

**MCKINNEY**  
**INDEPENDENT SCHOOL DISTRICT**  
McKinney, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended  
June 30, 2021

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**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, 2021, at a meeting of the Board of School Trustees of such school district on the 26 day of October, 2021.

  
\_\_\_\_\_  
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):



October 21, 2021

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 Annual Financial Report (Report) for the fiscal year ended June 30, 2021.

The Report 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 detail in the Management’s Discussion and Analysis (MDA) presented within the Report.

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 Report was audited by K. Evans & Associates, CPA’s, and 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, 2021, are free from material misstatement. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. 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-one 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 23,398 students in the 20/21 school year. Enrollment is predicted to be 24,000 in 21/22.

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, 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 leaning 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 2020's graduation rate at 97.6%.

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 Texas Music Educators Association (TMEA) conferences. In 2020, Cockrill Middle School Honors Band was selected as the TMEA State 3C Honors Band, with the band performing at the annual TMEA conference in February of that year. Additionally, McKinney Boyd High School Full Orchestra advanced to the final round of the 2019-20 TMEA 6A Honor Orchestra competition, placing 5th in the state. Numerous MISD Middle and High School Band, Choirs and Orchestra have received “Mark of Excellence” awards from the Foundation for Music Education, and MISD has been named by the National Association of Music Merchants for five consecutive years (2017-21) as one of the nations “Best Communities for Music Education.”

McKinney ISD Athletics had an incredibly successful year during the Covid-19 pandemic. Our athletes were resilient and our coaches remained flexible with the updated policies released from the UIL and TEA. We had 67 athletes sign scholarships to continue participation at the collegiate level. The district had 721 student-athletes named Academic All-District, with 169 named Academic All-State. Overall, our Athletic teams accounted for six District Championships and had many kids advance to state level competition in their respective sports. Above all, we were able to maintain our athletic opportunities for our student-athletes and coaches in a safe environment as we maneuvered the pandemic.

In 1999, the 76<sup>th</sup> 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 77<sup>th</sup> 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 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 four years running. The District has earned the highest rating for nine 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 Globe Life 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 2020-21 school year marks the continuation of the \$220,000,000 2016 Bond Program approved by voters in May 2016 and the beginning of the \$275,000,000 2021 Bond Program approved by voters in May 2021. Projects include comprehensive upgrades to almost every campus, fine arts, athletic and technology system within McKinney ISD. These multi-year bond programs positively impact every child in McKinney ISD.

2021/22 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 15, 2021. 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 \$1.0067, and the debt service rate of \$0.37 for the 2021-22 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.

ACKNOWLEDGEMENTS

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.



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Rick McDaniel  
Superintendent



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Jason Bird  
Deputy Superintendent



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting



Presented to

**McKinney Independent School District  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

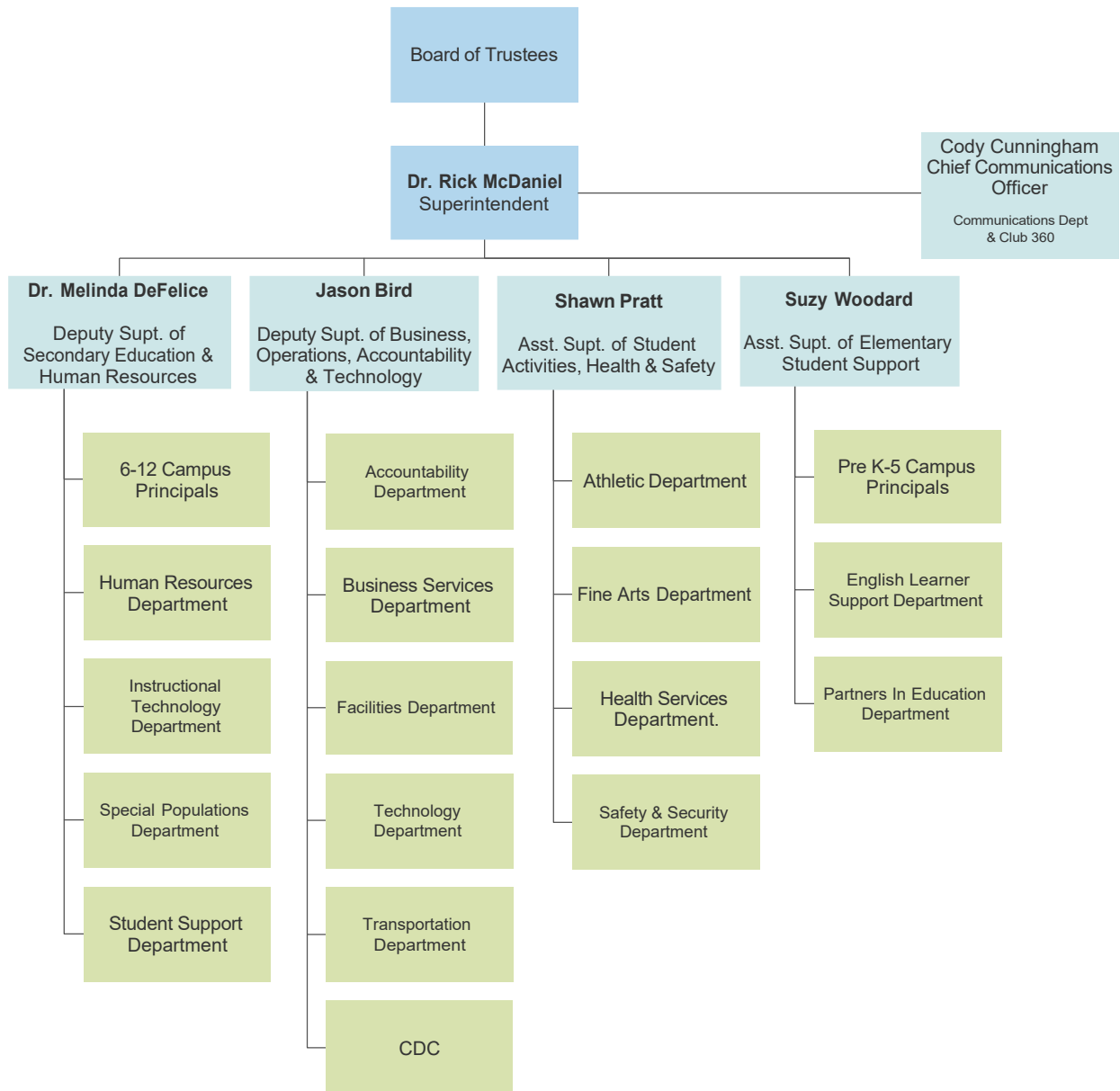
Executive Director/CEO

**BOARD OF TRUSTEES**

<b>Name</b>	<b>Length of Service</b>	<b>Term Expires</b>	<b>Occupation</b>
Amy Dankel President	10 Years	May 2023	Retired Educator
Stephanie O'Dell Vice President	6 Years	May 2023	Homemaker
Maria McKinzie Secretary	14 Years	May 2021	Supply Chain Specialist
Kathy Livezey Trustee	10 Years	May 2021	Retired Educator
Curtis Rippee Trustee	11 Years	May 2021	Business Owner
Lynn Sperry Trustee	36 Years	May 2023	Magazine Publisher
Philip Hassler Trustee	2 Years	May 2021	Business Owner

**A DMINISTRATIVE OFFICIALS**

<b>Name</b>	<b>Position</b>	<b><u>Length of District Service</u></b>
Dr. Rick McDaniel	Superintendent	15 years
Jason Bird	Deputy Superintendent of Business, Operations, Accountability, Tech	23 years
Dr. Melinda DeFelice	Deputy Superintendent Secondary Education & HR	20 years
Suzanne Woodard	Assistant Superintendent of Elementary Student Support	19 years
Cody Cunningham	Chief Communications Officer	16 years
Shawn Pratt	Assistant Superintendent of Student Activities, Health, Safety	28 years





INDEPENDENT SCHOOL DISTRICT

## **FINANCIAL SECTION**



## **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, 2021, 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, 2021, 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.

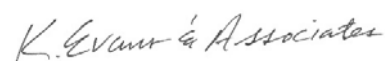
The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform 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 October 21, 2021, 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.



K. Evans & Associates, CPA's  
October 21, 2021



INDEPENDENT SCHOOL DISTRICT



## **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, 2021. 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 \$148.2 million. The net position of the District increased by \$40.1 million during the year ended June 30, 2021.

