediate Revenue	13,202,410
TR	Total General Revenues	295,602,509
CN	Change in Net Position	14,022,831
NB	Net Position - Beginning	86,779,945
NE	Net Position--Ending	\$ 100,802,776

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 120,749,539	\$ 28,081,043	\$ 95,838,826
1220 Property Taxes - Delinquent	3,613,544	1,398,264	-
1230 Allowance for Uncollectible Taxes	(108,368)	(41,948)	-
1240 Due from Other Governments	7,539,149	-	-
1260 Due from Other Funds	1,550,078	-	-
1290 Other Receivables	2,185,649	16,132	49,844
1300 Inventories	549,754	-	-
1410 Prepayments	1,184,110	-	-
1000 Total Assets	<u>\$ 137,263,455</u>	<u>\$ 29,453,491</u>	<u>\$ 95,888,670</u>
LIABILITIES			
2110 Accounts Payable	\$ 470,051	\$ -	\$ 1,256,780
2150 Payroll Deductions and Withholdings Payable	571,145	-	-
2160 Accrued Wages Payable	22,622,940	-	-
2170 Due to Other Funds	-	-	-
2200 Accrued Expenditures	186,815	-	2,441,331
2000 Total Liabilities	<u>23,850,951</u>	<u>-</u>	<u>3,698,111</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	3,505,176	1,356,316	-
2602 Unavailable Revenue - Other	137,528	-	-
2600 Total Deferred Inflows of Resources	<u>3,642,704</u>	<u>1,356,316</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	549,754	-	-
3430 Prepaid Items	1,184,110	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	92,190,559
3480 Retirement of Long-Term Debt	-	28,097,175	-
Assigned Fund Balance:			
3560 Claims and Judgments	50,000	-	-
3580 Self-Insurance	2,500,000	-	-
3590 Other Assigned Fund Balance	508,531	-	-
3600 Unassigned Fund Balance	104,977,405	-	-
3000 Total Fund Balances	<u>109,769,800</u>	<u>28,097,175</u>	<u>92,190,559</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 137,263,455</u>	<u>\$ 29,453,491</u>	<u>\$ 95,888,670</u>

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

Other Funds	Total Governmental Funds
\$ 11,114,192	\$ 255,783,600
-	5,011,808
-	(150,316)
2,215,155	9,754,304
-	1,550,078
3,616	2,255,241
-	549,754
16,563	1,200,673
<u>\$ 13,349,526</u>	<u>\$ 275,955,142</u>
\$ 82,299	\$ 1,809,130
-	571,145
943,950	23,566,890
1,550,078	1,550,078
4,688	2,632,834
<u>2,581,015</u>	<u>30,130,077</u>
-	4,861,492
41,359	178,887
<u>41,359</u>	<u>5,040,379</u>
-	549,754
10,149	1,194,259
4,684,762	4,684,762
-	92,190,559
-	28,097,175
-	50,000
-	2,500,000
6,032,241	6,540,772
-	104,977,405
<u>10,727,152</u>	<u>240,784,686</u>
<u>\$ 13,349,526</u>	<u>\$ 275,955,142</u>



INDEPENDENT SCHOOL DISTRICT

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 JUNE 30, 2019

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 240,784,686
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 was \$814,237,793 and the accumulated depreciation was (\$229,208,246). In addition, long-term liabilities, including bonds payable of (\$531,975,000), are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	53,054,547
2 Current year capital outlays of \$31,521,563 and long-term debt principal payments of \$39,265,000 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position.	70,786,563
3 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. The net position related to TRS included a deferred resource outflow of \$39,726,968, a deferred resource inflow of (\$4,169,889), and a net pension liability of (\$76,086,879). The net effect is a decrease to net position.	(40,529,800)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow of \$12,258,129, a deferred resource inflow of (\$26,929,729), and a net OPEB liability of (\$85,160,272). This resulted in a decrease in net position.	(99,831,872)
5 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(20,775,365)
6 Accrued interest payable on long-term debt is not reflected on the fund financial statements, but is shown on the government-wide financial statements. The effect of showing accrued interest payable is to decrease net position.	(8,696,612)
7 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, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(93,989,371)
19 Net Position of Governmental Activities	\$ 100,802,776

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 189,855,070	\$ 64,992,400	\$ 3,054,603
5800 State Program Revenues	42,805,588	815,594	-
5900 Federal Program Revenues	6,633,994	-	-
5020 Total Revenues	<u>239,294,652</u>	<u>65,807,994</u>	<u>3,054,603</u>
EXPENDITURES:			
Current:			
0011 Instruction	135,279,812	-	5,528,853
0012 Instructional Resources and Media Services	3,955,052	-	-
0013 Curriculum and Instructional Staff Development	3,283,100	-	-
0021 Instructional Leadership	3,890,488	-	-
0023 School Leadership	14,549,285	-	-
0031 Guidance, Counseling and Evaluation Services	7,727,175	-	-
0032 Social Work Services	415,134	-	-
0033 Health Services	2,617,866	-	-
0034 Student (Pupil) Transportation	10,152,412	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	6,854,193	-	-
0041 General Administration	4,684,544	-	-
0051 Facilities Maintenance and Operations	18,995,802	-	-
0052 Security and Monitoring Services	1,515,394	-	-
0053 Data Processing Services	3,956,957	-	-
0061 Community Services	208,764	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	39,265,000	-
0072 Interest on Long-Term Debt	-	24,764,912	-
0073 Bond Issuance Cost and Fees	-	188,255	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	4,774,522	-	43,424,851
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	5,219,857	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	105,013	-	-
0099 Other Intergovernmental Charges	1,546,171	-	-
6030 Total Expenditures	<u>229,731,541</u>	<u>64,218,167</u>	<u>48,953,704</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,563,111</u>	<u>1,589,827</u>	<u>(45,899,101)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued (Regular Bonds)	-	-	40,180,000
7915 Transfers In	311,156	-	115,960
7916 Premium or Discount on Issuance of Bonds	-	193,378	5,320,000
8911 Transfers Out (Use)	-	-	(115,960)
7080 Total Other Financing Sources (Uses)	<u>311,156</u>	<u>193,378</u>	<u>45,500,000</u>
1200 Net Change in Fund Balances	9,874,267	1,783,205	(399,101)
0100 Fund Balance - July 1 (Beginning)	99,895,533	26,313,970	92,589,660
3000 Fund Balance - June 30 (Ending)	<u>\$ 109,769,800</u>	<u>\$ 28,097,175</u>	<u>\$ 92,190,559</u>

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

	Other Funds	Total Governmental Funds
\$	13,414,901	\$ 271,316,974
	986,568	44,607,750
	13,140,337	19,774,331
	27,541,806	335,699,055
	10,181,491	150,990,156
	179,512	4,134,564
	146,289	3,429,389
	92,552	3,983,040
	639,339	15,188,624
	206,492	7,933,667
	-	415,134
	897	2,618,763
	4,187	10,156,599
	10,086,425	10,086,425
	1,127,125	7,981,318
	19,944	4,704,488
	522,555	19,518,357
	247,551	1,762,945
	-	3,956,957
	2,740,892	2,949,656
	-	39,265,000
	-	24,764,912
	-	188,255
	-	48,199,373
	-	5,219,857
	-	105,013
	-	1,546,171
	26,195,251	369,098,663
	1,346,555	(33,399,608)
	-	40,180,000
	-	427,116
	-	5,513,378
	(311,156)	(427,116)
	(311,156)	45,693,378
	1,035,399	12,293,770
	9,691,753	228,490,916
\$	10,727,152	\$ 240,784,686

MCKINNEY 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, 2019

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 12,293,770
Current year capital outlays of \$31,521,563 and long-term debt principal payments of \$39,265,000 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase net position.	70,786,563
GASB 68 requires that certain plan expenditures be de-expended and recorded as deferred resource outflows. The contributions made after the measurement date of the plan caused the change in the ending net position to increase in the amount of \$4,095,173. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability for the District. This caused a decrease in the change in net position totaling (\$3,821,488). Finally, the proportionate share of the TRS pension expense on the plan as a whole must be recorded. The net pension expense decreased the change in net position by (\$6,328,666). The net effect is to decrease the change in net position.	(6,054,981)
GASB 75 requires that certain plan expenditures be de-expended and recorded as deferred resource outflows. The contributions made after the measurement date of the plan caused the change in the ending net position to increase in the amount of \$1,017,167. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability for the District. This caused a decrease in the change in net position totaling (\$975,538). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole must be recorded. The net OPEB expense decreased the change in net position by (\$1,613,505). The net effect is to decrease the change in net position.	(1,571,876)
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.	(20,775,365)
Accrued interest payable on long-term debt is not reflected on the fund financial statements, but is shown on the government-wide financial statements. The effect of showing accrued interest payable is to decrease net position.	257,491
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, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(40,912,771)
Change in Net Position of Governmental Activities	\$ 14,022,831

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 1,208	\$ 595,680
Restricted Assets	14,580	-
Total Assets	<u>15,788</u>	<u>\$ 595,680</u>
LIABILITIES		
Due to Student Groups	-	\$ 595,680
Total Liabilities	<u>-</u>	<u>\$ 595,680</u>
NET POSITION		
Restricted for Other Purposes	<u>15,788</u>	
Total Net Position	<u>\$ 15,788</u>	

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 523
Total Additions	<u>523</u>
DEDUCTIONS:	
Supplies and Materials	1,186
Total Deductions	<u>1,186</u>
Change in Net Position	(663)
Total Net Position - July 1 (Beginning)	<u>16,451</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 15,788</u></u>

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

McKinney Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB), and it complies with the requirements of the appropriate version of the Texas Education Agency's *Financial Accountability System Resource Guide* (the Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

Reporting Entity

The Board is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity," as amended by Statements No. 39, "Determining Whether Certain Organizations are Component Units," and No. 61, "The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34." There are no component units within the reporting entity.

Government-Wide & Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the District. Taxes and intergovernmental revenues normally support governmental activities. The effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Program revenues* include: 1) charges for services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not identifiable as program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting & Financial Statement Presentation

Government-Wide Financial Statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, only current assets, current liabilities, deferred inflows and outflows of resources, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended June 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available. Expenditures are generally recorded when a liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. Expenditures related to compensated absences, claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collectible within 60 days of year end.

Revenues from local sources consist primarily of property taxes, which are susceptible to accrual and considered available if collected within sixty days of the end of the fiscal year. Under GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, property taxes are imposed non-exchange revenues. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable, legal claim to the asset or when the entity receives the resources, whichever comes first. The enforceable legal claim date for property taxes is the assessment date. Therefore, the District recognized taxes receivable and a deferred inflow of resources for taxes assessed as of October 1, 2018, which were not available as of June 30, 2019.

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.

The special revenue funds, except for the Child Nutrition Fund, include programs that are financed on a project grant basis. These projects have grant periods that range from less than twelve months to in excess of two years. Grant funds are considered to be earned to the extent expenditures are made under the provisions of the grant. When grant funds are received in advance of being earned, they are recorded as unearned revenue until earnings criteria are met. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

Fiduciary Fund Financial Statements are accounted for on a flow of economic resources measurement focus. With this focus, all assets and all liabilities associated with the operation of these funds are included on the fund *Statement of Net Position*. Agency funds are custodial in nature and do not involve measurement of results or operations.

Fund Accounting

The District reports its financial activities through the use of "fund accounting". The activities of the District are organized on the basis of funds. The operations of each fund are accounted for within a separate set of self-balancing accounts to reflect results of activities. Fund accounting segregates funds according to their intended purposes to assist management in demonstrating compliance with finance-related legal and contractual provisions.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund Accounting *(continued)*

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through the governmental funds. The following are the District's major governmental funds:

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenses that are not paid through other funds are paid from the General Fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the retirement of, long-term debt principal, interest and related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition, renovation or construction of major capital projects.

Other non-major governmental funds consist of special revenue funds that account for resources that are legally restricted or locally committed to expenditures for specified purposes. Most Federal and some State financial assistance is accounted for in special revenue funds.

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, organizations, and/or other funds:

Private Purpose Trust Fund - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds are for scholarships.

Agency Funds - The Student Activity Fund accounts for the receipt and disbursement of monies from student activity organizations. These organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of Trustees. This accounting reflects the District's agency relationship with the student activity organizations. Agency Funds are fiduciary funds that are custodial in nature (assets equal liabilities).

Assets, Liabilities, & Deferred Inflows/Outflows

Cash & Cash Equivalents - The District's cash and cash equivalents include cash on hand, demand deposits, money markets, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments – Investments, except for the investment pools, are recorded at fair value. Fair value is determined by the amount at which a financial instrument can be exchanged in a current transaction between willing parties. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. District management believes that the District adheres to the requirements of the State of Texas Public Funds Investment Act regarding investment practice, management reports and establishment of appropriate policies. Additionally, management believes that the investment practices of the District are in accordance with local policies for the current fiscal year.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Assets, Liabilities, & Deferred Inflows/Outflows *(continued)*

Interfund Receivables & Paybles - Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." All residual balances between governmental activities are eliminated in the government-wide statements.

Inventories - Certain payments to vendors reflect supplies held on hand for future accounting periods and are recorded as inventory in the financial statements and expended in a subsequent period using the consumption method. All inventory balances are offset at fiscal year-end by nonspendable fund balance in the fund financial statements.

Prepaid Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements and expended in a subsequent period using the consumption method. All prepaid expenditures are offset at fiscal year-end by nonspendable fund balance in the fund financial statements.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Vehicles	10
Office equipment	7
Computer equipment	5

Vacation & Sick Leave - Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying basic financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, no liability exists for unused sick leave.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the *Statement of Net Position*. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

Retiree Health Plan – The District records its proportionate share of the net OPEB liability of the Teacher Retirement System of Texas (TRS) Care Plan. The fiduciary net position of the 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.

Deferred Outflows/Inflows of Resources – In addition to assets and liabilities, the government-wide *Statement of Net Position* and governmental fund *Balance Sheet* report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to deferred losses on debt refunding transactions, which are reported as deferred outflows of resources, the District reports certain deferred inflows and outflows related to pensions on the government-wide *Statement of Net Position*. At the governmental fund level, earned but unavailable tax revenue is reported as a deferred inflow of resources.

Fund Balances and Net Position

Net position on the government-wide *Statement of Net Position* includes the following:

Net Investment in Capital Assets reports the difference between capital assets, net of accumulated depreciation, and the outstanding balance of debt, excluding unspent bond proceeds that is directly attributable to the acquisition, construction or improvement of those capital assets.

Restricted for Federal and State Grant Programs is the component of net position restricted to be spent for specific purposes prescribed by federal and state granting agencies.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund Balances and Net Position *(continued)*

Restricted for Debt Service is the component of net position that is restricted for payment of debt service by constraints established by the bond covenants.

Unrestricted Net Position is the residual difference between assets, deferred outflows, liabilities and deferred inflows that is not invested in capital assets or restricted for specific purposes.

It is the District's policy to spend funds available from restricted sources prior to unrestricted sources.

Fund balances on the governmental funds' *Balance Sheet* include the following:

Nonspendable Fund Balance is the portion of the gross fund balance that is not expendable because it is either not in spendable form or it is legally or contractually required to be maintained intact.

Restricted Fund Balance includes amounts restricted for a specific purpose by the provider (such as a grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital Projects bond funds are restricted by the bondholders for the specific purpose of capital projects and capital outlays. Federal and State grant resources are restricted pursuant to the mandates of the granting agency.

Committed Fund Balance is that portion of fund balance that is committed to a specific purpose by the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. These amounts cannot be used for any other purpose unless the Board removes or changes the constraint by exercising the same type of action originally used to commit the funds. The District did not have any committed resources as of June 30, 2018.

Assigned Fund Balance is that portion of fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose. This intent can be expressed by an official to which the Board of Trustees delegates this authority.

Unassigned Fund Balance is the difference between the total fund balance and the total of the non-spendable, restricted, committed, and assigned fund balances and can be utilized for any legal purpose. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund Balances and Net Position *(continued)*

As of June 30, 2019, fund balances are composed of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ 549,754	-	-	-	\$ 549,754
Prepaid items	1,184,110	-	-	10,149	1,194,259
Restricted:					
Debt service	-	28,097,175	-	-	28,097,175
Federal grants	-	-	-	-	-
State grants	-	-	-	4,684,762	4,684,762
Construction	-	-	92,190,559	-	92,190,559
Assigned:					
Litigation and claims	50,000	-	-	-	50,000
Insurance deductibles	2,500,000	-	-	-	2,500,000
Encumbrance Carryover	508,531	-	-	6,032,241	6,540,772
Unassigned:	104,977,405	-	-	-	104,977,405
Total fund balances	<u>\$ 109,769,800</u>	<u>28,097,175</u>	<u>92,190,559</u>	<u>10,727,152</u>	<u>\$ 240,784,686</u>

Data Control Codes

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

Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimations and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Encumbrance Accounting

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of funds are recorded in the accounting system in order to assign the portion of the applicable appropriation. This methodology is employed in the governmental fund financial statements. Encumbrances are not liabilities and are therefore not recorded as expenditures until receipt of the material or service. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are re-appropriated in the next fiscal year. Management has assigned a portion of fund balance for future expenditures equal to the General Fund outstanding encumbrances at June 30, 2019. None of the individual encumbrances reported are considered significant to the financial statements.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BUDGETARY DATA

The Board of Trustees adopts an “appropriated budget” for the General Fund, Debt Service Fund, and Child Nutrition Special Revenue Fund on a basis consistent with accounting policies generally accepted in the United States of America. To comply with those principals, each appropriated budget is presented on the modified accrual basis. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The Budgetary Comparison Schedule for the General Fund appears in Exhibit E-1. The Budgetary Comparison Schedules for the Debt Service Fund and Child Nutrition Fund appear in Exhibits G-4 and G-5. The remaining special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District’s Fiscal Year.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- Prior to June 19, the District prepares a budget for the next succeeding fiscal period beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days’ public notice of the meeting must be given.
- Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can only be amended at the fund and function level only. To do so requires the approval of a majority of the members of the Board of Trustees. Amendments are presented to the Board at its regular meetings. Such amendments are reflected in the official minutes of the Board. The budget was properly amended throughout the year by the Board of Trustees.

The Budget Coordinator controls each budget for revenues and expenditures at the fund, function, and object level. Management is able to transfer amounts within each function. Budgeted amounts are as amended by the Board of Trustees. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

<u>June 30, 2019 Fund Balance</u>	
Appropriated budget funds - Child Nutrition Special Revenue Fund	\$ 4,655,104
Nonappropriated budget funds	<u>\$ 6,072,048</u>
All Special Revenue Funds	<u>\$ 10,727,152</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

Exhibit C-2 provides a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the full accrual basis of accounting." The details of this \$(93,989,371) adjustment are as follows:

Deferred revenue:		
To remove the current year uncollected tax levy from unavailable revenue	\$	2,373,609
To remove prior year collectible delinquent tax levy receivable from unavailable revenue		<u>2,487,883</u>
		<u>4,861,492</u>
Long-term debt:		
Issuance of bonds		(40,180,000)
Premium on bonds		(61,769,391)
Deferred Loss on Refunding Bonds		<u>3,098,528</u>
		<u>(98,850,863)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	\$	<u>(93,989,371)</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

Exhibit C-4 provides a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "various other reclassifications are necessary to convert from the modified accrual basis of accounting to the full accrual basis of accounting." The details of this \$(40,912,771) adjustment are as follows:

Taxes:		
To move the current year and prior year uncollected tax levy to revenue	\$	<u>332,698</u>
		<u>332,698</u>
Long-term debt:		
Current year amortization		4,447,909
Issuance of Bonds Payable		(40,180,000)
Current year premium on bonds		<u>(5,513,378)</u>
		<u>(41,245,469)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes to net position of governmental activities	\$	<u>(40,912,771)</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

CASH & INVESTMENTS

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

At June 30, 2019, the carrying amount of the District's deposits (cash) was (\$1,674,799). The bank balance was \$2,160,453. The District's combined deposits at June 30, 2019 and during the year ended June 30, 2019 were fully insured by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- Name of banks: American National Bank of Texas and Independent Bank.
- The highest combined balances of cash, savings, and time deposit accounts amounted to \$22,154,316 and occurred during the month of November 2018.
- The market value of securities pledged as of the date of the highest combined balance on deposit was \$25,822,385.
- Total amount of FDIC coverage at the time of highest combined balance was \$500,000.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas:

- Safety of principal and liquidity,
- Portfolio diversification,
- Allowable investments,
- Acceptable risk levels,
- Expected rates of return,
- Maximum allowable stated maturity of portfolio investments,
- Maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio,
- Investment staff quality and capabilities, and
- Bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities, repurchase agreements, and certain other investments. The investments owned at fiscal year-end are held by the District or its agent in the District's name.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended June 30, 2019

CASH & INVESTMENTS *(continued)*

All investment pools utilized by the District meet the requirements of the Texas Public Funds Investment Act (PFIA). The fair value of the positions in the pools is the same as the value of the pools. The District invests in the following investment pools:

- Texas Local Government Investment Pool (TexPool) - The Texas Comptroller of Public Accounts exercises oversight responsibility over TexPool. The credit quality rating for TexPool at year end was AAAm by Standard & Poor's.
- TexSTAR - Administration of TexStar is performed by a Board of Directors, which is an administrative agency created under the Interlocal Act. The credit quality rating for TexStar at year end was Aaa by Moody's Investor Service.

In compliance with the PFIA, the District has adopted a deposit and investment policy. That policy addresses the following risks:

Credit risk is the risk that a security issuer may default on an interest or principal payment. The District controls and monitors this risk by purchasing quality rated instruments that have been evaluated by nationally recognized agencies such as Standard and Poor's (S&P) or Moody's Investors Service.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution or counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover its deposits, value of its investments, or collateral securities that are in the possession of an outside party. The PFIA, the District's investment policy, and Government Code Chapter 2257 "Collateral for Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments. The District's funds are deposited and invested under terms of a depository contract with amounts greater than the FDIC insurance coverage protected by approved pledged securities held on behalf of the District. Public funds investment pools created to function as money market mutual funds must mark their portfolios to market daily, and, to the extent reasonably possible, stabilize at a \$1 net asset value. The District's policy manages custodial credit risk by requiring securities purchased by a broker-dealer for the District to be held in a Safekeeping account in the District's name. The policy also requires that security transactions be conducted on a delivery-versus-payment basis.

Concentration of credit risk is the risk associated with holding investments that are not pools and full faith credit securities. These risks are controlled by limiting the percentages of these investments in the District's portfolio.

Interest rate risk is the risk that interest rates will rise and an investment in a fixed-income security will decrease in value. Interest rate risk is reduced by diversifying, investing in securities with different durations, and laddering maturity dates. The District manages its exposure to interest rate risk by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the District's investment in external investment pools is less than 60 days.

Foreign currency risk is the potential for loss due to fluctuations in exchange rates. The District's policy does not allow for any direct foreign investments, and therefore the District is not exposed to foreign currency risk.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

CASH & INVESTMENTS *(continued)*

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The District has recurring fair value measurements as presented in the table below. The District's investment balances at June 30, 2019 are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
TexStar investment pool	\$113,447,413	\$113,447,413
State Treasurer's investment pool	<u>144,622,454</u>	<u>144,622,454</u>
Total	<u>\$258,069,867</u>	<u>\$258,069,867</u>

PROPERTY TAXES

The District's ad valorem property tax is levied on all real and business personal property located in the District. A lien exists on all property on January 1st of each year. Tax statements are mailed on October 1st each year or as soon thereafter as possible. Taxes are due upon receipt and become delinquent if not paid before February 1st of the following calendar year. The assessed value of the property tax roll on August 1, 2018, upon which the levy for the 2018-19 fiscal period was based, was \$14,903,140,708.

The tax rates levied for the fiscal year ended June 30, 2019, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.17 and \$0.42 per \$100 valuation, respectively, for a total of \$1.59 per \$100 valuation.

Current year tax collections for the period ended June 30, 2019, were 98.99% of the levy.

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. The full amount estimated to be required for general obligation bond retirement is provided by the debt service tax together with interest earned within the Debt Service Fund.

Allowances for uncollectible taxes within the General Fund and Debt Service Fund are based on historical experience. 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. As of June 30, 2019, the allowance for uncollectible taxes was approximately 3% of total delinquent property taxes receivable.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

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 Foundation School Program and Available School Fund.

Receivables due from other governments as of June 30, 2019, for the District's individual major funds and Non-Major Governmental Funds are as follows:

		<u>Local Governments</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
199	General	\$ 65,201	7,473,948	-	\$ 7,539,149
200-499	Special revenue	-	2,433	2,212,722	2,215,155
	Total	<u>\$ 65,201</u>	<u>7,476,381</u>	<u>2,212,722</u>	<u>\$ 9,754,304</u>

INTERFUND TRANSACTIONS

Interfund balances at June 30, 2019, consisted of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,550,078	\$ -
Non-Major Governmental Funds	-	1,550,078
Total	<u>\$ 1,550,078</u>	<u>\$ 1,550,078</u>

All interfund balances represent transactions between the General Fund and other funds. Non-major funds owed the General Fund for grant expenditures financed by General Fund cash prior to receiving reimbursements from federal or state agencies.

All interfund balances reported at June 30, 2019, were liquidated shortly after year-end.

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Purpose</u>
Non-Major Funds	General Fund	\$ 311,156	For profits to follow to general fund

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets not being depreciated:				
Land	\$ 41,909,253	-	-	41,909,253
Construction in progress	<u>101,995,748</u>	<u>29,618,591</u>	<u>(13,520,602)</u>	<u>118,093,737</u>
	143,905,001	29,618,591	(13,520,602)	160,002,990
Capital Assets being depreciated:				
Buildings and improvements	651,704,440	13,818,021	-	665,522,461
Furniture and equipment	<u>18,628,352</u>	<u>1,605,553</u>	-	<u>20,233,905</u>
	670,332,792	15,423,574	-	685,756,366
Less: Accumulated depreciation for:				
Buildings and improvements	(216,897,118)	(19,199,328)	-	(236,096,446)
Furniture and equipment	<u>(12,311,128)</u>	<u>(1,576,037)</u>	-	<u>(13,887,165)</u>
	<u>(229,208,246)</u>	<u>(20,775,365)</u>	-	<u>(249,983,611)</u>
Total Capital Assets for governmental activities, net	<u>\$ 585,029,547</u>	<u>24,266,800</u>	<u>(13,520,602)</u>	<u>595,775,745</u>

Depreciation expense was charged to governmental functions as follows:

11 - Instruction	\$ 15,030,976
12 - Instructional resources and media	394,732
23 - School leadership	228,529
34 - Student transportation	31,163
35 - Food services	1,412,725
36 - Extracurricular activities	2,077,537
41 - General administration	197,366
51 - Plant maintenance and operations	560,935
52 - Security and monitoring services	135,040
53 - Data processing services	<u>706,362</u>
Total depreciation expense	<u>\$ 20,775,365</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended June 30, 2019

CAPITAL ASSETS *(continued)*

Construction Commitments

At June 30, 2019, the District was obligated under major contracts for construction of new facilities and renovations or repair of various existing facilities. A summary of the status of these projects and the related binding contracts with contractors is as follows:

Project Name	Budgeted Costs	Costs Incurred Through 06/30/19
District Wide Stadium	\$ 69,040,738	67,381,165
McKinney High Fine Arts Addition	26,184,946	26,047,864
Cockrill Middle School Fine Arts	4,288,503	3,004,962
Evans Middle School Fine Arts	3,993,913	2,753,006
Glen Oaks Renovations	2,668,495	2,588,098
McKinney North High Renovations	2,701,521	2,551,134
Boyd High School Fine Arts Addition	4,680,187	1,880,674
Boyd High School Baseball Fields	1,738,730	1,738,730
Valley Creek Renovations	1,713,237	1,682,142
Wolford Elementary Renovations	2,572,033	1,547,093
McKinney North MEP Renovation	1,438,683	1,350,581
Timbercreek	-	2,463,346
Other Projects	4,030,602	3,104,942
	<u>\$ 125,051,588</u>	<u>118,093,737</u>

LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2019, follows:

Governmental Activities Bonded Indebtedness:	Interest Rate Payable	Amounts Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2009 Sch. Bldg. & Ref.	4.60	\$ 58,805,000	33,110,000	-	(5,310,000)	27,800,000	5,580,000
2010 Refunding	3.46	31,110,000	18,190,000	-	-	18,190,000	-
2011 School Bldg.	3.73	48,605,000	42,020,000	-	(2,275,000)	39,745,000	5,675,000
2011 Sch. Bldg. & Ref	4.39	38,740,000	25,545,000	-	(595,000)	24,950,000	605,000
2012 Sch. Bldg. & Ref	3.02	53,975,000	50,670,000	-	(2,495,000)	48,175,000	2,605,000
2013 School Bldg.	4.00	39,305,000	37,365,000	-	(1,215,000)	36,150,000	1,260,000
2014 Sch. Bldg. & Ref	4.45	99,360,000	51,045,000	-	(10,445,000)	40,600,000	5,315,000
2015 Refunding	3.74	47,170,000	42,365,000	-	(2,465,000)	39,900,000	2,560,000
2015A Bldg & Ref	4.58	66,355,000	55,260,000	-	(2,630,000)	52,630,000	2,780,000
2016 Refunding	3.77	34,635,000	34,635,000	-	(1,650,000)	32,985,000	1,690,000
2016A Bldg.	4.63	77,950,000	69,915,000	-	(2,805,000)	67,110,000	2,945,000
2017 Bldg.	4.75	78,545,000	71,855,000	-	(2,730,000)	69,125,000	2,865,000
2018 Bldg.	5.00	40,180,000	-	40,180,000	(4,650,000)	35,530,000	1,455,000
Total bonded indebtedness			531,975,000	40,180,000	(39,265,000)	532,890,000	35,335,000
Bond Premium			60,856,853	5,513,378	(4,600,840)	61,769,391	
Total Bonds Payable			<u>\$ 592,831,853</u>	<u>45,693,378</u>	<u>(43,865,840)</u>	<u>594,659,391</u>	<u>35,335,000</u>

General obligation bonds consist of School Building Bonds and Refunding Bonds bearing interest at 3.00 – 5.00% per annum. Interest expense for the year on all bonded indebtedness was \$24,764,912.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

LONG-TERM DEBT *(continued)*

Changes in debt-related deferred outflows of resources for the year ended June 30, 2019, were:

	<u>Beginning Balance</u>	<u>Issued/ Increases</u>	<u>Retired/ Refunded</u>	<u>Ending Balance</u>
Deferred loss on refunding	\$ 3,251,459	-	(152,931)	\$ 3,098,528

Debt service requirements for the general obligation bonds are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	35,335,000	24,095,464	59,430,464
2021	34,780,000	22,418,481	57,198,481
2022	34,145,000	20,783,931	54,928,931
2023	32,235,000	19,083,654	51,318,654
2024	32,360,000	17,569,281	49,929,281
2025-2029	158,080,000	65,990,266	224,070,266
2030-2034	134,290,000	32,048,341	166,338,341
2035-2039	70,190,000	7,200,923	77,390,923
2040	1,475,000	73,750	1,548,750
Total	<u>\$ 532,890,000</u>	<u>209,264,091</u>	<u>742,154,091</u>

Defeasance of Debt

In prior years, the District defeased previously issued and outstanding 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 the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2019, there are no outstanding bonds that are considered legally defeased.

UNAVAILABLE REVENUE

Unearned revenue at June 30, 2019, consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Net tax revenue	\$3,505,176	-	1,356,316	4,861,492
State textbooks		40,052		40,052
Detachment revenue	65,202	-	-	65,202
Tuition	72,326	-	-	72,326
Other		1,307		1,307
Total	<u>\$ 3,642,704</u>	<u>41,359</u>	<u>1,356,316</u>	<u>5,040,379</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

REVENUES FROM LOCAL & INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property taxes	\$ 176,937,348	-	63,555,215	-	240,492,563
Food sales	-	5,037,354	-	-	5,037,354
Investment income	3,031,431	-	652,411	2,504,538	6,188,380
Insurance Recovery	4,774,522	-	-	-	4,774,522
Penalties, interest and other tax related income	2,075,628	-	784,774	-	2,860,402
Co-curricular student activities	596,656	-	-	-	596,656
Tuition and fees	198,158	3,018,397	-	-	3,216,555
Other	2,241,327	5,359,150	-	550,065	8,150,542
Total	<u>\$ 189,855,070</u>	<u>13,414,901</u>	<u>64,992,400</u>	<u>3,054,603</u>	<u>271,316,974</u>

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2019, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Health Care Coverage

For the year ended June 30, 2019, all employees of the District were offered health care coverage under the TRS ActiveCare insurance plan (the Plan), which is a statewide health coverage program for public education employees established by the 77th Texas Legislature. The District contributed \$306 per month per enrolled employee to the Plan, and employees, at their option, authorized payroll withholdings to pay the additional cost of premiums for themselves and dependents.

Workers' Compensation Insurance

During the year ended June 30, 2019, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's workers' compensation program is authorized by Chapter 504, Texas Labor Code. All districts participating in the Fund execute Inter-local Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The District participates in the Fund's reimbursable aggregate deductible program. As such, the District is responsible for a certain amount of claims liability as outlined on the District's Contribution and Coverage Summary document. After the District's deductible has been met, the Fund is responsible for additional claims.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

RISK MANAGEMENT *(continued)*

Workers' Compensation Insurance *(continued)*

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully fund those reserves. As of August 31, 2018, the Fund carries a discounted reserve of \$48,977,531 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended June 30, 2019, the Fund anticipates no additional liability beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each plan year on August 31 and is approved by the Fund's Board of Trustee in February of the following year. The Fund's audited financial statements as of August 31, 2018, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

Litigation & Contingencies

The District is currently involved in various litigations. Management believes the District will prevail in each matter.

State & Federal Programs

The District participates in numerous state and federal 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, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019, 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 combined financial statements for such contingencies.

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS

Employee Retirement Plan

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

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

Pension Plan Fiduciary Net Position - Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701; or by calling (512) 542-6592.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Employee Retirement Plan - Pension Plan Fiduciary Net Position *(continued)*

The information provided in the Notes to the Financial Statements in the 2018 CAFR for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2018:

Net Pension Liability	Total
Total Pension Liability	\$ 209,611,328,793
Less: Plan Fiduciary Net Position	(154,568,901,833)
Net Pension Liability	\$ 55,042,426,960
Net Position as a percentage of Total Pension Liability	73.74%

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, when 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 postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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

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

	<u>2019</u>	<u>2019</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Fiscal Year 2019 Employer Contributions		\$ 4,895,693
Fiscal Year 2019 Member Contributions		\$ 11,861,317
2018 Measurement Year NECE On-behalf Contributions		\$ 6,975,435

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Employee Retirement Plan - Contributions *(continued)*

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

As the non-employer contributing entity for public education, 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. The District is required to pay the employer contribution rate in the following instances:

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

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

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

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

Valuation Date	August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.250%
Inflation	2.300%
Salary Increases including inflation	3.05 % to 9.05%
Payroll Growth Rate	2.50%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended June 30, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Employee Retirement Plan *(continued)*

Discount Rate - The discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2018 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global Equity			
U.S.	18.00%	5.70%	1.04%
Non-U.S. Developed	13.00%	6.90%	0.90%
Emerging Markets	9.00%	8.95%	0.80%
Directional Hedge Funds	4.00%	3.53%	0.14%
Private Equity	13.00%	10.18%	1.32%
Stable Value			
U.S. Treasuries	11.00%	1.11%	0.12%
Absolute Return	0.00%	0.00%	0.00%
Stable Value Hedge Funds	4.00%	3.09%	0.12%
Cash	1.00%	-0.30%	0.00%
Real Return			
Global Inflation Linked Bonds	3.00%	0.70%	0.02%
Real Assets	14.00%	5.21%	0.73%
Energy and Natural Resources	5.00%	7.48%	0.37%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	3.70%	0.18%
Inflation Expectation			2.30%
Alpha			-0.79%
Total	100.00%		7.25%

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Employee Retirement Plan *(continued)*

Discount Rate Sensitivity Analysis – The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the 2018 Net Pension Liability.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
Proportionate share of the net pension liability:	\$ 114,833,345	\$ 76,086,879	\$ 44,719,316

Pension Liabilities, Pension Expense & Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the District reported a liability of \$76,086,879 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction of 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	\$ 76,086,879
State's proportionate share that is associated with the District	114,043,598
Total	<u>\$ 190,130,477</u>

The net pension liability was measured as of August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was 0.1382% which was an increase of 0.0042% from its proportion measured as of August 31, 2017.

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

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.000% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.00% to 7.25%.
- The change in long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

For the year ended June 30, 2019, the District recognized pension expense of \$21,437,431 and revenue of \$11,287,277 for support provided by the State.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS (continued)

Employee Retirement Plan - Pension Liabilities, Pension Expense & Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experiences	\$ 474,263	\$ 1,866,872
Changes in actuarial assumptions	27,432,985	857,281
Differences between projected and actual investment earnings	-	1,443,694
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	<u>7,724,547</u>	<u>2,042</u>
Total as of August 31, 2018 measurement date	\$ 35,631,795	\$ 4,169,889
Contributions paid to TRS subsequent to the measurement date	<u>4,095,173</u>	<u>-</u>
Total as of June 30, 2019	<u>\$ 39,726,968</u>	<u>\$ 4,169,889</u>

\$4,095,173 reported as deferred outflow of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. The remaining net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year ended June 30,</u>	
2020	\$ 8,327,931
2021	5,289,784
2022	4,458,683
2023	5,270,227
2024	4,963,851
Thereafter	<u>3,151,430</u>
	<u>\$ 31,461,906</u>

Long-Term Liability Disclosure

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Net Pension Liability	\$ 42,855,649	37,887,955	(4,656,725)	\$ 76,086,879

Teacher/Employee Recruitment & Retention Program Trust

Plan Description – The District contributes to the Teacher/Employee Recruitment and Retention Program Trust. The Trust is a defined contribution retirement plan. The Trust's annual financial report and other required disclosure information are available by writing the TERRP Plan Administrator, JEM Resource Partners, 4201 Bee Caves Road, Suite C-101, Austin, Texas 78746.

Funding Policy – Under the plan provisions, the District contributes 100% of plan members contributions to their 403(b) or 457 plan, up to one-half of one percent of the plan member's gross annual compensation. District contributions for the year ended June 30, 2019 were \$118,125. Plan members are 100% vested in their account after attaining five credited years of participation in the plan. Upon meeting the requirements of "qualification for unreduced retirement" in accordance with the Teacher Retirement System of Texas, obtaining normal retirement age, or upon death or permanent disability, a plan member shall be 100% vested regardless of years of service.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Retiree Health Plan

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

OPEB Plan Fiduciary Net Position - Detailed information about the TRS-Care's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701; or by calling (512) 542-6592.

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

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

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

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

* or surviving spouse

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

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Retiree Health Plan - Contributions *(continued)*

The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>2018</u>	<u>2019</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Fiscal Year 2019 Employer Contributions		\$ 1,218,026
Fiscal Year 2019 Member Contributions		\$ 1,001,282
2018 Measurement Year NECE On-behalf Contributions		\$ 1,800,431

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 \$182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional \$212 million in one-time supplemental funding for the fiscal year 2018-2019 biennium to continue to support the program. This was also received in fiscal year 2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

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

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018: Rates of Mortality, Rates of Retirement, Rates of Termination, Rates of Disability Incidence, General Inflation, Wage Inflation, and Expected Payroll Growth.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	3.69%*
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Salary Increases**	3.05% to 9.05%**
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65.
Ad hoc post-employment benefit changes	None

* Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Retiree Health Plan *(continued)*

Discount Rate - A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of 0.27% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

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 (3.69%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate <u>(2.69%)</u>	Discount Rate <u>(3.69%)</u>	1% Increase in Discount Rate <u>(4.69%)</u>
Proportionate share of the net OPEB liability:	\$ 101,369,983	\$ 85,160,272	\$ 72,337,346

Healthcare Cost Trend Rate Sensitivity Analysis – The following presents the net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if the trend rate were calculated using a rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of the net OPEB liability:	\$ 70,726,993	\$ 85,160,272	\$ 104,169,213

OPEB Liabilities, OPEB Expense & Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At June 30, 2019, the District reported a liability of \$85,160,272 for its proportionate share of the TRS’s net OPEB liability. This liability reflects a reduction of State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 85,160,272
State's proportionate share that is associated with the District	<u>130,498,742</u>
Total	<u><u>\$ 215,659,014</u></u>

The net OPEB liability was measured as of August 31, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer’s proportion of the net OPEB liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018, the employer’s proportion of the collective net OPEB liability was 0.17056%, which was an increase of 0.00964% from its proportion measured as of August 31, 2017.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Retiree Health Plan - OPEB Liabilities, OPEB Expense & Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs *(continued)*

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

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.
- Change of Benefit Terms Since the Prior Measurement Date – Please see the 2018 TRS CAFR, page 68, section B for a list of changes made effective September 1, 2017 by the 85th Texas Legislature.

For the year ended June 30, 2019, the District recognized OPEB expense of \$7,335,804 and revenue of \$4,746,761 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 4,519,139	\$ 1,343,954
Changes in actuarial assumptions	1,421,094	25,585,775
Differences between projected and actual investment earnings	14,893	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	5,285,836	-
Total as of August 31, 2018 measurement date	\$ 11,240,962	\$ 26,929,729
Contributions paid to TRS subsequent to the measurement date	1,017,167	-
Total as of June 30, 2019	\$ 12,258,129	\$ 26,929,729

\$1,017,167 reported as deferred outflow of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. The remaining net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEBs will be recognized in pension expense as follows:

Fiscal Year ended June 30,	
2020	\$ (2,694,152)
2021	(2,694,152)
2022	(2,694,152)
2023	(2,696,969)
2024	(2,698,580)
Thereafter	(2,210,762)
	\$ (15,688,767)

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Retiree Health Plan *(continued)*

Long-Term Liability Disclosure

	Beginning Balance	Additions	Reductions	Ending Balance
Net OPEB Liability	\$ 69,975,572	16,361,294	(1,176,594)	\$ 85,160,272

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRSCare) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. The funds allocated to the District are considered on-behalf payments and are recognized as equal revenues and expenditures in the General Fund. For the year ended June 30, 2019, the contribution made on behalf of the District was \$476,823.

TAX ABATEMENTS

In compliance with GASB Statement #77, the District did not have any outstanding tax abatements for the year ended June 30, 2019.

EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through September 20, 2019, the date which the financial statements were available to be issued.



INDEPENDENT SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

MCKINNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

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	\$ 177,177,362	\$ 180,768,320	\$ 189,855,070	\$ 9,086,750
5800 State Program Revenues	43,144,815	43,144,815	42,805,588	(339,227)
5900 Federal Program Revenues	2,500,000	2,500,000	6,633,994	4,133,994
5020 Total Revenues	222,822,177	226,413,135	239,294,652	12,881,517
EXPENDITURES:				
Current:				
0011 Instruction	142,425,694	140,645,552	135,279,812	5,365,740
0012 Instructional Resources and Media Services	4,066,404	4,042,480	3,955,052	87,428
0013 Curriculum and Instructional Staff Development	3,332,399	3,441,362	3,283,100	158,262
0021 Instructional Leadership	3,828,692	3,999,506	3,890,488	109,018
0023 School Leadership	14,653,913	14,800,382	14,549,285	251,097
0031 Guidance, Counseling and Evaluation Services	7,640,036	7,809,135	7,727,175	81,960
0032 Social Work Services	423,973	421,973	415,134	6,839
0033 Health Services	2,657,683	2,654,234	2,617,866	36,368
0034 Student (Pupil) Transportation	9,762,402	10,271,776	10,152,412	119,364
0036 Extracurricular Activities	6,725,263	7,075,827	6,854,193	221,634
0041 General Administration	4,927,903	5,010,788	4,684,544	326,244
0051 Facilities Maintenance and Operations	21,213,037	21,238,178	18,995,802	2,242,376
0052 Security and Monitoring Services	1,662,526	1,595,190	1,515,394	79,796
0053 Data Processing Services	4,036,792	4,087,509	3,956,957	130,552
0061 Community Services	191,884	224,709	208,764	15,945
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	6,317,529	4,774,522	1,543,007
Intergovernmental:				
0091 Contracted Instructional Services Between	5,000,000	5,220,000	5,219,857	143
0095 Payments to Juvenile Justice Alternative Ed. Prg.	100,000	110,000	105,013	4,987
0099 Other Intergovernmental Charges	1,604,692	1,604,692	1,546,171	58,521
6030 Total Expenditures	234,253,293	240,570,822	229,731,541	10,839,281
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,431,116)	(14,157,687)	9,563,111	23,720,798
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	600,000	600,000	311,156	(288,844)
1200 Net Change in Fund Balances	(10,831,116)	(13,557,687)	9,874,267	23,431,954
0100 Fund Balance - July 1 (Beginning)	99,895,533	99,895,533	99,895,533	-
3000 Fund Balance - June 30 (Ending)	\$ 89,064,417	\$ 86,337,846	\$ 109,769,800	\$ 23,431,954

MCKINNEY 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, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016
District's Proportion of the Net Pension Liability (Asset)	0.138233147%	0.134030237%	0.1289138%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 76,086,879	\$ 42,855,649	\$ 48,714,622
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	114,043,598	68,064,935	82,732,771
Total	<u>\$ 190,130,477</u>	<u>\$ 110,920,584</u>	<u>\$ 131,447,393</u>
District's Covered Payroll	\$ 148,776,832	\$ 143,220,530	\$ 137,715,850
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	51.14%	29.92%	35.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	78.00%

Note: GASB 68, Paragraph 81 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, 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 2015.

Note: In accordance with GASB 68, Paragraph 138, only four years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

<u>FY 2016</u>		<u>FY 2015</u>	
<u>Plan Year 2015</u>		<u>Plan Year 2014</u>	
	0.1322152%		0.0893256%
\$	46,736,313	\$	23,860,103
	78,939,744		67,991,156
<u>\$ 125,676,057</u>		<u>\$ 91,851,259</u>	
\$	131,822,594	\$	133,137,785
	35.45%		17.92%
	78.43%		83.25%

MCKINNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2019

	2019	2018	2017
Contractually Required Contribution	\$ 4,895,693	\$ 4,587,320	\$ 4,340,564
Contribution in Relation to the Contractually Required Contribution	(4,895,693)	(4,587,320)	(4,340,564)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 153,920,464	\$ 147,901,986	\$ 142,291,152
Contributions as a Percentage of Covered Payroll	3.18%	3.10%	3.05%

Note: GASB 68, Paragraph 81 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 years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

<hr/>	
<u>2016</u>	<u>2015</u>
\$ 4,063,118	\$ 2,004,467
(4,063,118)	(2,004,467)
<hr/>	<hr/>
\$ -	\$ -
<hr/>	<hr/>
\$ 136,704,162	\$ 130,962,482
2.97%	1.53%

MCKINNEY 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, 2019

	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.1705562%	0.160914253%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 85,160,272	\$ 69,975,572
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	130,498,742	115,098,583
Total	<u>\$ 215,659,014</u>	<u>\$ 185,074,155</u>
District's Covered Payroll	\$ 215,659,014	\$ 143,220,530
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	57.24%	48.86%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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 2019 are for the measurement date August 31, 2018 and 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.

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2019

	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 1,218,026	\$ 1,118,921
Contribution in Relation to the Contractually Required Contribution	(1,218,026)	(1,118,921)
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Payroll	\$ 155,138,490	\$ 147,901,986
Contributions as a Percentage of Covered Payroll	0.79%	0.76%

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.



INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENTS

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019

Data Control Codes	205 Head Start	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ 6,364	\$ -	\$ 84,698
1240 Due from Other Governments	192,844	8,463	890,436	770,256
1290 Other Receivables	-	-	-	-
1410 Prepayments	-	-	4,014	-
1000 Total Assets	<u>\$ 192,844</u>	<u>\$ 14,827</u>	<u>\$ 894,450</u>	<u>\$ 854,954</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ 300	\$ -
2160 Accrued Wages Payable	53,397	5,499	332,021	485,946
2170 Due to Other Funds	139,447	9,328	562,129	369,008
2200 Accrued Expenditures	-	-	-	-
2000 Total Liabilities	<u>192,844</u>	<u>14,827</u>	<u>894,450</u>	<u>854,954</u>
DEFERRED INFLOWS OF RESOURCES				
2602 Unavailable Revenue - Other	-	-	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3430 Prepaid Items	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 192,844</u>	<u>\$ 14,827</u>	<u>\$ 894,450</u>	<u>\$ 854,954</u>

225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI
\$ -	\$ 78,045	\$ 4,608,386	\$ -	\$ -	\$ 137,250	\$ -	\$ -
9,229	-	45,615	4,468	144,783	16,660	129,968	-
-	-	3,616	-	-	-	-	-
-	-	-	2,400	-	-	-	-
<u>\$ 9,229</u>	<u>\$ 78,045</u>	<u>\$ 4,657,617</u>	<u>\$ 6,868</u>	<u>\$ 144,783</u>	<u>\$ 153,910</u>	<u>\$ 129,968</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 315	\$ -	\$ -
6,102	-	-	-	47,346	-	-	-
3,127	76,738	-	6,868	97,437	153,595	129,968	-
-	-	2,513	-	-	-	-	-
<u>9,229</u>	<u>76,738</u>	<u>2,513</u>	<u>6,868</u>	<u>144,783</u>	<u>153,910</u>	<u>129,968</u>	<u>-</u>
-	1,307	-	-	-	-	-	-
-	<u>1,307</u>	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	4,655,104	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	<u>4,655,104</u>	-	-	-	-	-
<u>\$ 9,229</u>	<u>\$ 78,045</u>	<u>\$ 4,657,617</u>	<u>\$ 6,868</u>	<u>\$ 144,783</u>	<u>\$ 153,910</u>	<u>\$ 129,968</u>	<u>\$ -</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019

Data Control Codes	392 Non-Ed. Community Based Support	397 Advanced Placement Incentives	410 State Textbook Fund	429 Ready to Read License Plates	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 29,658	\$ 40,677	\$ -
1240	Due from Other Governments	2,433	-	-	-
1290	Other Receivables	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 2,433</u>	<u>\$ 29,658</u>	<u>\$ 40,677</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	2,433	-	-	-
2200	Accrued Expenditures	-	-	625	-
2000	Total Liabilities	<u>2,433</u>	<u>-</u>	<u>625</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
2602	Unavailable Revenue - Other	-	-	40,052	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>40,052</u>	<u>-</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3430	Prepaid Items	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	29,658	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>29,658</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 2,433</u>	<u>\$ 29,658</u>	<u>\$ 40,677</u>	<u>\$ -</u>

461 Campus Activity Funds	480 After School Program	481 Locally Funded SRF	Total Nonmajor Governmental Funds
\$ 4,647,087	\$ 1,030,938	\$ 451,089	\$ 11,114,192
-	-	-	2,215,155
-	-	-	3,616
6,489	3,660	-	16,563
<u>\$ 4,653,576</u>	<u>\$ 1,034,598</u>	<u>\$ 451,089</u>	<u>\$ 13,349,526</u>
\$ 79,972	\$ 1,712	\$ -	\$ 82,299
11,216	2,423	-	943,950
-	-	-	1,550,078
1,550	-	-	4,688
<u>92,738</u>	<u>4,135</u>	<u>-</u>	<u>2,581,015</u>
-	-	-	41,359
<u>-</u>	<u>-</u>	<u>-</u>	<u>41,359</u>
6,489	3,660	-	10,149
-	-	-	4,684,762
<u>4,554,349</u>	<u>1,026,803</u>	<u>451,089</u>	<u>6,032,241</u>
<u>4,560,838</u>	<u>1,030,463</u>	<u>451,089</u>	<u>10,727,152</u>
<u>\$ 4,653,576</u>	<u>\$ 1,034,598</u>	<u>\$ 451,089</u>	<u>\$ 13,349,526</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	205 Head Start	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	414,387	84,558	2,281,010	3,355,191
5020 Total Revenues	414,387	84,558	2,281,010	3,355,191
EXPENDITURES:				
Current:				
0011 Instruction	412,801	14,333	2,156,812	3,352,735
0012 Instructional Resources and Media Services	-	-	502	-
0013 Curriculum and Instructional Staff Development	723	-	13,426	-
0021 Instructional Leadership	-	68,550	19,274	-
0023 School Leadership	-	-	2,278	-
0031 Guidance, Counseling and Evaluation Services	-	-	81,203	2,456
0033 Health Services	-	-	201	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	863	1,675	7,314	-
6030 Total Expenditures	414,387	84,558	2,281,010	3,355,191
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI
\$ -	\$ -	\$ 5,037,354	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	47,546	-	-	-	-	3,010
37,872	272,726	5,975,687	102,267	346,539	116,861	153,239	-
37,872	272,726	11,060,587	102,267	346,539	116,861	153,239	3,010
37,872	150,586	-	101,011	295,335	74,223	16,271	3,010
-	-	-	-	-	-	-	-
-	-	-	1,256	51,204	18,300	4,968	-
-	-	-	-	-	4,429	-	-
-	-	-	-	-	-	-	-
-	122,140	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	4,187	-	-
-	-	10,086,425	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	7,000	-
-	-	276,972	-	-	-	-	-
-	-	-	-	-	-	125,000	-
-	-	-	-	-	15,722	-	-
37,872	272,726	10,363,397	102,267	346,539	116,861	153,239	3,010
-	-	697,190	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	697,190	-	-	-	-	-
-	-	3,957,914	-	-	-	-	-
\$ -	\$ -	\$ 4,655,104	\$ -	\$ -	\$ -	\$ -	\$ -

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	392 Non-Ed. Community Based Support	397 Advanced Placement Incentives	410 State Textbook Fund	429 Ready to Read License Plates
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	7,391	14,800	910,671	3,150
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	7,391	14,800	910,671	3,150
EXPENDITURES:				
Current:				
0011 Instruction	7,391	-	906,146	3,150
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	4,525	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	7,391	-	910,671	3,150
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	14,800	-	-
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	-	-
1200 Net Change in Fund Balance	-	14,800	-	-
0100 Fund Balance - July 1 (Beginning)	-	14,858	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 29,658	\$ -	\$ -

	461 Campus Activity Funds	480 After School Program	481 Locally Funded SRF	Total Nonmajor Governmental Funds
\$	5,319,772	\$ 3,018,397	\$ 39,378	\$ 13,414,901
	-	-	-	986,568
	-	-	-	13,140,337
	5,319,772	3,018,397	39,378	27,541,806
	2,649,815	-	-	10,181,491
	179,010	-	-	179,512
	51,887	-	-	146,289
	299	-	-	92,552
	637,061	-	-	639,339
	693	-	-	206,492
	696	-	-	897
	-	-	-	4,187
	-	-	-	10,086,425
	1,127,125	-	-	1,127,125
	12,944	-	-	19,944
	245,583	-	-	522,555
	122,551	-	-	247,551
	8,077	2,707,241	-	2,740,892
	5,035,741	2,707,241	-	26,195,251
	284,031	311,156	39,378	1,346,555
	-	(311,156)	-	(311,156)
	284,031	-	39,378	1,035,399
	4,276,807	1,030,463	411,711	9,691,753
\$	4,560,838	\$ 1,030,463	\$ 451,089	\$ 10,727,152

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2019

	828 Virginia Dodson Finch Trust Fund	829 Private Purpose Trust Fund	Total Private Purpose Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 969	\$ 239	\$ 1,208
Restricted Assets	14,580	-	14,580
Total Assets	<u>15,549</u>	<u>239</u>	<u>15,788</u>
NET POSITION			
Restricted for Other Purposes	15,549	239	15,788
Total Net Position	<u>\$ 15,549</u>	<u>\$ 239</u>	<u>\$ 15,788</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	828 Virginia Dodson Finch Trust Fund	829 Private Purpose Trust Fund	Total Private Purpose Trust Funds
ADDITIONS:			
Local and Intermediate Sources	\$ 320	\$ 203	\$ 523
Total Additions	<u>320</u>	<u>203</u>	<u>523</u>
DEDUCTIONS:			
Supplies and Materials	-	1,186	1,186
Total Deductions	<u>-</u>	<u>1,186</u>	<u>1,186</u>
Change in Net Position	320	(983)	(663)
Total Net Position - July 1 (Beginning)	<u>15,229</u>	<u>1,222</u>	<u>16,451</u>
Total Net Position - June 30 (Ending)	<u>\$ 15,549</u>	<u>\$ 239</u>	<u>\$ 15,788</u>