The District's governmental funds financial statements reported combined ending fund balance of \$204.5 million. Of this amount, the General Fund has a total of \$130.2 of which \$2.1 million is nonspendable, \$2.6 million is assigned, and \$125.5 million is unassigned available for spending at the District's discretion. Fund balance of \$65 million is restricted by the Debt Service Fund and Capital Projects Fund. The Special Revenue Funds have a fund balance of \$9.3 million with \$4.2 million restricted, 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.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position (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 Position, 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 position* and how it has changed. Net position, 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 position 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>	<b>Government Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<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 position * Statement of activities	* Balance Sheet * Statement of revenues, expenditures, & changes in fund balances	*Statement of fiduciary net position *Statement of changes in fiduciary net position
<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 \$148,286,428 on June 30, 2021. (See Table A-1).

**Table A-1**  
**The District's Net Position**

	Governmental Activities		Percentage
	2021	2020	Change
Current & Other Assets	\$ 239,895,187	\$ 246,357,913	-2.62%
Capital & Non-Current Assets	590,567,366	594,910,869	-0.73%
<b>Total Assets</b>	<u>830,462,553</u>	<u>841,268,782</u>	-1.28%
<b>Deferred outflows of resources</b>	<u>37,891,775</u>	<u>51,450,773</u>	-26.35%
Current Liabilities	37,290,726	34,464,317	8.20%
Long Term Liabilities	611,247,149	702,582,679	-13.00%
<b>Total Liabilities</b>	<u>648,537,875</u>	<u>737,046,996</u>	-12.01%
<b>Deferred Resource Inflow</b>	<u>71,530,025</u>	<u>47,571,480</u>	50.36%
<b>Net Position</b>			
Net Invested in Capital Assets	62,589,186	103,927,456	-39.78%
Restricted	106,832,837	34,430,156	210.29%
Unrestricted	(21,135,595)	(30,256,533)	-30.15%
<b>Total Net Position</b>	<u>\$ 148,286,428</u>	<u>\$ 108,101,079</u>	37.17%

## Governmental Activities – Net Position

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

	Governmental Activities		Percentage Change
	2021	2020	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 11,452,541	\$ 7,354,769	55.72%
Operating Grants & Contributions	45,319,105	41,601,292	8.94%
<u>General Revenues</u>			
Property Taxes	254,542,043	244,671,521	4.03%
State Aid - Formula	30,382,858	37,564,550	-19.12%
Investment Earnings	174,357	3,509,099	-95.03%
Grants & Contributions Not Restricted	943,762	734,063	28.57%
Other	2,113,845	8,482,367	-75.08%
<b>Total Revenues &amp; Extraordinary Items</b>	<u>344,928,511</u>	<u>343,917,661</u>	0.29%
<b>Expenses</b>			
Instruction & Instructional Related	188,422,782	208,014,791	-9.42%
Instructional Leadership/school Administration	21,702,371	22,759,818	-4.65%
Guidance, Social Work, Health, Transportation	21,201,875	21,389,443	-0.88%
Food Services	9,977,467	10,534,938	-5.29%
Extracurricular Activities	10,018,668	11,499,189	-12.88%
General Administration	5,476,351	5,245,969	4.39%
Plant Maintenance & Security	23,565,516	26,642,059	-11.55%
Community Services	2,273,611	2,827,459	-19.59%
Data Processing Services	5,046,834	5,123,228	-1.49%
Debt Service	15,359,178	19,619,232	-21.71%
Contracted Instructional Services Between Public Schools		1,237,139	-100.00%
Other Intergovernmental Charges	1,698,509	1,726,093	-1.60%
<b>Total Expenses</b>	<u>304,743,162</u>	<u>336,619,358</u>	-9.47%
<b>Change in Net Position</b>	40,185,349	7,298,303	450.61%
<b>Net Position-Beginning</b>	<u>108,101,079</u>	<u>100,802,776</u>	7.24%
<b>Net Position-Ending</b>	<u>\$ 148,286,428</u>	<u>\$ 108,101,079</u>	37.17%

## Governmental Activities – Changes in Net position

- Property taxes increased as total appraised property values continue to improve.
- Covid-19 shut-down beginning in March 2020, which reduced plant maintenance, food service, and transportation expenses.
- Contracted Instruction Services between public schools was impacted by HB3.
- Salary increases were recorded in all functions.
- Voters authorized the 2021 \$275,000,000 Bond Program
- Mandatory accounting practice regarding ESSER Funds impact

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 \$304,743,162.
- The amount paid by MISD taxpayers for these governmental activities through property taxes was \$254,542,043.
- Some of the cost (\$11,452,541) were paid by those who directly benefited from the programs or by grants and contributions of \$45,319,105.
- State aid formula grants paid for \$30,382,858 of the costs.

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

	Total Cost of Services			Net Cost of Services		
	2021	2020	% Change	2021	2020	% Change
Instruction	\$ 180,448,158	\$ 194,277,591	-7.1%	\$ 154,716,469	\$ 163,979,487	-5.6%
School Leadership	17,011,389	17,890,454	-4.9%	15,646,610	16,353,251	-4.3%
Plant Maintenance & Operations	20,943,675	23,779,197	-11.9%	4,912,231	22,338,454	-78.0%
Debt Service - Interest & Fiscal Charges	\$ 15,359,178	\$ 19,619,232	-21.7%	15,359,178	19,619,232	-21.7%

**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 \$204,575,515 as compared to a fund balance ending June 30, 2020 of \$214,704,340.

**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, 2021 exceeded budget by \$399,584. Total expenditures for the fiscal year were \$22,840,577 under budget. This was attributable primarily to mandatory accounting practice regarding ESSER Funds and 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. Further detail can be seen on page 63 of this report.

As of June 30, 2021, the ending fund balance (unassigned) of \$125.5 million represents 50.1% of the 2021-2022 operating budget.

**CAPITAL ASSETS & DEBT ADMINISTRATION**

At the end of FY21, the District had invested \$590,567,366 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 on pages 46 and 47 of the Notes to the Financial Statements.

**Table A-4  
District's Capital Assets  
Governmental Activities**

	2021	2020	Total % Change
Land	\$ 41,909,253	\$ 41,909,253	0.00%
Buildings & Improvements	805,289,943	770,523,657	4.51%
Furniture & Equipment	27,333,114	22,720,907	20.30%
Construction in Progress	14,213,552	32,466,035	-56.2%
Totals at Historical Cost	888,745,862	867,619,852	2.43%
Total Accumulated Depreciation	298,178,496	272,708,983	9.34%
Net Capital Assets	\$ 590,567,366	\$ 594,910,869	-0.73%

Construction in progress decreased as numerous campus projects were completed during FY21.

At the end of FY21, the District had \$494,705,888 in bonds outstanding as compared to \$548,193,787 at the end of FY20. More detailed information about the District's debt is presented on pages 47 and 48 of the Notes to the Financial Statements.

**Table A-5  
District's Long-Term Debt**

	2020	2020	Total % Change
Bonds Payable	\$ 494,705,888	\$ 548,193,787	-9.76%
Total	\$ 494,705,888	\$ 548,193,787	-9.76%

The Texas Permanent School Fund Bond Guarantee Program (PSF) provides AAA Ratings for all PSF bonds. The District's underlying ratings are as follows:

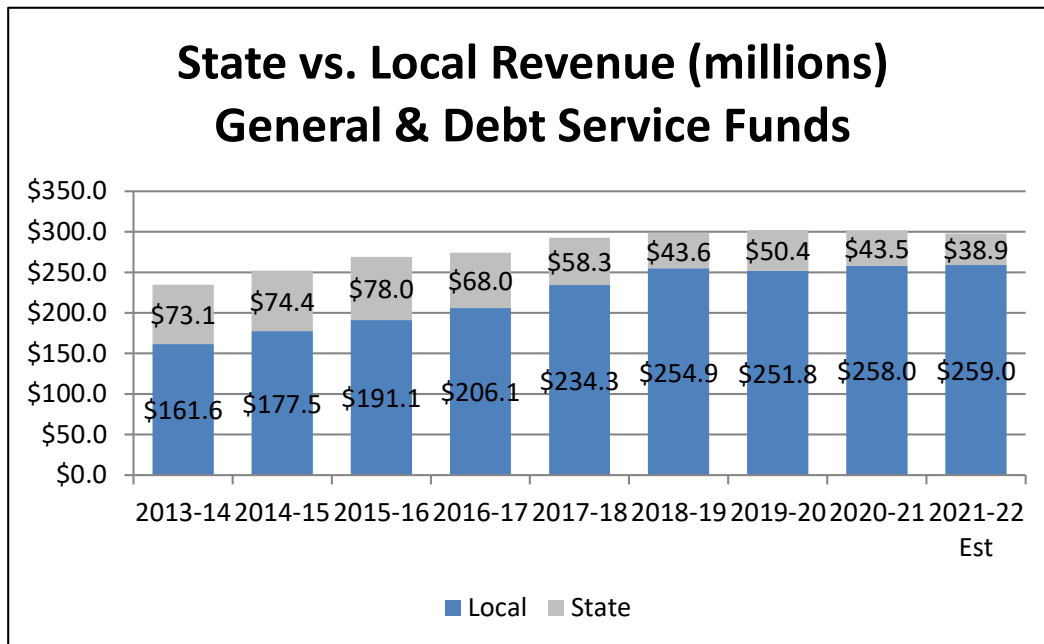
Moody's Investor Services "Aa1"  
Standard & Poor's "AA+"