INDEPENDENT SCHOOL DISTRICT

REQUIRED T.E.A. STATEMENTS

MCKINNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2019

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2010 and prior years	Various	Various	\$ 40,376,956,339
2011	1.040000	0.488000	8,876,867,670
2012	1.040000	0.500000	8,787,242,338
2013	1.040000	0.500000	9,018,644,416
2014	1.170000	0.500000	9,536,791,078
2015	1.170000	0.500000	10,373,443,772
2016	1.170000	0.500000	11,093,163,831
2017	1.170000	0.450000	12,262,813,944
2018	1.170000	0.450000	13,684,265,230
2019 (School year under audit)	1.170000	0.420000	14,903,140,708
1000 TOTALS			

(10) Beginning Balance 7/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2019
\$ 478,450	\$ -	\$ 29,124	\$ 10,666	\$ (110,458)	\$ 328,202
167,905	-	10,794	5,065	(85)	151,961
202,322	-	16,959	8,153	657	177,867
295,375	-	97,967	47,100	2,859	153,167
364,409	-	213,461	91,223	165,867	225,592
353,758	-	249,244	106,514	269,535	267,535
434,177	-	279,725	119,540	305,302	340,214
532,056	-	308,491	118,650	283,760	388,675
1,840,362	-	870,892	334,959	(102,934)	531,577
-	236,959,937	176,035,484	63,192,226	4,714,791	2,447,018
<u>\$ 4,668,814</u>	<u>\$ 236,959,937</u>	<u>\$ 178,112,141</u>	<u>\$ 64,034,096</u>	<u>\$ 5,529,294</u>	<u>\$ 5,011,808</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019

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	\$ 5,102,281	\$ 5,102,281	\$ 5,037,354	\$ (64,927)
5800 State Program Revenues	53,176	53,176	47,546	(5,630)
5900 Federal Program Revenues	6,021,399	6,096,399	5,975,687	(120,712)
5020 Total Revenues	11,176,856	11,251,856	11,060,587	(191,269)
EXPENDITURES:				
Current:				
0035 Food Services	10,553,651	11,395,861	10,086,425	1,309,436
0051 Facilities Maintenance and Operations	301,398	301,398	276,972	24,426
6030 Total Expenditures	10,855,049	11,697,259	10,363,397	1,333,862
1200 Net Change in Fund Balances	321,807	(445,403)	697,190	1,142,593
0100 Fund Balance - July 1 (Beginning)	3,957,914	3,957,914	3,957,914	-
3000 Fund Balance - June 30 (Ending)	\$ 4,279,721	\$ 3,512,511	\$ 4,655,104	\$ 1,142,593

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2019

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	\$ 62,569,932	\$ 62,569,932	\$ 64,992,400	\$ 2,422,468
5800 State Program Revenues	744,239	744,239	815,594	71,355
5020 Total Revenues	63,314,171	63,314,171	65,807,994	2,493,823
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	34,615,000	39,265,000	39,265,000	-
0072 Interest on Long-Term Debt	28,649,171	24,764,913	24,764,912	1
0073 Bond Issuance Cost and Fees	50,000	243,378	188,255	55,123
6030 Total Expenditures	63,314,171	64,273,291	64,218,167	55,124
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(959,120)	1,589,827	2,548,947
OTHER FINANCING SOURCES (USES):				
7916 Premium or Discount on Issuance of Bonds	-	193,378	193,378	-
1200 Net Change in Fund Balances	-	(765,742)	1,783,205	2,548,947
0100 Fund Balance - July 1 (Beginning)	26,313,970	26,313,970	26,313,970	-
3000 Fund Balance - June 30 (Ending)	\$ 26,313,970	\$ 25,548,228	\$ 28,097,175	\$ 2,548,947



INDEPENDENT SCHOOL DISTRICT

STATISTICAL SECTION

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Exhibit S-1

Net Position by Component
 Last Ten Fiscal Years
 (Unaudited)
 (Accrual Basis of Accounting)
 (Amounts Expressed in Thousands)

	Fiscal Year			
	2010	2011	2012	2013
Governmental Activities				
Net Investment in Capital Assets	26,191,075	20,619,960	22,444,064	24,314,409
Restricted	19,897,165	20,441,021	21,774,829	23,117,946
Unrestricted	37,602,218	53,784,869	61,278,447	52,770,019
Total Governmental Activities	<u>83,690,458</u>	<u>94,845,850</u>	<u>105,497,340</u>	<u>100,202,374</u>
 Primary Government				
Net Investment in Capital Assets	26,191,075	20,619,960	22,444,064	24,314,409
Restricted	19,897,165	20,441,021	21,774,829	23,117,946
Unrestricted	37,602,218	53,784,869	61,278,447	52,770,019
Total Net Position	<u>83,690,458</u>	<u>94,845,850</u>	<u>105,497,340</u>	<u>100,202,374</u>

Source: Statement of Net Position McKinney Independent School District Financial Reports

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
25,773,308	33,022,837	44,433,335	66,043,366	88,038,813	96,405,441
24,855,650	25,329,735	27,345,958	28,916,470	31,601,007	34,138,253
<u>60,236,148</u>	<u>42,436,066</u>	<u>59,561,814</u>	<u>58,641,773</u>	<u>(32,859,875)</u>	<u>(29,740,918)</u>
<u>110,865,106</u>	<u>100,788,638</u>	<u>131,341,107</u>	<u>153,601,609</u>	<u>86,779,945</u>	<u>100,802,776</u>
25,773,308	33,022,837	44,433,335	66,043,366	88,038,813	96,405,441
24,855,650	25,329,735	27,345,958	28,916,470	31,601,007	34,138,253
<u>60,236,148</u>	<u>42,436,066</u>	<u>59,561,814</u>	<u>58,641,773</u>	<u>(32,859,875)</u>	<u>(29,740,918)</u>
<u><u>110,865,106</u></u>	<u><u>100,788,638</u></u>	<u><u>131,341,107</u></u>	<u><u>153,601,609</u></u>	<u><u>86,779,945</u></u>	<u><u>100,802,776</u></u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Exhibit S-2

Change in Net Position
Last Ten Fiscal Years
(Unaudited)
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	Fiscal Year			
	2010	2011	2012	2013
EXPENSES				
Governmental Activities:				
Instruction	136,000	134,301	133,425	133,579
Instructional Resources & Media Services	3,964	4,196	3,807	3,877
Curriculum & Instructional Staff Development	3,347	3,059	2,510	2,508
Instructional Leadership	3,232	3,091	2,560	2,730
School Leadership	12,408	12,559	12,153	12,188
Guidance, Counseling & Evaluation Services	5,951	5,984	5,715	5,806
Social Work Services	550	372	275	328
Health Services	1,995	2,070	1,811	1,859
Student (Pupil) Transportation	7,296	7,572	8,051	8,267
Food Services	8,745	8,545	8,957	8,959
Cocurricular/Extracurricular Activities	7,056	7,301	6,812	7,155
General Administration	4,534	4,401	3,769	3,692
Facilities Maintenance & Operations	17,495	18,584	17,511	18,142
Security & Monitoring Services	784	799	811	1,437
Data Processing Services	3,715	3,629	3,700	7,032
Community Services	3,268	2,702	2,183	2,262
Interest on Long Term Debt	21,352	20,359	21,068	22,070
Bond Issuance Cost & Fees	78	66	89	221
Contracted Instructional Services Between Schools	-	-	-	-
Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	138	138	118	123
Other Intergovernmental Charges	874	877	860	895
Total Governmental Activities Expenses	<u>242,782</u>	<u>240,605</u>	<u>236,185</u>	<u>243,130</u>
PROGRAM REVENUES				
Governmental Activities:				
Charges for Services:				
Instruction	403	236	299	357
Food Service	4,674	4,257	4,528	4,472
Cocurricular/Extracurricular Activities	595	565	466	535
Plant Maintenance & Operations	761	703	685	648
Community Services	3,047	2,739	2,640	2,749
Operating Grants & Contributions	25,896	26,800	24,007	19,802
Total Governmental Activities Program Revenues	<u>35,376</u>	<u>35,300</u>	<u>32,625</u>	<u>28,563</u>
NET (EXPENSE)/REVENUE				
Total Primary Government Net Expense	(207,406)	(205,305)	(203,560)	(214,567)

2014	2015	2016	2017	2018	2019
140,828	151,572	157,383	163,241	117,786	183,478
4,138	4,279	5,241	4,661	3,367	4,787
2,690	2,870	3,065	3,295	2,491	3,640
2,812	2,876	3,198	3,269	2,343	4,251
12,806	13,465	14,086	14,927	10,067	16,506
6,154	6,637	6,924	7,193	4,549	8,536
416	448	445	427	366	424
1,944	2,151	2,349	2,455	1,622	2,812
7,547	7,350	7,421	7,970	9,666	10,195
9,210	9,653	9,913	10,860	11,099	11,256
7,837	8,232	8,850	9,523	8,867	11,389
4,168	4,103	4,697	4,688	3,492	5,526
18,597	18,178	19,256	19,009	21,014	28,822
1,171	1,050	1,268	1,605	1,594	2,240
5,009	4,269	4,772	5,036	4,108	4,820
2,241	2,545	2,705	2,816	2,779	3,023
20,379	22,028	19,328	18,625	20,122	20,060
178	556	429	285	294	188
-	348	1,092	2,138	3,604	5,220
-	-	-	132	-	-
208	75	50	1,314	222	105
993	1,083	1,187	-	1,452	1,546
<u>249,326</u>	<u>263,768</u>	<u>273,659</u>	<u>283,469</u>	<u>230,904</u>	<u>328,824</u>

217	283	188	214	163	198
4,560	4,296	4,350	4,526	4,744	5,037
491	577	509	560	604	597
658	590	561	533	717	929
2,755	3,008	3,137	3,065	3,038	3,018
20,785	24,101	25,395	24,183	(12,653)	37,465
<u>29,466</u>	<u>32,855</u>	<u>34,140</u>	<u>33,081</u>	<u>(3,387)</u>	<u>47,244</u>

(219,860) (230,913) (239,519) (250,388) (234,291) (281,580)

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Change in Net Position

Last Ten Fiscal Years

(Unaudited)

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

(continued)

	Fiscal Year			
	2010	2011	2012	2013
GENERAL REVENUES & OTHER CHANGES IN NET POSITION				
Governmental Activities:				
Taxes:				
Property Taxes Levied for General Purposes	92,757	92,528	92,874	93,687
Property Taxes Levied for Debt Service	44,578	43,421	44,660	45,107
State Aid-Formula Grants	65,157	73,659	69,751	63,769
Unrestricted Grants & Contributions	858	832	620	211
Investment Earnings	648	263	194	182
Miscellaneous Local & Intermediate Revenue	5,535	5,758	6,111	8,144
Extraordinary Item	-	-	-	(700)
Total General Revenue	<u>209,533</u>	<u>216,461</u>	<u>214,210</u>	<u>210,400</u>
Change in Net Position (Deficit)	2,127	11,156	10,650	(4,167)

Source: Statement of Activities McKinney Independent School District Annual Financial Reports

2014	2015	2016	2017	2018	2019
111,279	121,443	131,620	145,984	163,334	178,403
47,554	51,929	56,288	56,195	62,861	64,076
65,240	66,112	67,950	57,961	47,705	32,917
303	813	6,645	3,838	917	816
105	143	459	1,294	3,620	6,188
6,042	7,086	7,109	7,377	11,877	13,202
-	700	-	-	-	-
<u>230,523</u>	<u>248,226</u>	<u>270,071</u>	<u>272,649</u>	<u>290,314</u>	<u>295,602</u>
10,663	17,313	30,552	22,261	56,023	14,022

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

Exhibit S-3

	Fiscal Year			
	2010	2011*	2012	2013
General Fund:				
Nonspendable	-	847	832	1,178
Reserved	977	-	-	-
Assigned	-	10,933	28,824	1,248
Unreserved Designated	420	-	-	-
Unassigned	-	43,910	32,701	52,027
Unreserved	48,751	-	-	-
Total General Fund	<u>50,148</u>	<u>55,690</u>	<u>62,357</u>	<u>54,453</u>
All Other Governmental Funds:				
Nonspendable	-	69	29	107
Restricted:				
Debt Service	17,211	17,338	18,551	19,289
Capital Projects	26,277	12,947	32,188	10,483
Food Service	1,143	1,648	2,083	2,703
Federal Special Revenue	43	-	-	-
State Special Revenue	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	12	-
Unreserved Designated	-	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	2,335	2,201	2,905	3,478
Capital Project Funds	-	-	-	-
Debt Service Fund	-	-	-	-
Total All Other Governmental Funds	<u>47,009</u>	<u>34,203</u>	<u>55,768</u>	<u>36,060</u>
Total Governmental Funds	<u>97,157</u>	<u>89,893</u>	<u>118,125</u>	<u>90,513</u>

* Fiscal year 2011, the District implemented GASB 54 which changed the fund balance classification to Nonspendable, Restricted, Committed, Assigned and Unassigned.