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

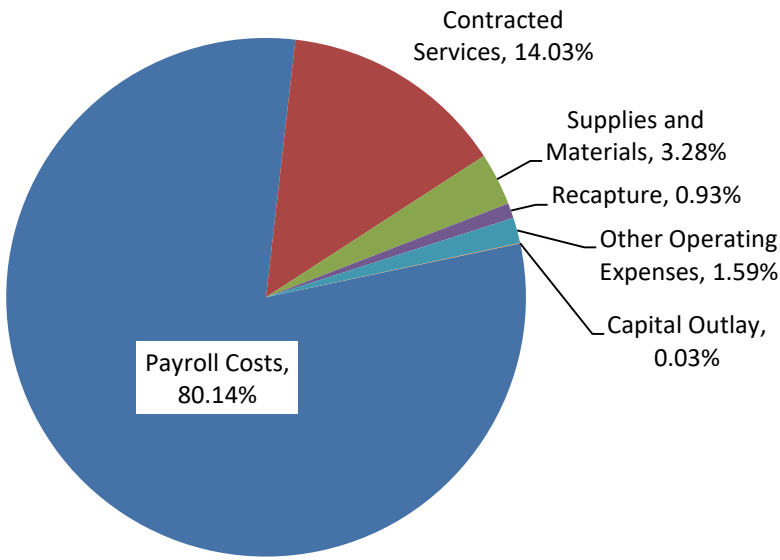
- Net taxable appraised value used for FY22 budget preparation increased approximately \$1,522 million, which represents an increase of 8.54% from FY21 values. New construction for FY22 amounts to approximately \$581.5 million.
- A comparison of budgeted general operating fund spending per pupil (based on fall enrollment) in the FY21 fiscal year of \$10,043 to the budgeted FY22 spending per pupil of \$10,429 represents a budgeted increase in spending per pupil of 3.84%.
- The District's 2021 fall enrollment is expected to be approximately 24,000 which represents a 2.57% increase over 2020.

These indicators were taken into account when adopting the general fund budget for FY22. Revenues available for appropriation in the general fund budget are \$231,916,931, an increase of 0.29% over the final FY21 budget of \$231,241,372.

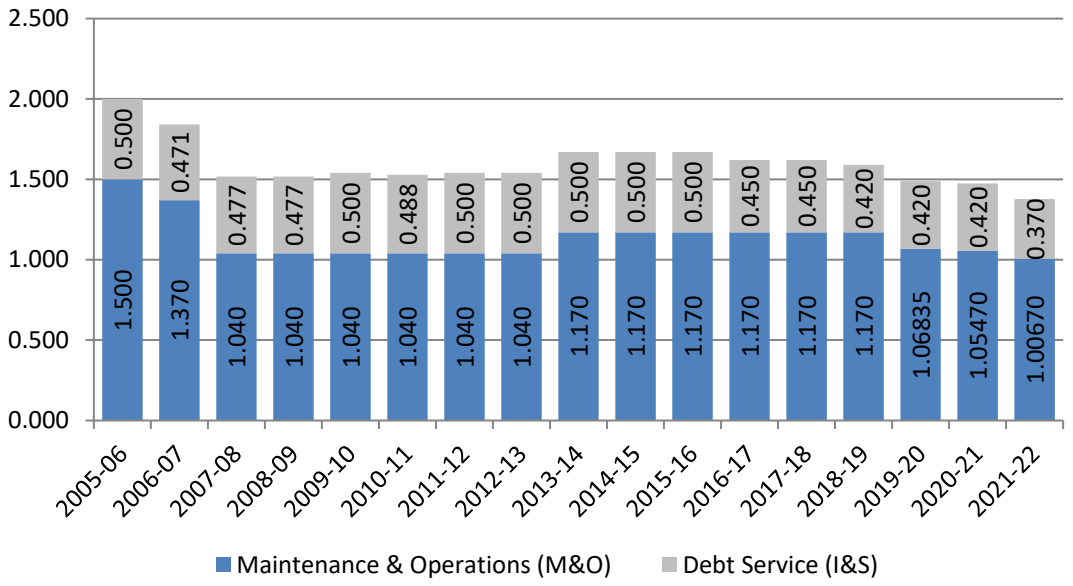
The District's projected FY22 tax rate is \$1.3767, which is changed. The following chart demonstrates the relationship of state and local funding for the past four years along with estimated amounts for FY22.



## 2021-22 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, 2021

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 215,294,332
1220 Property Taxes - Delinquent	5,498,730
1230 Allowance for Uncollectible Taxes	(164,962)
1240 Due from Other Governments	16,679,862
1260 Internal Balances	(350,171)
1290 Other Receivables, Net	784,031
1300 Inventories	464,275
1410 Prepayments	1,689,090
Capital Assets:	
1510 Land	41,909,253
1520 Buildings, Net	524,883,221
1530 Furniture and Equipment, Net	9,561,340
1580 Construction in Progress	14,213,552
1000 Total Assets	830,462,553
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	2,912,350
1705 Deferred Outflow Related to TRS Pension	21,749,335
1706 Deferred Outflow Related to TRS OPEB	13,230,090
1700 Total Deferred Outflows of Resources	37,891,775
<b>LIABILITIES</b>	
2110 Accounts Payable	964,628
2140 Interest Payable	7,393,990
2150 Payroll Deductions and Withholdings	305,499
2160 Accrued Wages Payable	24,431,973
2180 Due to Other Governments	2,081,613
2200 Accrued Expenses	2,113,023
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	29,065,000
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	465,640,888
2540 Net Pension Liability (District's Share)	53,666,330
2545 Net OPEB Liability (District's Share)	62,874,931
2000 Total Liabilities	648,537,875
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2602 Deferred Revenue	89,167
2605 Deferred Inflow Related to TRS Pension	21,375,563
2606 Deferred Inflow Related to TRS OPEB	50,065,295
2600 Total Deferred Inflows of Resources	71,530,025
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	62,589,186
Restricted:	
3820 Restricted for Federal and State Programs	4,163,549
3850 Restricted for Debt Service	30,300,004
3860 Restricted for Capital Projects	72,369,284
3900 Unrestricted	(21,135,595)
3000 Total Net Position	\$ 148,286,428

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, 2021

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		3	4	6	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
<b>Primary Government:</b>					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 180,448,158	\$ 41,460	\$ 25,690,229	\$ (154,716,469)
12	Instructional Resources and Media Services	4,776,093	-	335,852	(4,440,241)
13	Curriculum and Instructional Staff Development	3,198,531	-	282,890	(2,915,641)
21	Instructional Leadership	4,690,982	-	566,772	(4,124,210)
23	School Leadership	17,011,389	-	1,364,779	(15,646,610)
31	Guidance, Counseling, and Evaluation Services	9,148,660	-	790,799	(8,357,861)
32	Social Work Services	404,022	-	20,028	(383,994)
33	Health Services	3,006,276	-	231,725	(2,774,551)
34	Student (Pupil) Transportation	8,642,917	-	6,932	(8,635,985)
35	Food Services	9,977,467	1,591,819	6,744,171	(1,641,477)
36	Extracurricular Activities	10,018,668	588,731	427,423	(9,002,514)
41	General Administration	5,476,351	-	331,808	(5,144,543)
51	Facilities Maintenance and Operations	20,943,675	265,048	8,121,867	(12,556,760)
52	Security and Monitoring Services	2,621,841	-	159,729	(2,462,112)
53	Data Processing Services	5,046,834	-	224,206	(4,822,628)
61	Community Services	2,273,611	1,320,954	19,895	(932,762)
72	Debt Service - Interest on Long-Term Debt	15,216,828	-	-	(15,216,828)
73	Debt Service - Bond Issuance Cost and Fees	142,350	-	-	(142,350)
99	Other Intergovernmental Charges	1,698,509	-	-	(1,698,509)
[TP]	TOTAL PRIMARY GOVERNMENT:	\$ 304,743,162	\$ 3,808,012	\$ 45,319,105	(255,616,045)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			182,114,803	
DT	Property Taxes, Levied for Debt Service			72,427,240	
SF	State Aid - Formula Grants			30,382,858	
GC	Grants and Contributions not Restricted			943,762	
IE	Investment Earnings			174,357	
MI	Miscellaneous Local and Intermediate Revenue			9,758,374	
TR	Total General Revenues			295,801,394	
CN	Change in Net Position			40,185,349	
NB	Net Position - Beginning			108,101,079	
NE	Net Position - Ending			\$ 148,286,428	

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 150,781,119	\$ 28,799,519	\$ 35,713,694
1220 Property Taxes - Delinquent	3,971,734	1,526,996	-
1230 Allowance for Uncollectible Taxes	(119,152)	(45,810)	-
1240 Due from Other Governments	7,373,341	-	-
1260 Due from Other Funds	-	-	1,362,391
1290 Other Receivables	752,266	19,300	-
1300 Inventories	464,275	-	-
1410 Prepayments	1,680,280	-	-
1000 Total Assets	<u>\$ 164,903,863</u>	<u>\$ 30,300,005</u>	<u>\$ 37,076,085</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 281,880	\$ -	\$ 661,072
2150 Payroll Deductions and Withholdings Payable	305,499	-	-
2160 Accrued Wages Payable	23,338,105	-	-
2170 Due to Other Funds	2,897,731	-	-
2180 Due to Other Governments	2,081,613	-	-
2200 Accrued Expenditures	1,878,738	-	230,371
2000 Total Liabilities	<u>30,783,566</u>	<u>-</u>	<u>891,443</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	3,852,582	1,481,187	-
2602 Unavailable Revenue - Other	43,471	-	-
2600 Total Deferred Inflows of Resources	<u>3,896,053</u>	<u>1,481,187</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	464,275	-	-
3430 Prepaid Items	1,680,280	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual	-	-	36,184,642
3480 Retirement of Long-Term Debt	-	28,818,818	-
Assigned Fund Balance:			
3560 Claims and Judgments	50,000	-	-
3580 Self-Insurance	2,500,000	-	-
3600 Unassigned Fund Balance	125,529,689	-	-
3000 Total Fund Balances	<u>130,224,244</u>	<u>28,818,818</u>	<u>36,184,642</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 164,903,863</u>	<u>\$ 30,300,005</u>	<u>\$ 37,076,085</u>

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

Other Funds	Total Governmental Funds
\$ -	\$ 215,294,332
-	5,498,730
-	(164,962)
9,306,521	16,679,862
1,185,169	2,547,560
12,465	784,031
-	464,275
8,810	1,689,090
<u>\$ 10,512,965</u>	<u>\$ 242,792,918</u>
\$ 21,676	\$ 964,628
-	305,499
1,093,868	24,431,973
-	2,897,731
-	2,081,613
3,914	2,113,023
<u>1,119,458</u>	<u>32,794,467</u>
-	5,333,769
45,696	89,167
<u>45,696</u>	<u>5,422,936</u>
-	464,275
8,810	1,689,090
4,163,549	4,163,549
-	36,184,642
-	28,818,818
-	50,000
-	2,500,000
5,175,452	130,705,141
<u>9,347,811</u>	<u>204,575,515</u>
<u>\$ 10,512,965</u>	<u>\$ 242,792,918</u>



MCKINNEY INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2021

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$ 204,575,515
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 \$867,619,852 and the accumulated depreciation was (\$272,708,983). In addition, long-term liabilities, including bonds payable of (\$488,540,000), 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.	106,370,869
2 Current year capital outlays of \$21,126,010 and long-term debt principal payments of \$51,005,000 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.	72,131,010
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 \$21,794,335, a deferred resource inflow of (\$21,375,563), and a net pension liability of (\$53,666,330). The net effect is a decrease to net position.	(53,292,558)
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 \$13,230,090, a deferred resource inflow of (\$50,065,295), and a net OPEB liability of (\$62,874,931). This resulted in a decrease in net position.	(99,710,136)
5 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(25,469,513)
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.	(7,393,990)
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.	(48,924,769)
<b>19 Net Position of Governmental Activities</b>	\$ 148,286,428

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, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 185,311,056	\$ 72,679,335	\$ 4,200,988
5800 State Program Revenues	42,865,577	676,515	-
5900 Federal Program Revenues	3,114,323	-	-
5020 Total Revenues	<u>231,290,956</u>	<u>73,355,850</u>	<u>4,200,988</u>
EXPENDITURES:			
Current:			
0011 Instruction	141,923,792	-	4,643,820
0012 Instructional Resources and Media Services	4,141,718	-	-
0013 Curriculum and Instructional Staff Development	3,087,989	-	-
0021 Instructional Leadership	4,346,300	-	-
0023 School Leadership	16,021,530	-	-
0031 Guidance, Counseling, and Evaluation Services	8,836,188	-	-
0032 Social Work Services	397,805	-	-
0033 Health Services	2,935,349	-	-
0034 Student (Pupil) Transportation	8,601,790	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	6,561,416	-	-
0041 General Administration	5,150,936	-	-
0051 Facilities Maintenance and Operations	12,254,067	-	-
0052 Security and Monitoring Services	2,194,629	-	-
0053 Data Processing Services	4,111,840	-	-
0061 Community Services	162,429	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	51,005,000	-
0072 Interest on Long-Term Debt	-	22,064,356	-
0073 Bond Issuance Cost and Fees	-	142,350	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	21,073,485
Intergovernmental:			
0099 Other Intergovernmental Charges	1,698,509	-	-
6030 Total Expenditures	<u>222,426,287</u>	<u>73,211,706</u>	<u>25,717,305</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,864,669</u>	<u>144,144</u>	<u>(21,516,317)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	17,800,000	3,500,000
7912 Sale of Real and Personal Property	19,238	-	-
7916 Premium or Discount on Issuance of Bonds	-	590,032	-
8949 Bond Refunding	-	(18,255,325)	-
7080 Total Other Financing Sources (Uses)	<u>19,238</u>	<u>134,707</u>	<u>3,500,000</u>
1200 Net Change in Fund Balances	8,883,907	278,851	(18,016,317)
0100 Fund Balance - JULY 1 (Beginning)	<u>121,340,337</u>	<u>28,539,967</u>	<u>54,200,959</u>
3000 Fund Balance - JUNE 30 (Ending)	<u>\$ 130,224,244</u>	<u>\$ 28,818,818</u>	<u>\$ 36,184,642</u>

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



	Other Funds	Total Governmental Funds
\$	5,745,093	\$ 267,936,472
	1,649,288	45,191,380
	22,856,178	25,970,501
	30,250,559	339,098,353
	11,500,257	158,067,869
	47,127	4,188,845
	33,171	3,121,160
	247,198	4,593,498
	293,084	16,314,614
	101,656	8,937,844
	-	397,805
	-	2,935,349
	1,179	8,602,969
	8,335,990	8,335,990
	774,116	7,335,532
	1,958	5,152,894
	7,834,943	20,089,010
	246,779	2,441,408
	-	4,111,840
	2,108,367	2,270,796
	-	51,005,000
	-	22,064,356
	-	142,350
	-	21,073,485
	-	1,698,509
	31,525,825	352,881,123
	(1,275,266)	(13,782,770)
	-	21,300,000
	-	19,238
	-	590,032
	-	(18,255,325)
	-	3,653,945
	(1,275,266)	(10,128,825)
	10,623,077	214,704,340
\$	9,347,811	\$ 204,575,515

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, 2021

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ (10,128,825)
Current year capital outlays of \$21,126,010 and long-term debt principal payments of \$51,005,000 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.	72,131,010
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 \$4,441,208. 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 \$(4,144,915). 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 \$(2,057,131). The net effect is to decrease the change in net position.	(1,760,838)
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 \$1,081,724. 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 \$(1,258,416). 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 \$2,050,310. The net effect is to decrease the change in net position.	1,873,618
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.	(25,469,513)
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.	826,987
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.	2,712,910
<b>Change in Net Position of Governmental Activities</b>	\$ 40,185,349

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, 2021

EXHIBIT D-1

	Private Purpose Trust Funds	Custodial Fund
<b>ASSETS</b>		
Due from Other Funds	\$ 1,549	\$ 348,620
Prepayments	-	4,428
Restricted Assets	14,794	-
Total Assets	16,343	\$ 353,048
<b>LIABILITIES</b>		
Due to Student Groups	-	353,048
Total Liabilities	-	353,048
<b>NET POSITION</b>		
Restricted for Other Purposes	10,000	-
Unrestricted Net Position	6,343	-
Total Net Position	\$ 16,343	\$ -