Source: McKinney ISD Annual Financial Reports

2014	2015	2016	2017	2018	2019
1,228	1,152	1,058	1,183	1,267	1,734
-	-	-	-	-	-
240	1,064	1,772	673	809	3,059
-	-	-	-	-	-
58,630	70,593	85,023	88,864	97,820	104,977
-	-	-	-	-	-
<u>60,098</u>	<u>72,809</u>	<u>87,853</u>	<u>90,720</u>	<u>99,896</u>	<u>109,770</u>
532	675	6	23	31	10
-	-	-	-	-	-
-	-	-	-	-	-
20,064	19,991	21,461	23,622	26,314	28,097
24,898	26,062	28,084	64,389	92,589	92,191
3,603	4,159	4,559	3,879	3,973	4,685
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,260	4,876	5,268	5,425	5,688	6,032
-	-	-	-	-	-
-	-	-	-	-	-
<u>53,357</u>	<u>55,763</u>	<u>59,378</u>	<u>97,338</u>	<u>128,595</u>	<u>131,015</u>
<u>113,455</u>	<u>128,572</u>	<u>147,231</u>	<u>188,058</u>	<u>228,491</u>	<u>240,785</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Governmental Funds - Revenues

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

Exhibit S-4

	Fiscal Year			
	2010	2011	2012	2013
Federal Sources				
Federal Grants	15,908	16,448	11,333	7,141
Food Services	3,564	3,739	4,330	4,533
Total Federal Sources	<u>19,472</u>	<u>20,187</u>	<u>15,663</u>	<u>11,674</u>
State Sources				
State Education Finance Program	71,391	80,003	76,610	70,630
State Grants & Other	1,047	1,102	2,106	1,479
Total State Sources	<u>72,438</u>	<u>81,105</u>	<u>78,716</u>	<u>72,109</u>
Local Sources				
Ad Valorem Taxes	139,104	136,662	139,582	139,521
Food Service Sales	4,674	4,256	4,528	4,472
Interest & Other Income	648	263	205	193
Other Revenue	9,069	9,010	9,209	10,807
Total Local Sources	<u>153,495</u>	<u>150,191</u>	<u>153,524</u>	<u>154,993</u>
 Total Revenues	 <u>245,405</u>	 <u>251,483</u>	 <u>247,903</u>	 <u>238,776</u>

2014	2015	2016	2017	2018	2019
7,445	8,331	8,130	9,568	10,530	13,798
4,822	5,203	5,369	5,499	5,687	5,976
<u>12,267</u>	<u>13,534</u>	<u>13,499</u>	<u>15,067</u>	<u>16,217</u>	<u>19,774</u>
73,050	74,350	77,916	57,929	47,706	32,917
1,011	3,144	4,139	11,340	12,678	11,691
<u>74,061</u>	<u>77,494</u>	<u>82,055</u>	<u>69,269</u>	<u>60,384</u>	<u>44,608</u>
159,375	174,461	188,469	201,851	224,333	240,493
4,560	4,296	4,350	4,526	4,744	5,037
105	143	459	1,294	3,620	2,860
9,074	10,562	10,381	11,647	16,763	22,927
<u>173,114</u>	<u>189,462</u>	<u>203,659</u>	<u>219,318</u>	<u>249,460</u>	<u>271,317</u>
<u>259,442</u>	<u>280,490</u>	<u>299,213</u>	<u>303,654</u>	<u>326,061</u>	<u>335,699</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 Governmental Funds - Expenditures and Debt Service Ratio
 Last Ten Fiscal Years
 (Unaudited)
 (Amounts Expressed in Thousands)

Exhibit S-5

	Fiscal Year			
	2010	2011	2012	2013
Expenditures				
Instruction & Instructional Related Services	131,949	129,828	128,604	128,497
Instructional & School Leadership	15,376	15,488	14,413	14,738
Support Services - Student	29,503	29,366	29,623	30,501
Administrative Support Services	4,402	4,196	3,660	3,586
Support Services - Nonstudent	20,836	21,616	20,572	21,024
Ancillary Services	3,268	2,702	2,183	2,263
Debt Service - Principal on Long-Term Debt	22,195	22,680	23,350	23,680
Debt Service - Interest on Long-Term Debt	21,506	20,827	19,738	21,052
Debt Service - Bond Issuance Cost & Fees	165	-	353	221
Facilities Acquisition & Construction	15,968	11,380	24,364	55,678
Intergovernmental Charges	1,013	1,015	978	1,018
Total Expenditures	<u>266,181</u>	<u>259,098</u>	<u>267,838</u>	<u>302,258</u>
Capital Expenditures	15,968	11,380	24,364	55,678
Debt Service as a Percentage of Noncapital Expenditures	17.5%	17.6%	17.8%	18.2%

2014	2015	2016	2017	2018	2019
132,774	144,966	146,106	147,866	157,496	158,554
15,276	16,133	16,507	17,542	18,144	19,172
30,702	32,630	33,014	36,056	38,015	39,192
3,804	3,945	4,263	4,333	4,441	4,704
22,318	22,164	23,979	25,708	24,293	25,239
2,261	2,544	2,691	2,793	2,963	2,950
25,270	31,045	35,010	34,155	38,295	39,265
21,680	20,706	19,886	21,237	23,558	24,765
178	556	429	285	295	188
21,480	23,991	29,419	59,562	65,023	48,199
1,201	1,506	2,328	3,583	5,277	6,871
<u>276,944</u>	<u>300,186</u>	<u>313,632</u>	<u>353,120</u>	<u>377,800</u>	<u>369,099</u>
21,480	23,991	29,419	59,562	65,023	48,199
18.4%	18.9%	19.5%	19.0%	19.9%	20.0%

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 Governmental Funds - Other Financing Sources and Uses
 Last Ten Fiscal Years
 (Unaudited)
 (Amounts Expressed in Thousands)

Exhibit S-6

	Fiscal Year			
	2010	2011	2012	2013
Excess of Revenues Over/(Under) Expenditures	(20,775)	(7,617)	(19,934)	(63,482)
Other Financing Sources/(Uses)				
Capital Related Debt Issued (Regular Bonds)	30,948	-	87,345	53,975
Sale of Real & Personal Property	-	353	7	1,349
Transfers In	839	164	300	400
Premium or Discount on Bonds Issued	2,936	(164)	5,279	9,005
Transfers Out/(Use)	(839)	-	(300)	(400)
Other/(Uses)	(34,062)	-	(44,466)	(27,758)
Other Revenue	-	-	-	-
Total Other Financing Sources/(Uses)	<u>(178)</u>	<u>353</u>	<u>48,165</u>	<u>36,571</u>
Extraordinary Items	-	-	-	(700)
Net Change in Fund Balances	<u><u>(20,953)</u></u>	<u><u>(7,264)</u></u>	<u><u>28,231</u></u>	<u><u>(27,611)</u></u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
(17,503)	(19,696)	(14,418)	(49,466)	(51,739)	(33,400)
39,305	146,530	100,990	77,950	78,545	40,180
276	449	257	5	1,874	-
400	400	750	750	341	311
864	14,481	14,194	12,338	11,753	5,513
(400)	(400)	(750)	(750)	(341)	(311)
-	(127,348)	(82,364)	-	-	-
-	700	-	-	-	-
<u>40,445</u>	<u>34,812</u>	<u>33,077</u>	<u>90,293</u>	<u>92,172</u>	<u>45,693</u>
-	-	-	-	-	-
<u>22,942</u>	<u>15,116</u>	<u>18,659</u>	<u>40,827</u>	<u>40,433</u>	<u>12,293</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years
 (Unaudited)
 (Amounts Expressed in Thousands)

Exhibit S-7

Fiscal Year Ended June 30	Actual Value				Commercial & Industrial (Real)	Utilities
	Single Family Property	Multi Family Property	Vacant Lot Tracts	Acreage (Land Only)		
2010	\$ 6,097,293	348,051	162,932	1,091,632	1,633,885	125,972
2011	6,065,707	374,123	153,249	998,449	1,671,404	122,132
2012	6,131,691	422,857	137,204	929,277	1,656,554	120,370
2013	6,204,927	460,090	118,401	930,479	1,658,352	122,954
2014	6,600,515	508,953	118,611	840,887	1,693,637	128,555
2015	7,374,821	583,332	127,437	876,987	1,773,553	144,172
2016	8,352,915	643,492	134,105	947,620	1,937,808	148,631
2017	9,372,064	732,331	156,522	1,007,627	2,094,892	160,988
2018	10,448,259	896,911	171,479	1,079,843	2,334,801	163,497
2019	11,319,909	1,005,909	165,485	1,141,905	2,598,383	181,083

<u>Commercial & Industrial (Personal)</u>	<u>Other</u>	<u>Less: Exemptions</u>	<u>Less: Adjustments</u>	<u>Total Assessed Value</u>	<u>Total District Rate</u>
860,391	263,790	(1,531,780)	(109,253)	8,942,913	1.5400
874,511	224,469	(1,477,930)	(129,247)	8,876,867	1.5280
849,405	238,164	(1,398,225)	(300,055)	8,787,242	1.5400
813,083	247,208	(1,418,567)	(118,283)	9,018,644	1.5400
855,378	374,770	(1,412,607)	(171,908)	9,536,791	1.6700
879,732	390,200	(1,520,011)	(256,779)	10,373,444	1.6700
927,063	326,698	(1,987,158)	(338,011)	11,093,163	1.6700
998,113	502,711	(2,158,701)	(462,036)	12,404,511	1.6200
1,031,825	587,184	(2,276,682)	(752,851)	13,684,266	1.6200
1,097,242	621,379	(2,317,827)	-	15,813,468	1.5900

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

Exhibit S-8

Fiscal Year	District Direct Rates			Overlapping Rates		
	Maintenance & Operations	Debt Service	Total	City of Allen	Collin County	Collin College
2010	1.0400	0.5000	1.5400	0.5550	0.2425	0.0863
2011	1.0400	0.4880	1.5280	0.5540	0.2400	0.0863
2012	1.0400	0.5000	1.5400	0.5530	0.2400	0.0863
2013	1.0400	0.5000	1.5400	0.5520	0.2400	0.0863
2014	1.1700	0.5000	1.6700	0.5500	0.2375	0.0836
2015	1.1700	0.5000	1.6700	0.5400	0.2350	0.0820
2016	1.1700	0.5000	1.6700	0.5300	0.2250	0.0820
2017	1.1700	0.4500	1.6200	0.5200	0.2084	0.0812
2018	1.1700	0.4500	1.6200	0.5100	0.1923	0.0798
2019	1.1700	0.4200	1.5900	0.4980	0.1808	0.0812

<u>Town of Fairview</u>	<u>City of Lucas</u>	<u>City of McKinney</u>	<u>City of Princeton</u>
0.3650	0.3742	0.5855	0.7284
0.3650	0.3742	0.5855	0.7284
0.3600	0.3742	0.5855	0.7284
0.3600	0.3742	0.5855	0.7569
0.3600	0.3556	0.5855	0.7390
0.3599	0.3207	0.5830	0.7218
0.3599	0.3207	0.5830	0.6919
0.3600	0.3180	0.5730	0.6899
0.3600	0.3180	0.5402	0.6899
0.3497	0.3032	0.5252	0.6888

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Principal Property Taxpayers

June 30, 2019

(Amounts Expressed in Thousands)

Exhibit S-9

Taxpayer	2019		
	Taxable Value	Rank	Percentage of Total Taxable Value
Encore Wire Ltd.	\$ 115,120,286	1	0.73%
Oncor Electric Delivery Company	82,165,080	2	0.52%
West Eldorado TX Partners, LLC	62,095,000	3	0.39%
Fairways Wilson Creek Apartments, LLC	59,928,438	4	0.38%
AREG Grassmere TX Partners, LLC	56,350,000	5	0.36%
Orion McKinney LLC	54,360,000	6	0.34%
Village at Fairview Ltd.	54,100,007	7	0.34%
Columbia Medical Center of McKinney	49,309,696	8	0.31%
TMK Properties LP	49,178,231	9	0.31%
Raytheon TI Systems	46,021,571	10	0.29%
Total	\$ 628,628,309		3.98%
Total Taxable Value	\$ 15,813,467,547		

Taxpayer	2010		
	Taxable Value	Rank	Percentage of Total Taxable Value
Encore Wire Limited	97,223,279	1	1.07%
Raytheon Company	76,937,590	2	0.85%
Oncor Electric Delivery Company	\$ 68,596,900	3	0.76%
Columbia Medical Ctr of McKinney	55,154,734	4	0.61%
Village at Fairview LP	54,004,984	5	0.60%
TMK Properties	42,969,984	6	0.47%
Covington Cameron Acquisition LLC	39,007,947	7	0.43%
Blockbuster Video Inc	37,735,522	8	0.42%
Saxon Woods Associates LP	36,200,000	9	0.40%
Texas Instruments Inc.	31,115,944	10	0.34%
Total	\$ 538,946,884		5.95%
Total Taxable Value	\$ 9,052,166,988		

Source: McKinney ISD Official Bond disclosure statements



INDEPENDENT SCHOOL DISTRICT

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Property Tax Levies and Collections

Last Ten Fiscal Years

Exhibit S-10

Fiscal Year Ended	Original Amount Levied	Supplements & Corrections	Total Adjusted Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy	
				Amount	Percent of Levy
2010	\$ 137,720,872	(296,034)	137,424,838	134,835,473	98.12%
2011	135,638,538	543,667	136,182,205	133,801,331	98.25%
2012	138,087,595	202,824	138,290,419	136,414,988	98.64%
2013	139,004,880	44,665	139,049,545	137,385,587	98.80%
2014	159,264,411	28,473	159,292,884	157,062,371	98.60%
2015	173,236,511	(430,345)	172,806,166	170,975,366	98.94%
2016	187,285,283	(620,366)	186,664,917	184,811,639	99.01%
2017	200,402,713	2,694,403	203,097,116	199,350,732	98.16%
2018	221,685,097	3,273,948	224,959,045	223,118,683	99.18%
2019	\$ 236,959,937	5,529,294	242,489,231	239,227,710	98.65%

Collections in Subsequent Years **	Total Collections to Date	
	Amount	Percent of Levy **
2,491,755	137,327,228	99.93%
2,153,727	135,955,058	99.83%
1,914,956	138,329,944	100.03%
1,910,038	139,295,625	100.18%
2,375,532	159,437,903	100.09%
1,817,088	172,792,454	99.99%
2,429,634	187,241,273	100.31%
2,050,366	201,401,098	99.16%
3,498,899	226,617,582	100.74%
-	239,227,710	98.65%

** Total collections, net of penalties, interest and other judgements, may result in collections that exceed 100% of adjusted levy.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Exhibit S-11

Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)
(Dollars in Thousands, Except Per Capita)

Fiscal Year	Governmental Activities		Total Primary Government	Resources Restricted for Debt Service	Net Bonded Debt Outstanding	Gross Bonded Debt as % of Personal Income ¹
	Unlimited Tax Bonds ²	Loans Payable				
2010	\$ 458,413	-	458,413	17,211	441,202	12%
2011	435,432	-	435,432	17,338	418,094	10%
2012	461,311	-	461,311	18,551	442,760	10%
2013	474,748	-	474,748	19,289	455,459	10%
2014	487,801	-	487,801	20,064	467,737	10%
2015	491,961	-	491,961	19,991	471,970	9%
2016	447,930	-	447,930	21,461	426,469	7%
2017	491,725	-	491,725	23,622	468,103	8%
2018	592,831	-	592,831	26,314	566,517	8%
2019	\$ 594,659	-	594,659	28,097	566,562	12%

1 Refer to Exhibit S-14, Demographic & Economic Statistics for per capita personal income information

2 Unlimited tax bonds equals GO Bonds Payable plus bond premium

<u>Gross Bonded Debt Per Capita</u>	<u>Net Bonded Debt as % of Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
3,496	4.93%	3,365
3,156	4.71%	3,031
3,215	5.04%	3,086
3,183	5.05%	3,053
3,109	4.90%	2,981
3,020	4.55%	2,897
2,730	3.80%	2,599
2,854	3.82%	2,717
2,959	4.14%	2,812
3,166	3.80%	3,017

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019
(Unaudited)
(Amounts Expressed in Thousands)

Exhibit S-12

<u>Governmental Unit</u>	<u>Gross Bonded Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct & Overlapping Debt</u>
City of Allen	\$ 96,050	0.17%	\$ 163
Collin County	410,665	12.37%	50,799
Collin College	246,415	12.37%	30,482
Town of Fairview	26,785	34.85%	9,335
City of Lucas	16,440	6.35%	1,044
City of McKinney	244,840	72.27%	176,946
City of Princeton	30,235	2.70%	<u>816</u>
Subtotal, Overlapping Debt			\$ 269,585
District Gross Bonded Debt			<u>545,841</u>
Total Direct & Overlapping Debt			<u><u>\$ 815,426</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district.