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, 2021

	Private Purpose Trust Funds	Custodial Fund
<b>ADDITIONS:</b>		
Miscellaneous Revenue - Student Activities	\$ -	\$ 735,400
Earnings from Temporary Deposits	156	-
Total Additions	<u>156</u>	<u>735,400</u>
<b>DEDUCTIONS:</b>		
Professional and Contracted Services	-	230,166
Supplies and Materials	-	101,660
Other Deductions	-	50,526
Total Deductions	<u>-</u>	<u>382,352</u>
Change in Fiduciary Net Position	156	353,048
Total Net Position JULY 1 (Beginning)	<u>16,186</u>	<u>-</u>
Total Net Position JUNE 30 (Ending)	<u>\$ 16,342</u>	<u>\$ 353,048</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, 2021

### **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, 2021

### **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, 2020, which were not available as of June 30, 2021.

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, 2021

### **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, 2021

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

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

**Interfund Receivables & Payables** - 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 non-spendable 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 non-spendable 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, 2021

### **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, 2021

**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, 2021

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Fund Balances and Net Position** *(continued)*

As of June 30, 2021, fund balances are composed of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ 464,275	-	-	-	\$ 464,275
Prepaid items	1,680,280	-	-	8,810	1,689,090
Restricted:					
Debt service	-	28,818,818	-	-	28,818,818
Federal and State grants	-	-	-	4,163,549	4,163,549
Construction	-	-	36,184,642	-	36,184,642
Assigned:					
Litigation and claims	50,000	-	-	-	50,000
Insurance deductibles	2,500,000	-	-	-	2,500,000
Unassigned:	125,529,689	-	-	5,175,452	130,705,141
Total fund balances	<u>\$ 130,224,244</u>	<u>28,818,818</u>	<u>36,184,642</u>	<u>9,347,811</u>	<u>\$ 204,575,515</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, 2021. 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, 2021

**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, 2021 Fund Balance</u>	
Appropriated budget funds - Child Nutrition Special Revenue Fund	\$ 4,126,992
Nonappropriated budget funds	<u>\$ 5,220,819</u>
All Special Revenue Funds	<u>\$ 9,347,811</u>

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

**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 \$(48,924,769) adjustment are as follows:

Deferred revenue:	
To remove the current year uncollected tax levy from unavailable revenue	\$ 2,116,485
To remove prior year collectible delinquent tax levy receivable from unavailable revenue	<u>3,217,284</u>
	<u>5,333,769</u>
Long-term debt:	
Issuance of bonds	(21,300,000)
Refunding of bonds	18,190,000
Premium on bonds	(54,060,888)
Deferred Loss on Refunding Bonds	<u>2,912,350</u>
	<u>(54,258,538)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (48,924,769)</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 \$2,712,910 adjustment are as follows:

Taxes:	
To move the current year and prior year uncollected tax levy to revenue	<u>\$ 327,076</u>
	<u>327,076</u>
Long-term debt:	
Issuance of Bonds	(21,300,000)
Refunding of Bonds	18,190,000
Current year amortization	6,020,542
Current year premium on bonds	(590,033)
Current Year Deferred Loss on Refunding Bonds	<u>65,325</u>
	<u>2,385,834</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes to net position of governmental activities	<u>\$ 2,712,910</u>

## MCKINNEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements  
For the Year Ended June 30, 2021

### **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, 2021, the carrying amount of the District's deposits (cash) was (\$71,742). The bank balance was \$2,441,788. The District's combined deposits at June 30, 2021 and during the year ended June 30, 2021 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 bank: American National Bank of Texas
- The highest combined balances of cash, savings, and time deposit accounts amounted to \$2,441,788 and occurred during the month of June 2021.
- The market value of securities pledged as of the date of the highest combined balance on deposit was \$4,688,473.
- Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

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, 2021

### **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, 2021

**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 hierarch, 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, 2021 are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
TexStar investment pool	\$ 94,749,593	\$ 94,749,593
State Treasurer’s investment pool	120,631,474	120,631,474
Total	<u>\$ 215,381,067</u>	<u>\$ 215,381,067</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, 2020, upon which the levy for the 2020-21 fiscal period was based, was \$17,830,713,769.

The tax rates levied for the fiscal year ended June 30, 2021, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0067 and \$0.37 per \$100 valuation, respectively, for a total of \$1.3767 per \$100 valuation.

Current year tax collections for the period ended June 30, 2021, were 99.14% 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, 2021, 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, 2021

**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, 2021, 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	\$ -	7,373,341	-	\$ 7,373,341
200-499	Special revenue	-	-	9,306,521	9,306,521
	Total	<u>\$ -</u>	<u>7,373,341</u>	<u>9,306,521</u>	<u>\$ 16,679,862</u>

**INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2021, consisted of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 2,897,731.00
Capital Project Funds	1,362,391	-
Non-Major Governmental Funds	1,185,170	-
Total	<u>\$ 2,547,561</u>	<u>\$ 2,897,731</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, 2021, were liquidated shortly after year-end.

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

**CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2021, 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>32,466,035</u>	<u>15,616,940</u>	<u>(33,869,423)</u>	<u>14,213,552</u>
	74,375,288	15,616,940	(33,869,423)	56,122,805
Capital Assets being depreciated:				
Buildings and improvements	770,523,657	34,766,286	-	805,289,943
Furniture and equipment	<u>22,720,907</u>	<u>4,612,207</u>	-	<u>27,333,114</u>
	793,244,564	39,378,493	-	832,623,057
Less: Accumulated depreciation for:				
Buildings and improvements	(257,149,043)	(23,257,679)	-	(280,406,722)
Furniture and equipment	<u>(15,559,940)</u>	<u>(2,211,834)</u>	-	<u>(17,771,774)</u>
	<u>(272,708,983)</u>	<u>(25,469,513)</u>	-	<u>(298,178,496)</u>
Total Capital Assets for governmental activities, net	<u>\$ 594,910,869</u>	<u>29,525,920</u>	<u>(33,869,423)</u>	<u>590,567,366</u>

Depreciation expense was charged to governmental functions as follows:

11 - Instruction	\$ 18,427,193
12 - Instructional resources and media	483,921
23 - School leadership	280,165
34 - Student transportation	38,204
35 - Food services	1,731,927
36 - Extracurricular activities	2,546,951
41 - General administration	241,960
51 - Plant maintenance and operations	687,677
52 - Security and monitoring services	165,552
53 - Data processing services	865,963
Total depreciation expense	<u>\$ 25,469,513</u>

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

**CAPITAL ASSETS** *(continued)*

**Construction Commitments**

At June 30, 2021, 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 06/30/21
Caldwell Kitchen Renovation	\$ 1,634,136	\$ 1,634,126
Malvern Elementary Renovations	4,558,355	3,525,573
McNeil Elementary Renovations	4,471,482	3,643,381
Al Alford Field	2,256,420	1,397,459
Timbercreek Elementary	-	2,463,346
Vega Elementary Renovations	4,480,000	1,549,668
	\$ 17,400,393	\$ 14,213,553

**LONG-TERM DEBT**

A summary of changes in long-term debt for the year ended June 30, 2021, follows:

Governmental Activities Bonded Indebtedness:	Interest Rate Payable	Amounts Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2010 Refunding	3.46	31,110,000	\$ 18,190,000	\$ -	\$ (18,190,000)	\$ -	\$ -
2011 School Bldg.	3.73	48,605,000	43,565,000	-	(620,000)	42,945,000	635,000
2011 Sch. Bldg. & Ref	4.39	38,740,000	14,850,000	-	(5,985,000)	8,865,000	6,305,000
2012 Sch. Bldg. & Ref	3.02	53,975,000	45,570,000	-	(2,725,000)	42,845,000	2,855,000
2013 School Bldg.	4.00	39,305,000	34,890,000	-	(1,305,000)	33,585,000	1,350,000
2014 Sch. Bldg. & Ref	4.45	99,360,000	35,285,000	-	(1,175,000)	34,110,000	2,050,000
2015 Refunding	3.74	47,170,000	37,340,000	-	(2,675,000)	34,665,000	2,805,000
2015A Bldg & Ref	4.58	66,355,000	49,850,000	-	(2,505,000)	47,345,000	2,635,000
2016 Refunding	3.77	34,635,000	31,295,000	-	(1,735,000)	29,560,000	1,810,000
2016A Bldg.	4.63	77,950,000	64,165,000	-	(3,100,000)	61,065,000	2,835,000
2017 Bldg.	4.75	78,545,000	66,260,000	-	(3,015,000)	63,245,000	3,170,000
2018 Bldg.	5.00	40,180,000	34,075,000	-	(1,530,000)	32,545,000	1,605,000
2019 Bldg & Ref	5.00	29,305,000	13,205,000	-	(5,370,000)	7,835,000	440,000
2020 Bldg & Ref	5.00	21,300,000	-	21,300,000	(19,265,000)	2,035,000	570,000
Total bonded indebtedness			488,540,000	21,300,000	(69,195,000)	440,645,000	29,065,000
Bond Premium			59,653,787	590,033	(6,182,932)	54,060,888	
Total Bonds Payable			\$ 548,193,787	\$ 21,890,033	\$ (75,377,932)	\$ 494,705,888	\$ 29,065,000

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 \$22,064,356.