Source: McKinney ISD Bond Disclosure Statement

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Exhibit S-13

Legal Debt Margin Information

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a % of Debt Limit	Assessed Values
2010	\$ 894,291	441,202	453,089	49.34%	8,942,913
2011	887,687	418,094	469,593	47.10%	8,876,867
2012	878,724	442,760	435,964	50.39%	8,787,242
2013	901,864	455,459	446,405	50.50%	9,018,644
2014	953,679	467,737	485,942	49.05%	9,536,791
2015	1,037,344	471,960	565,384	45.50%	10,373,443
2016	1,121,469	426,469	695,000	38.03%	11,214,688
2017	1,226,281	468,104	758,177	38.17%	12,262,814
2018	1,368,427	505,661	862,766	36.95%	13,684,265
2019	1,490,314	566,562	923,752	38.02%	14,903,141

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed Value	\$ 14,903,141
Debt Limit (10% of Assessed Value)	<u>1,490,314</u>
Total Bonded Debt	594,659
Less: Reserve for Retirement of Debt	<u>28,097</u>
Debt Applicable to Limit	<u>566,562</u>
Legal Debt Margin	<u><u>\$ 923,752</u></u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Exhibit S-14

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2010	131,117	3,695,909	28,188	6.90%
2011	137,954	4,006,271	29,041	6.60%
2012	143,469	4,275,845	29,803	5.90%
2013	149,160	4,430,467	29,703	5.40%
2014	156,898	4,770,450	30,405	4.50%
2015	162,898	5,528,921	33,941	3.60%
2016	164,066	5,858,141	35,706	3.00%
2017	172,298	5,907,409	34,286	4.20%
2018	179,804	6,308,244	35,084	3.30%
2019	187,802	7,005,765	37,304	3.40%

Sources: Population estimates were provided by the District with the exception of 2010 which was obtained from the U.S. Census Bureau. Personal income figures were obtained from the U.S. Census Bureau. Unemployment rates were provided by the Texas Workforce Commission.

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Principal Employers

Exhibit S-15

Current Year and Ten Years Ago

Employer	2019		
	Employees	Rank	Percentage of Total District Employment
Raytheon	2,725	1	2.96%
Collin College	2,631	2	2.86%
McKinney ISD	2,500	3	2.72%
Torchmark/United American Insurance	1,640	4	1.78%
Encore Wire	1,350	5	1.47%
City of McKinney	1,271	6	1.38%
Medical Center of McKinney	1,000	7	1.09%
Baylor Scott & White Medical Center	738	8	0.80%
Timber Blinds	450	9	0.49%
Watson & Chain	350	10	0.39%
Total	14,655		15.94%

Employer	2010		
	Employees	Rank	Percentage of Total District Employment
Raytheon	3,700	1	6.60%
McKinney Independent School District	2,652	2	4.73%
Collin County	1,798	3	3.21%
Lattimore Materials	1,100	4	1.96%
McKinney Medical Center	950	5	1.70%
City of McKinney	866	6	1.55%
Encore Wire	800	7	1.43%
Torchmark/United American	800	8	1.43%
Watson & Chalin	800	9	1.43%
Blockbuster Distribution	600	10	1.07%
Total	14,066		25.11%

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 Full-Time Equivalent District Employees by Type
 Last Ten Fiscal Years
 (Unaudited)

Exhibit S-16

	Fiscal Year			
	2010	2011	2012	2013
Instruction				
Teachers	1,692	1,688	1,612	1,631
Librarians	24	25	24	23
Educational Aides	208	210	225	224
	<u>1,924</u>	<u>1,923</u>	<u>1,861</u>	<u>1,878</u>
Campus Administration				
Principal	30	31	30	30
Assistant Principal	52	53	51	51
Instructional Officer	-	1	-	-
Athletic	-	-	2	1
	<u>82</u>	<u>85</u>	<u>83</u>	<u>82</u>
Student Services				
Audiologist	-	-	-	1
Counselor	50	50	48	45
Educational Diagnostician	16	14	14	14
Occupational Therapist	3	3	3	3
Certified Orientation & Mobility Specialist	2	2	-	1
Physical Therapist	-	-	-	-
School Nurse	30	30	29	29
LSSP/Psychologist	8	9	10	11
Speech Therapist/Language Pathologist	31	33	33	29
Truant Officer	-	-	1	1
Work Based Learning Site Coordinator	1	1	-	-
Teacher Facilitator	29	29	30	21
Department Head	-	4	16	16
Athletic Trainer	3	5	6	4
Campus Professional Personnel	1	3	6	7
Other Non-Instructional District Prof. Personnel	54	57	46	43
	<u>228</u>	<u>240</u>	<u>242</u>	<u>225</u>
Support & Administration				
Superintendent, Deputy, Assoc. & Assistant	7	7	7	7
Business Manager	1	1	1	1
District Instr. Prog. Director/Exec. Director	25	23	16	15
Auxiliary Staff	325	343	325	329
Athletic Director	3	2	2	2
Teacher Supervisor	7	7	7	6
	<u>368</u>	<u>383</u>	<u>358</u>	<u>360</u>
Total	<u><u>2,602</u></u>	<u><u>2,631</u></u>	<u><u>2,544</u></u>	<u><u>2,545</u></u>

Source: Fall Public Education Information Management System (PIEMS) with full time equivalents as of the last Friday in October

Notes:

Full-time instructional employees of the district are employed for 188 contract days. Assistant middle school and elementary principals and secondary bookkeepers are employed 210 contract days. Campus principals, student services employees, central administrative, and non campus professional employees are employed 226 days. Auxiliary staff are employed 260 contract days.

2014	2015	2016	2017	2018	2019
1,649	1,651	1,671	1,670	1,663	1,656
26	25	24	23	28	28
232	227	241	264	274	275
<u>1,907</u>	<u>1,903</u>	<u>1,936</u>	<u>1,957</u>	<u>1,965</u>	<u>1,959</u>
30	32	30	30	31	32
51	49	54	56	58	57
-	-	-	-	-	-
2	1	-	-	1	1
<u>83</u>	<u>82</u>	<u>84</u>	<u>86</u>	<u>90</u>	<u>90</u>
1	1	-	-	-	-
43	48	47	48	53	61
14	14	14	13	13	14
4	4	3	5	4	6
1	1	1	1	1	1
-	-	1	-	1	-
29	29	30	29	30	30
13	13	12	14	13	13
34	34	33	36	38	39
1	-	-	-	-	-
-	-	-	-	-	-
31	56	68	76	77	89
16	18	16	12	11	18
4	2	3	3	4	4
5	1	5	4	5	5
46	47	50	54	54	53
<u>242</u>	<u>268</u>	<u>283</u>	<u>295</u>	<u>304</u>	<u>333</u>
7	7	8	8	8	8
1	1	1	1	1	1
19	23	24	24	26	23
324	331	336	335	333	366
2	2	2	3	3	4
5	6	10	10	6	8
<u>358</u>	<u>370</u>	<u>381</u>	<u>381</u>	<u>377</u>	<u>410</u>
<u>2,590</u>	<u>2,623</u>	<u>2,684</u>	<u>2,719</u>	<u>2,736</u>	<u>2,792</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years

Exhibit S-17

<u>Fiscal Year</u>	<u>Enrollment¹</u>	<u>Operating Expenditures²</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Expenditures Excluding Recapture</u>	<u>Cost Per Pupil</u>
2010	23,933	199,698,583	8,344	0.26%	-	-
2011	24,422	20,879,438	8,266	-0.93%	-	-
2012	24,733	194,780,711	7,875	-4.73%	-	-
2013	24,433	197,973,025	8,103	2.89%	-	-
2014	24,655	204,400,227	8,290	2.32%	-	-
2015	24,811	215,105,328	8,670	4.58%	214,669,726	8,652
2016	24,765	225,669,500	9,112	5.11%	224,607,903	9,070
2017	24,880	243,171,170	9,774	7.26%	241,033,878	9,688
2018	24,959	250,007,957	10,017	2.49%	250,007,957	10,016
2019	24,717	255,926,792	10,354	3.36%	250,706,935	10,143

1 Enrollment is as of the October reporting date to Texas Education Agency (TEA) through the Public Education Information System (PIEMS)

2 Operating expenditures are total governmental fund expenditures less debt service and capital projects.

<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced Price Meals</u>
0.26%	1,692	14.1	26.8%
-0.93%	1,688	14.5	28.3%
-4.73%	1,612	15.3	29.0%
2.89%	1,631	15.0	29.6%
2.32%	1,649	15.0	30.3%
4.37%	1,651	15.0	30.9%
4.82%	1,671	14.8	30.7%
6.81%	1,751	14.2	30.2%
3.39%	1,760	14.2	31.0%
1.27%	1,751	14.1	35.1%

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Teacher Base Salaries
Last Ten Fiscal Years
(Unaudited)

Exhibit S-18

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>District Average Salary</u>	<u>Statewide Average Salary</u>
2010	\$ 44,900	63,400	49,384	48,263
2011	45,100	64,100	49,743	48,639
2012	44,800	64,100	49,519	46,361
2013	45,500	65,100	50,259	48,821
2014	46,450	66,350	51,091	49,692
2015	47,650	67,850	52,283	50,715
2016	49,000	63,000	53,456	51,892
2017	50,900	64,500	54,784	52,525
2018	52,350	65,550	56,226	53,334
2019	53,850	75,250	57,701	54,122

Source: McKinney ISD Compensation Plans
TEA PIEMS standard reports



INDEPENDENT SCHOOL DISTRICT

MCKINNEY INDEPENDENT SCHOOL DISTRICT

School Building Information

Last Ten Fiscal Years

(Unaudited)

Exhibit S-19

				Fiscal Year			
				2010	2011	2012	2013
SCHOOLS							
Elementary							
Finch Elementary							
Site	7.85 acres	Square Feet	68,789	68,789	68,789	68,789	68,789
Opened	1938	Enrollment	502	480	467	456	
Webb Elementary							
Site	6.0 acres	Square Feet	83,035	83,035	83,035	83,035	83,035
Opened	1953	Enrollment	394	382	389	422	
Burks Elementary							
Site	5.41 acres	Square Feet	54,678	54,678	54,678	54,678	54,678
Opened	1954	Enrollment	419	465	489	454	
Caldwell Elementary							
Site	5.641 acres	Square Feet	76,366	76,366	76,366	76,366	76,366
Opened	1961	Enrollment	451	507	569	531	
Slaughter Elementary							
Site	9.194 acres	Square Feet	92,999	92,999	92,999	92,999	92,999
Opened	1975	Enrollment	727	777	767	668	
Valley Creek Elementary							
Site	8.492 acres	Square Feet	69,052	69,052	69,052	69,052	69,052
Opened	1992	Enrollment	606	568	549	527	
Glen Oaks Elementary							
Site	9.285 acres	Square Feet	68,052	68,052	68,052	68,052	68,052
Opened	1994	Enrollment	628	601	556	506	
Johnson Elementary							
Site	7.432 acres	Square Feet	67,228	67,228	67,228	67,228	67,228
Opened	1995	Enrollment	726	702	672	635	
Eddins Elementary							
Site	8.0 acres	Square Feet	69,052	69,052	69,052	69,052	69,052
Opened	1998	Enrollment	673	640	604	539	
Walker Elementary							
Site	10.678 acres	Square Feet	67,229	67,229	67,229	67,229	67,229
Opened	2001	Enrollment	626	611	590	545	
Wolford Elementary							
Site	9.15 acres	Square Feet	69,052	69,052	69,052	69,052	69,052
Opened	2001	Enrollment	677	672	645	597	
McNeil Elementary							
Site	12.603 acres	Square Feet	68,788	68,788	68,788	68,788	68,788
Opened	2001	Enrollment	509	515	509	482	

2014	2015	2016	2017	2018	2019
68,789 446	68,789 426	68,789 426	68,789 425	68,789 388	68,789 358
83,035 417	83,035 400	83,035 427	83,035 422	83,035 394	83,035 404
54,678 469	54,678 539	54,678 544	54,678 488	54,678 460	54,678 404
76,366 544	76,366 537	76,366 542	76,366 533	76,366 530	76,366 533
92,999 660	92,999 650	92,999 658	92,999 633	92,999 589	92,999 621
69,052 490	69,052 505	69,052 514	69,052 540	69,052 551	69,052 509
68,052 489	68,052 481	68,052 468	68,052 471	68,052 477	68,052 489
67,228 598	67,228 583	67,228 525	73,019 512	73,019 502	73,019 508
69,052 500	69,052 469	69,052 443	69,052 420	69,052 384	69,052 388
67,229 545	67,229 572	67,229 578	67,229 580	67,229 567	67,229 527
69,052 573	69,052 568	69,052 539	69,052 520	69,052 476	69,052 447
68,788 465	68,788 445	68,788 419	68,788 368	68,788 419	68,788 396