The District issued Building & Refunding Bonds, Series 2020 with a par value of \$21,300,000 and an initial reoffering premium of \$627,340. After paying fees and issuance costs, the remaining balance was used for school renovation projects and the refunding of the Series 2010 bonds currently obligated by the District. As a result of the refunding, the debt restructuring produced a gross debt service savings of \$1,747,350 and a net present value debt service savings of \$1,336,662.

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

**LONG-TERM DEBT** *(continued)*

Future debt service requirements for the general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total Requirements
2022	\$ 29,065,000	\$ 19,739,306	\$ 48,804,306
2023	26,900,000	18,298,754	45,198,754
2024	27,585,000	17,025,556	44,610,556
2025	31,635,000	15,754,254	47,389,254
2026	30,560,000	14,285,669	44,845,669
2027-2031	151,550,000	51,040,946	202,590,946
2032-2036	114,775,000	20,277,440	135,052,440
2037-2040	28,575,000	2,143,518	30,718,518
Total	<u>\$ 440,645,000</u>	<u>\$ 158,565,440</u>	<u>\$ 599,210,440</u>

Changes in debt-related deferred outflows of resources for the year ended June 30, 2021, were:

	Beginning Balance	Issued/ Increases	Retired/ Refunded	Ending Balance
Deferred loss on refunding	\$ 3,009,415	\$ 65,325	\$ (162,390)	\$ 2,912,350

Changes in Net Pension Liability and Net OPEB Liability for the year ended June 30, 2021, were:

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	\$ 72,766,653	(14,965,947)	(4,134,376)	\$ 53,666,330
Net OPEB Liability	\$ 81,622,239	(17,490,174)	(1,257,134)	\$ 62,874,931

**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, 2021, there are no outstanding bonds that are considered legally defeased.

**UNAVAILABLE REVENUE**

Unearned revenue at June 30, 2021, consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Net tax revenue	\$ 3,852,852	\$ -	\$ 1,481,187	\$ 5,334,039
Federal revenue	-	8,744	-	8,744
State textbooks	-	36,952	-	36,952
Detachment revenue	43,201	-	-	43,201
Total	<u>\$ 3,896,053</u>	<u>\$ 45,696</u>	<u>\$ 1,481,187</u>	<u>\$ 5,422,936</u>

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

**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	\$ 180,883,974	-	72,029,894	-	252,913,868
Food sales	-	1,591,819	-	-	1,591,819
Investment income	110,712	156	23,874	39,771	174,513
Insurance Recovery	5,311	-	-	-	5,311
Penalties, interest and other tax related income	1,941,637	-	625,567	-	2,567,204
Co-curricular student activities	588,731	-	-	-	588,731
Tuition and fees	41,460	1,320,954	-	-	1,362,414
Other	1,211,191	4,095,760	-	4,161,217	9,468,168
Total	<u>\$ 184,783,016</u>	<u>7,008,689</u>	<u>72,679,335</u>	<u>4,200,988</u>	<u>268,672,028</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 2021, 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, 2021, 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 77<sup>th</sup> 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, 2021, 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, 2021

### **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, 2019, the Fund carries a discounted reserve of \$45,439,534 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended June 30, 2021, 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, 2019, 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, 2021, 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 workload 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://trs.texas.gov/TRS%20Documents/cafr2019.pdf>; selecting *About TRS* then *Publications* then *Financial Reports* or by writing to TRS at 1000 Red River Street, Austin, TX 78701.

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

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

**Employee Retirement Plan** *(continued)*

**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.

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

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

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

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

	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Fiscal Year 2021 Employer Contributions		\$ 4,441,208
Fiscal Year 2021 Member Contributions		\$ 10,600,433
2020 Measurement Year NECE On-behalf Contributions		\$ 9,803,350

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).

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

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

**Employee Retirement Plan - Contributions (continued)**

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 percent of the state contribution rate for certain instructional or administrative employees and 100 percent 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.
- All public schools, charter schools and regional education service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.

**Actuarial Assumptions** - The total pension liability in the August 31, 2019, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.33%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Payroll Growth Rate	3.90%
Benefit Changes during the year	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions please see the actuarial valuation report dated November 14, 2019.



**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements

For the Year Ended June 30, 2021

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

**Employee Retirement Plan** *(continued)*

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

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

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System’s target asset allocation as of August 31, 2020 are summarized as follows:

Asset Class	FY 2019 Target Allocation (a) %	New Target Allocation (b) %	Long-Term Expected Geometric Real Rate of Return
Global Equity			
USA	18.0%	3.9%	0.99%
Non-U.S. Developed	13.0%	5.1%	0.92%
Emerging Markets	9.0%	5.6%	0.83%
Private Equity	14.0%	6.7%	1.41%
Stable Value			
U.S. Treasuries (d)	16.0%	-0.7%	-0.05%
Stable Value Hedge Funds	5.0%	1.9%	0.11%
Absolute Return	0.0%	1.8%	0.00%
Real Return			
Real Estate	15.0%	4.6%	1.02%
Energy, Natural Resources, and Infrastructure	6.0%	6.0%	0.42%
Commodities	0.0%	0.8%	0.00%
Risk Parity			
Risk Parity	8.0%	3.0%	0.30%
Leverage			
Cash	2.0%	-1.5%	-0.03%
Asset Allocation Leverage	-6%	-1.3%	0.08%
Inflation Expectation	0.0%	0.0%	2.00%
Volatility Drag (c)	0.0%	0.0%	-0.67%
Expected Return	100.0%	35.9%	7.33%

(a) Target allocations are based on the FY2020 policy model.

(b) Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

(c) The volatility drag results from the conversion between arithmetic and geometric mean returns.

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

**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 (7.25%) in measuring the 2020 Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Proportionate share of the net pension liability:	\$ 82,752,521	\$ 53,666,330	\$ 30,034,437

**Pension Liabilities, Pension Expense & Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2021, the District reported a liability of \$62,874,931 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	\$ 53,666,330
State's proportionate share that is associated with the District	127,252,744
<b>Total</b>	<u><u>\$ 180,919,074</u></u>

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020; 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, 2019 thru August 31, 2020.

At August 31, 2020, the employer’s proportion of the collective net pension liability was 0.3022% which was an increase of 0.0154% from its proportion measured as of August 31, 2019.

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

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

For the year ended June 30, 2021, the District recognized pension expense of \$21,507,725 and revenue of \$15,305,679 for support provided by the State.

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

**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, 2021, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 97,990	\$ 1,497,685
Changes in actuarial assumptions	12,452,498	5,294,715
Differences between projected and actual investment earnings	1,086,429	-
Changes in proportion and differences between the employer’s contributions and the proportionate share of contributions	<u>3,671,210</u>	<u>14,583,163</u>
Total as of August 31, 2019 measurement date	\$ 17,308,127	\$ 21,375,563
Contributions paid to TRS subsequent to the measurement date	<u>4,441,208</u>	<u>-</u>
Total as of June 30, 2020	<u>\$ 21,749,335</u>	<u>\$ 21,375,563</u>

\$13,230,090 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, 2022. 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>		
2021	\$	522,241
2022		691,154
2023		426,453
2024		(1,639,945)
2025		(3,236,103)
Thereafter		<u>(831,236)</u>
	\$	<u>(4,067,436)</u>

**Defined Other Post-Employment Benefit Plans**

**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 the separately issued TRS 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 to 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.

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

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

**Defined Other Post-Employment Benefit Plans – Benefits Provided** *(continued)*

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

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

TRS-Care Monthly Premium Rates		
	Medicare	Non-Medicare
Retiree*	\$ 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 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

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

	<u>2020</u>	<u>2021</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Fiscal Year 2020 Employer Contributions		\$ 1,081,724
Fiscal Year 2020 Member Contributions		\$ 894,849
2019 Measurement Year NECE On-behalf Contributions		\$ 1,689,263

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay 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 \$230.8 million in fiscal year 2020.