MCKINNEY INDEPENDENT SCHOOL DISTRICT

School Building Information

Last Ten Fiscal Years

(Unaudited)

continued

Exhibit S-19

				Fiscal Year			
				2010	2011	2012	2013
SCHOOLS (continued)							
Elementary (continued)							
Malvern Elementary							
Site	20.01 acres	Square Feet		71,515	71,515	71,515	71,515
Opened	2001	Enrollment		642	643	604	593
Vega Elementary							
Site	8.005 acres	Square Feet		71,513	71,513	71,513	71,513
Opened	2002	Enrollment		473	479	484	572
Bennett Elementary							
Site	9.844 acres	Square Feet		74,280	74,280	74,280	74,280
Opened	2002	Enrollment		643	665	599	544
Minshew Elementary							
Site	16.407 acres	Square Feet		92,255	92,255	92,255	92,255
Opened	2005	Enrollment		632	533	532	561
Wilmeth Elementary							
Site	9.67 acres	Square Feet		92,256	92,256	92,256	92,256
Opened	2006	Enrollment		903	715	705	680
McGowen Elementary							
Site	11.687 acres	Square Feet		93,326	93,326	93,326	93,326
Opened	2008	Enrollment		673	682	722	690
Press Elementary							
Site	10 acres	Square Feet		93,328	93,328	93,328	93,328
Opened	2008	Enrollment		527	488	524	510
McClure Elementary							
Site	12.9 acres	Square Feet		92,213	92,213	92,213	92,213
Opened	2010	Enrollment		-	402	478	522
Middle School							
Faubion Middle School							
Site	37.101* acres	Square Feet		149,278	149,278	149,278	208,278
Opened	1960	Enrollment		996	1,008	1,003	960
Dowell Middle School							
Site	23.065 acres	Square Feet		123,298	123,298	123,298	123,298
Opened	1995	Enrollment		1,114	1,154	1,219	1,192
Johnson Middle School							
Site	23.756 acres	Square Feet		159,285	159,285	159,285	159,285
Opened	2002	Enrollment		800	822	862	890

2014	2015	2016	2017	2018	2019
71,515 492	71,515 540	71,515 497	83,335 531	83,335 522	83,335 511
71,513 611	71,513 591	71,513 547	71,513 511	71,513 521	71,513 493
74,280 511	74,280 491	74,280 464	74,280 486	74,280 515	74,280 559
92,255 598	92,255 656	92,255 653	92,255 639	92,255 673	92,255 653
92,256 648	92,256 635	92,256 640	92,256 645	92,256 671	92,256 647
93,326 699	93,326 674	93,326 679	93,326 650	93,326 669	93,326 643
93,328 509	93,328 495	93,328 449	93,328 538	93,328 584	93,328 602
92,213 579	92,213 629	92,213 664	92,213 658	92,213 645	92,213 638
208,278 934	208,278 976	208,278 1,141	208,278 1,210	208,278 1,291	208,278 1,289
123,298 1,157	172,777 1,092	172,777 1,165	172,777 1,225	172,777 1,192	172,777 1,182
159,285 900	159,285 876	159,285 923	159,285 934	159,285 918	159,285 936

MCKINNEY INDEPENDENT SCHOOL DISTRICT

School Building Information

Last Ten Fiscal Years

(Unaudited)

continued

Exhibit S-19

				Fiscal Year			
				2010	2011	2012	2013
SCHOOLS (continued)							
Middle School (continued)							
Evans Middle School							
Site	21.008 acres	Square Feet	182,980	182,980	182,980	182,980	182,980
Opened	2004	Enrollment	1,373	1,416	1,423	1,416	1,416
Cockrill Middle School							
Site	21.01 acres	Square Feet	184,995	184,995	184,995	184,995	184,995
Opened	2008	Enrollment	1,095	1,125	1,246	1,239	1,239
High School							
McKinney High School							
Site	60.02 acres	Square Feet	352,880	352,880	352,880	535,880	535,880
Opened	1987	Enrollment	1,964	2,040	2,116	2,104	2,104
McKinney North High School							
Site	62.03 acres	Square Feet	439,422	439,422	439,422	439,422	439,422
Opened	2001	Enrollment	1,428	1,588	1,770	1,886	1,886
Serenity High School							
Site	(on MLC Site)	Square Feet	6,400	6,400	6,400	6,400	6,400
Opened	1999	Enrollment	1	9	7	9	9
<i>(Housed in portable buildings on the MLC acreage)</i>							
<i>(Serenity accepts enrollments from various county schools)</i>							
County Residential Center							
Site	(county facilities)	Square Feet	-	-	-	-	-
Opened	-	Enrollment	85	79	85	77	77
McKinney Boyd High School							
Site	56.4 acres	Square Feet	530,680	530,680	530,680	530,680	530,680
Opened	2006	Enrollment	2,915	2,876	2,879	2,988	2,988
Alternative Education Center							
Juvenile Justice Alternative Ed.							
Site	(county facilities)	Square Feet	-	-	-	-	-
Opened	-	Enrollment	5	11	2	7	7
McKinney Learning Center							
Site	6.563 acres	Square Feet	18,600	18,600	18,600	18,600	18,600
Opened	1968	Enrollment	63	65	-	-	-

(McKinney Learning Center housed Learning in a New Context ((LINC)) and Disciplinary Alternative Education Program ((DAEP)) until 2012. LINC enrollment was moved to high school campuses and was deactivated. DAEP is now housed at McKinney Learning Center. DAEP students are reported as enrolled at their home campus)

2014	2015	2016	2017	2018	2019
182,980 1,461	182,980 1,443	182,980 1,219	182,980 1,126	182,980 1,120	189,231 1,072
184,995 1,354	184,995 1,349	184,995 1,243	184,995 1,263	184,995 1,322	191,261 1,275
535,880 2,074	535,880 2,486	535,880 2,734	535,880 2,863	535,880 2,958	597,180 2,964
439,422 2,035	439,422 2,089	439,422 2,105	486,516 2,123	486,516 2,117	486,516 2,137
6,400 6	6,400 6	6,400 8	6,400 5	6,400 10	6,400 5
- 79	- 90	- 86	- 88	- 66	- 86
530,680 3,043	530,680 2,881	530,680 2,845	530,680 2,815	530,680 2,824	530,680 2,834
- 11	- 5	- 5	- 3	- 14	- 9
18,600 -	18,600 -	18,600 -	18,600 -	18,600 -	18,600 -

MCKINNEY INDEPENDENT SCHOOL DISTRICT

School Building Information

Last Ten Fiscal Years

(Unaudited)

continued

Exhibit S-19

			Fiscal Year			
			2010	2011	2012	2013
SCHOOLS (continued)						
Early Childhood School						
Lawson Early Childhood School						
Site	9.0 acres	Square Feet	89,621	89,621	89,621	89,621
Opened	2009	Enrollment	653	702	667	641
Total						
Square Feet			3,717,767	3,717,767	3,717,767	3,959,767
Enrollment			23,933	24,422	24,733	24,443
OTHER MISD FACILITIES						
Administrative						
Duvall Street						
Site	37.101 acres*	Square Feet	35,000	35,000	35,000	35,000
Opened	1968					
Greer Annex						
Site	2.9 acres	Square Feet	41,773	41,773	41,773	41,773
Opened	1910					
Facility Services						
Maintenance Facility						
Site	1.785 acres	Square Feet	18,718	18,718	18,718	18,718
Opened	Purchased 1968					
Tennessee St. Warehouse						
Site	.32 acres	Square Feet	5,000	5,000	5,000	5,000
Opened	Purchased 2003					
Louisiana St. Warehouse						
Site	.9 acres	Square Feet	35,900	35,900	35,900	35,900
Opened	Purchased 2010					
Central Distribution Center						
Site	7.29 acres	Square Feet	16,400	16,400	16,400	16,400
Opened	Purchased 1997					
Transportation Facility						
Site	15.28 acres	Square Feet	10,165	10,165	10,165	10,165
Opened	2003					
Agriculture Barn						
Site	44.15 acres	Square Feet	2,145	2,145	2,145	2,145
Opened	1986					
Athletics						
Ron Poe Stadium						
Site	37.101 acres*	Square Feet	29,857	29,857	29,857	29,857
Opened	1962					

2014	2015	2016	2017	2018	2019
89,621 668	89,621 632	89,621 615	89,621 626	89,621 590	89,621 598
3,959,767 24,565	4,009,246 24,811	4,009,246 24,765	4,073,951 24,851	4,073,951 24,959	4,147,768 24,717
35,000	35,000	35,000	35,000	35,000	35,000
41,773	41,773	41,773	41,773	41,773	41,773
18,718	18,718	18,718	18,718	18,718	18,718
5,000	5,000	5,000	5,000	5,000	5,000
35,900	35,900	35,900	35,900	35,900	35,900
16,400	16,400	16,400	16,400	16,400	16,400
10,165	10,165	10,165	10,165	10,165	10,165
2,145	2,145	2,145	2,145	2,145	2,145
29,857	29,857	29,857	29,857	29,857	29,857

MCKINNEY INDEPENDENT SCHOOL DISTRICT

School Building Information

Last Ten Fiscal Years

(Unaudited)

continued

Exhibit S-19

				Fiscal Year			
				2010	2011	2012	2013
OTHER MISD FACILITIES <i>(continued)</i>							
Athletics <i>(continued)</i>							
AI Alford Baseball Field							
Site	37.101 acres*	Square Feet		6,771	6,771	6,771	6,771
Opened	1970						
District Football Stadium							
Site	60.464 acres	Square Feet					
Opened	2018						
Total Other MISD Facilities				<u>201,729</u>	<u>201,729</u>	<u>201,729</u>	<u>201,729</u>
Square Feet							
Grand Total MISD Facilities				<u><u>3,919,496</u></u>	<u><u>3,919,496</u></u>	<u><u>3,919,496</u></u>	<u><u>4,161,496</u></u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
6,771	6,771	6,771	6,771	6,771	6,771
					73,008
<u>201,729</u>	<u>201,729</u>	<u>201,729</u>	<u>201,729</u>	<u>201,729</u>	<u>347,745</u>
<u>4,161,496</u>	<u>4,210,975</u>	<u>4,210,975</u>	<u>4,275,680</u>	<u>4,275,680</u>	<u>4,495,513</u>



INDEPENDENT SCHOOL DISTRICT

FEDERAL AWARDS SECTION



INDEPENDENT SCHOOL DISTRICT



**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 School Trustees
McKinney Independent School District
1 Duvall Street
McKinney, Texas 75069

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 the McKinney Independent School District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance & Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

A handwritten signature in cursive script that reads "Evans & Knauth, PLLC".

Evans & Knauth, PLLC
Frisco, TX
September 20, 2019



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

Board of School Trustees
McKinney Independent School District
1 Duvall Street
McKinney, Texas 75069

Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited the McKinney Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is unmodified with respect to these matters.

Report on Internal Control Over Compliance

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

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

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



Evans & Knauth, PLLC
Frisco, TX
September 20, 2019

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

Summary of the Auditor's Results:

Financial Statements

- An unmodified opinion was issued on the financial statements.
- Internal control over financial reporting:
 - Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified that are not considered a material weakness? _____ Yes X None reported
- Noncompliance material to financial statements noted. _____ Yes X No

Major Federal Programs

- Internal control over major federal programs:
 - Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified that are not considered a material weakness? _____ Yes X None reported
- An unmodified opinion was issued on compliance for major federal programs.
- Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No
- Identification of major federal programs:
 - Special Education Cluster (IDEA) 84.027, 84.173
- The dollar threshold used to distinguish between Type A and Type B programs. \$750,000
- Auditee qualified as a low-risk auditee. X Yes _____ No

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Schedule of Status of Prior Findings
For the Year Ended June 30, 2019

- NONE -

MCKINNEY INDEPENDENT SCHOOL DISTRICT

Corrective Action Plan

For the Year Ended June 30, 2019

- NONE -

Contact person: Mr. Jason Bird
Chief Financial Officer

MCKINNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Region 20 ESC</u>			
Evaluation Capacity Grant	84.027A	2265431910003	\$ 40,000
Total Passed Through Region 20 ESC			40,000
<u>Passed Through Region 10 ESC</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	S010A180043	2,165,664
ESEA, Title X, Part C - Homeless Children	84.196A	S196A130045	18,080
ESEA, Title II, Part A, Teacher Principal Training	84.367A	S367A180041	346,539
Title III, Part A - English Language Acquisition	84.365A	S365A180043	116,861
Title IV, Part A - Student Support	84.424A	S424A180045	136,968
Total Passed Through Region 10 ESC			2,784,112
<u>Passed Through State Department of Education</u>			
*IDEA - Part B, Formula	84.027A	H027A180008	3,355,191
*IDEA - Part B, Discretionary	84.027A	H027A180008	232,726
Total CFDA Number 84.027A			3,587,917
*IDEA - Part B, Preschool	84.173A	H173A170004	37,872
Total Special Education Cluster (IDEA)			3,625,789
Career and Technical - Basic Grant	84.048A	V048A180043	102,506
Title I, Part D-2 Delinquent	84.010A	S010A170043	111,221
Title I 1003 School Improvement	84.010A	S010A170043	4,125
Total CFDA Number 84.010A			115,346
Summer School LEP	84.369A	S369A170045	16,271
TX Education for Homeless Children & Youth	84.196A	S196A180045	66,478
Total Passed Through State Department of Education			3,926,390
TOTAL U.S. DEPARTMENT OF EDUCATION			6,750,502
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Region 10 ESC</u>			
Head Start	93.600	06CH7092	414,387
Total Passed Through Region 10 ESC			414,387
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			414,387
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through State Dept. of Human Services</u>			
Donated Commodities	10.555		643,191
Total Passed Through State Dept. of Human Services			643,191
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program	10.553	201919N109946	1,425,842
National School Lunch Program	10.555	201919N109946	3,906,654
Total Child Nutrition Cluster			5,975,687
Total Passed Through the State Department of Agriculture			5,332,496
TOTAL U.S. DEPARTMENT OF AGRICULTURE			5,975,687
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 13,140,576

*Denotes Major Program

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2019

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures

Note 1: School Health and Related Services reimbursements of \$6,633,755 are recorded as federal program revenue in the general fund, but are not considered awards for the purposes of this schedule.

MCKINNEY INDEPENDENT SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

1. For all federal programs, the District uses the fund types specified in Texas Education Agency's "Financial Accountability System Resource Guide." Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance is generally accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund that is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

3. The District participates in numerous Federal grant programs that 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, in any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019, 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 provisions have been recorded in the accompanying financial statements for such contingencies.