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

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

**Defined Other Post-Employment Benefit Plans** *(continued)*

**Actuarial Assumptions** - The total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020. 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, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020: 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, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Discount Rate	2.33% as of August 31, 2020
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%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65 average at age 65.
Ad hoc post-employment benefit changes	None

**Discount Rate** - A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.30% 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 (2.63%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate <u>(1.63%)</u>	Discount Rate <u>(2.63%)</u>	1% Increase in Discount Rate <u>(3.63%)</u>
Proportionate share of the net OPEB liability:	\$ 75,449,773	\$ 62,874,931	\$ 52,942,610

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

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

**Defined Other Post-Employment Benefit Plans** *(continued)*

**OPEB Liabilities, OPEB Expense & Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs** - At June 30, 2021, the District reported a liability of \$62,874,931 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	\$ 62,874,931
State's proportionate share that is associated with the District	<u>84,488,835</u>
Total	<u>\$ 147,363,766</u>

The net OPEB liability was measured as of August 31, 2019 and rolled forward to August 31, 2020. 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, 2019 thru August 31, 2020.

At August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.3022%, which was an increase of 0.0154% from its proportion measured as of August 31, 2019.

The following schedule shows the impact of the net OPEB Liability if the healthcare trend rate were calculated using a rate that is 1% less than and 1% greater than the assumed 8.5% rate.

	<u>1% Decrease</u>	Current Healthcare Cost Trend Rate	<u>1% Increase</u>
Proportionate share of the net OPEB liability:	\$ 51,360,763	\$ 62,874,931	\$ 78,210,175

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:

- The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,378,553 and revenue of \$586,659 for support provided by the State.

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

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

**Defined Other Post-Employment Benefit Plans - OPEB Liabilities, OPEB Expense & Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs** *(continued)*

At June 30, 2021, 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	\$ 3,292,107	\$ 28,774,783
Changes in actuarial assumptions	3,878,076	17,265,781
Differences between projected and actual investment earnings	20,432	-
Changes in proportion and differences between the employer’s contributions and the proportionate share of contributions	4,957,751	4,024,731
Total as of August 31, 2019 measurement date	12,148,366	50,065,295
Contributions paid to TRS subsequent to the measurement date	1,081,724	-
Total as of June 30, 2020	<u>\$ 13,230,090</u>	<u>\$ 50,065,295</u>

\$13,230,090 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, 2021. 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:

<u>Fiscal Year ended June 30,</u>	
2021	\$ (6,173,019)
2022	(6,175,750)
2023	(6,177,312)
2024	(6,176,885)
2025	(4,497,470)
Thereafter	(8,716,493)
	<u>\$ (37,916,929)</u>

**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, 2021, the contribution made on behalf of the District was \$586,659.

**TAX ABATEMENTS**

In compliance with GASB Statement #77, the District did not have any outstanding tax abatements for the year ended June 30, 2021.

**EVALUATION OF SUBSEQUENT EVENTS**

The District has evaluated subsequent events through October 21, 2021, the date which the financial statements were available to be issued.



INDEPENDENT SCHOOL DISTRICT



**REQUIRED SUPPLEMENTAL INFORMATION**



INDEPENDENT SCHOOL DISTRICT

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 182,922,966	\$ 182,785,873	\$ 185,311,056	\$ 2,525,183
5800	State Program Revenues	45,428,607	45,180,499	42,865,577	(2,314,922)
5900	Federal Program Revenues	2,925,000	2,925,000	3,114,323	189,323
5020	Total Revenues	231,276,573	230,891,372	231,290,956	399,584
<b>EXPENDITURES:</b>					
<b>Current:</b>					
0011	Instruction	148,300,182	149,675,706	141,923,792	7,751,914
0012	Instructional Resources and Media Services	4,287,417	4,290,449	4,141,718	148,731
0013	Curriculum and Instructional Staff Development	3,484,332	3,507,818	3,087,989	419,829
0021	Instructional Leadership	4,387,962	4,130,496	4,346,300	(215,804)
0023	School Leadership	16,356,850	16,234,220	16,021,530	212,690
0031	Guidance, Counseling, and Evaluation Services	9,058,834	8,638,254	8,836,188	(197,934)
0032	Social Work Services	431,747	431,118	397,805	33,313
0033	Health Services	3,003,005	2,895,162	2,935,349	(40,187)
0034	Student (Pupil) Transportation	10,298,801	10,303,227	8,601,790	1,701,437
0036	Extracurricular Activities	7,100,173	7,092,703	6,561,416	531,287
0041	General Administration	5,416,305	5,213,847	5,150,936	62,911
0051	Facilities Maintenance and Operations	23,057,272	22,918,222	12,254,067	10,664,155
0052	Security and Monitoring Services	2,353,496	2,301,020	2,194,629	106,391
0053	Data Processing Services	4,425,007	3,855,650	4,111,840	(256,190)
0061	Community Services	219,194	234,039	162,429	71,610
<b>Intergovernmental:</b>					
0091	Contracted Instructional Services Between Schools	2,350,000	1,699,794	-	1,699,794
0095	Payments to Juvenile Justice Alternative Ed. Prg.	-	150,000	-	150,000
0099	Other Intergovernmental Charges	1,698,514	1,695,139	1,698,509	(3,370)
6030	Total Expenditures	246,229,091	245,266,864	222,426,287	22,840,577
1100	Excess (Deficiency) of Revenues Over Expenditures	(14,952,518)	(14,375,492)	8,864,669	23,240,161
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of Real and Personal Property	-	-	19,238	19,238
7915	Transfers In	-	350,000	-	(350,000)
7080	Total Other Financing Sources (Uses)	-	350,000	19,238	(330,762)
1200	Net Change in Fund Balances	(14,952,518)	(14,025,492)	8,883,907	22,909,399
0100	Fund Balance - JULY 1 (Beginning)	-	127,993,842	121,340,337	(6,653,505)
3000	Fund Balance - JUNE 30 (Ending)	\$ (14,952,518)	\$ 113,968,350	\$ 130,224,244	\$ 16,255,894

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, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.100202342%	0.139981294%	0.138233147%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 53,666,330	\$ 72,766,653	\$ 76,086,879
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	127,252,744	105,756,584	114,043,598
Total	<u>\$ 180,919,074</u>	<u>\$ 178,523,237</u>	<u>\$ 190,130,477</u>
District's Covered Payroll	\$ 159,258,466	\$ 154,801,032	\$ 148,776,832
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	33.70%	47.01%	51.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.134030237%	0.1289138%	0.1322152%	0.0893256%
\$ 42,855,649	\$ 48,714,622	\$ 46,736,313	\$ 23,860,103
68,064,935	82,732,771	78,939,744	67,991,156
<u>\$ 110,920,584</u>	<u>\$ 131,447,393</u>	<u>\$ 125,676,057</u>	<u>\$ 91,851,259</u>
\$ 143,220,530	\$ 137,715,850	\$ 131,822,594	\$ 133,137,785
29.92%	35.37%	35.45%	17.92%
82.17%	78.00%	78.43%	83.25%

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2021

	2021	2020	2019
Contractually Required Contribution	\$ 4,441,208	\$ 4,258,033	\$ 4,895,693
Contribution in Relation to the Contractually Required Contribution	(4,441,208)	(4,258,033)	(4,895,693)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 137,661,752	\$ 158,789,220	\$ 153,920,464
Contributions as a Percentage of Covered Payroll	3.23%	2.68%	3.18%

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

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

	2018	2017	2016	2015
\$	4,587,320	\$ 4,340,564	\$ 4,063,118	\$ 2,004,467
	(4,587,320)	(4,340,564)	(4,063,118)	(2,004,467)
\$	-	\$ -	\$ -	\$ -
\$	147,901,986	\$ 142,291,152	\$ 136,704,162	\$ 130,962,482
	3.10%	3.05%	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, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.165397163%	0.172594896%	0.1705562%	\$ 0.160914253%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 62,874,931	\$ 81,622,239	\$ 85,160,272	\$ 69,975,572
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	84,488,835	108,457,700	130,498,742	\$ 115,098,583
Total	<u>\$ 147,363,766</u>	<u>\$ 190,079,939</u>	<u>\$ 215,659,014</u>	<u>\$ 185,074,155</u>
District's Covered Payroll	\$ 159,258,466	\$ 155,818,199	\$ 148,977,691	\$ 118,705,805
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	39.48%	52.38%	57.24%	\$ 48.86%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	\$ 0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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



MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	\$ 1,081,724	\$ 1,255,158	\$ 1,218,026	\$ 1,118,921
Contribution in Relation to the Contractually Required Contribution	(1,081,724)	(1,255,158)	(1,218,026)	(1,118,921)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 137,661,752	\$ 158,789,220	\$ 155,138,490	\$ 147,901,986
Contributions as a Percentage of Covered Payroll	0.79%	0.79%	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, 2021

Data Control Codes	205	206	211	224
	Head Start	ESEA Title X, Pt.C Homeless	ESEA I, A Improving Basic Program	IDEA - Part B Formula
<b>ASSETS</b>				
1240 Due from Other Governments	\$ 97,736	\$ 18,831	\$ 458,397	\$ 843,110
1260 Due from Other Funds	(32,576)	(12,707)	(152,812)	(316,536)
1290 Other Receivables	-	-	-	-
1410 Prepayments	-	-	-	-
1000 Total Assets	<u>\$ 65,160</u>	<u>\$ 6,124</u>	<u>\$ 305,585</u>	<u>\$ 526,574</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ -	\$ -	\$ 3,097	\$ -
2160 Accrued Wages Payable	65,142	6,124	302,488	526,574
2200 Accrued Expenditures	18	-	-	-
2000 Total Liabilities	<u>65,160</u>	<u>6,124</u>	<u>305,585</u>	<u>526,574</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2602 Unavailable Revenue - Other	-	-	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3430 Prepaid Items	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3600 Unassigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 65,160</u>	<u>\$ 6,124</u>	<u>\$ 305,585</u>	<u>\$ 526,574</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	266 ESSER -School Emergency Relief	281 ESSER II CRSSA/ Instructions
\$ 9,848 (3,283)	\$ 8,283 (8,283)	\$ 111,680 4,006,982 12,465	\$ - 167	\$ 133,041 (66,604)	\$ 17,321 (17,321)	\$ 253,058 (132,520)	\$ 7,355,216 (7,355,216)
-	-	-	-	-	-	-	-
<u>\$ 6,565</u>	<u>\$ -</u>	<u>\$ 4,131,127</u>	<u>\$ 167</u>	<u>\$ 66,437</u>	<u>\$ -</u>	<u>\$ 120,538</u>	<u>\$ -</u>
\$ - 6,565	\$ - -	\$ 4,135 -	\$ - -	\$ - 66,437	\$ - -	\$ - 120,538	\$ - -
-	-	-	-	-	-	-	-
<u>6,565</u>	<u>-</u>	<u>4,135</u>	<u>-</u>	<u>66,437</u>	<u>-</u>	<u>120,538</u>	<u>-</u>
-	-	-	167	-	-	-	-
-	-	-	167	-	-	-	-
-	-	-	-	-	-	-	-
-	-	4,126,992	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>4,126,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 6,565</u>	<u>\$ -</u>	<u>\$ 4,131,127</u>	<u>\$ 167</u>	<u>\$ 66,437</u>	<u>\$ -</u>	<u>\$ 120,538</u>	<u>\$ -</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2021

Data Control Codes	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Instructional Materials
<b>ASSETS</b>				
1240 Due from Other Governments	\$ -	\$ -	\$ -	\$ -
1260 Due from Other Funds	-	-	36,557	36,952
1290 Other Receivables	-	-	-	-
1410 Prepayments	-	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,557</u>	<u>\$ 36,952</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	-	-	-	-
2200 Accrued Expenditures	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2602 Unavailable Revenue - Other	-	-	-	36,952
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,952</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3430 Prepaid Items	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	36,557	-
3600 Unassigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>36,557</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,557</u>	<u>\$ 36,952</u>

429 Other State Special Revenue Funds	461 Campus Activity Funds	480 Club 360 After School Program	481 Facility Maintenance/ Replacement	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 9,306,521
8,577	4,842,965	(106,357)	457,184	1,185,169
-	-	-	-	12,465
-	8,810	-	-	8,810
<u>\$ 8,577</u>	<u>\$ 4,851,775</u>	<u>\$ (106,357)</u>	<u>\$ 457,184</u>	<u>\$ 10,512,96</u>
\$ -	\$ 14,444	\$ -	\$ -	\$ 21,676
-	-	-	-	1,093,868
-	734	3,162	-	3,914
<u>-</u>	<u>15,178</u>	<u>3,162</u>	<u>-</u>	<u>1,119,458</u>
8,577	-	-	-	45,696
<u>8,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,696</u>
-	8,810	-	-	8,810
-	-	-	-	4,163,549
-	4,827,787	(109,519)	457,184	5,175,452
<u>-</u>	<u>4,836,597</u>	<u>(109,519)</u>	<u>457,184</u>	<u>9,347,811</u>
<u>\$ 8,577</u>	<u>\$ 4,851,775</u>	<u>\$ (106,357)</u>	<u>\$ 457,184</u>	<u>\$ 10,512,96</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

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
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	424,972	84,625	1,904,426	3,833,074
5020 Total Revenues	424,972	84,625	1,904,426	3,833,074
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	424,972	12,813	1,804,869	3,662,165
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	1,188	-
0021 Instructional Leadership	-	70,730	-	157,824
0023 School Leadership	-	-	5,743	-
0031 Guidance, Counseling, and Evaluation Services	-	-	88,571	13,085
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	-	1,082	4,055	-
6030 Total Expenditures	424,972	84,625	1,904,426	3,833,074
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	266 ESSER -School Emergency Relief	281 ESSER II CRSSA/ Instructions
\$ -	\$ -	\$ 1,591,819	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	45,113	-	-	-	-	-
40,411	221,293	6,616,026	211,586	372,001	82,787	1,579,812	7,355,216
40,411	221,293	8,252,958	211,586	372,001	82,787	1,579,812	7,355,216
40,411	221,293	-	211,586	360,266	47,746	1,579,812	-
-	-	-	-	-	-	-	-
-	-	-	-	11,735	11,218	-	-
-	-	-	-	-	18,644	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,179	-	-
-	-	8,335,990	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	219,489	-	-	-	-	7,355,216
-	-	-	-	-	-	-	-
-	-	-	-	-	4,000	-	-
40,411	221,293	8,555,479	211,586	372,001	82,787	1,579,812	7,355,216
-	-	(302,521)	-	-	-	-	-
-	-	4,429,513	-	-	-	-	-
\$ -	\$ -	\$ 4,126,992	\$ -	\$ -	\$ -	\$ -	\$ -

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Instructional Materials
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	7,018	-	1,449,886
5900 Federal Program Revenues	129,949	-	-	-
5020 Total Revenues	129,949	7,018	-	1,449,886
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	-	7,018	-	1,443,386
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	6,500
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	129,949	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	129,949	7,018	-	1,449,886
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - JULY 1 (Beginning)	-	-	36,557	-
3000 Fund Balance - JUNE 30 (Ending)	\$ -	\$ -	\$ 36,557	\$ -

429 Other State Special Revenue Funds	461 Campus Activity Funds	480 Club 360 After School Program	481 Facility Maintenance/ Replacement	Total Nonmajor Governmental Funds
\$ -	\$ 2,820,563	\$ 1,320,954	\$ 11,757	\$ 5,745,093
147,271	-	-	-	1,649,288
-	-	-	-	22,856,178
147,271	2,820,563	1,320,954	11,757	30,250,559
41,780	1,642,140	-	-	11,500,257
30	47,097	-	-	47,127
-	2,530	-	-	33,171
-	-	-	-	247,198
-	287,341	-	-	293,084
-	-	-	-	101,656
-	-	-	-	1,179
-	-	-	-	8,335,990
-	774,116	-	-	774,116
-	1,958	-	-	1,958
105,461	154,777	-	-	7,834,943
-	116,830	-	-	246,779
-	1,207	2,098,023	-	2,108,367
147,271	3,027,996	2,098,023	-	31,525,825
-	(207,433)	(777,069)	11,757	(1,275,266)
-	5,044,030	667,550	445,427	10,623,077
\$ -	\$ 4,836,597	\$ (109,519)	\$ 457,184	\$ 9,347,811

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 JUNE 30, 2021

	828 Virginia Dodson Finch Trust	829 Private Purpose Trust Fund	Total Private Purpose Trust Funds
<b>ASSETS</b>			
Due from Other Funds	\$ 969	\$ 580	\$ 1,549
Restricted Assets	14,794	-	14,794
Total Assets	<u>15,763</u>	<u>580</u>	<u>16,343</u>
<b>NET POSITION</b>			
Restricted for Other Purposes	10,000	-	10,000
Unrestricted Net Position	5,763	580	6,343
Total Net Position	<u>\$ 15,763</u>	<u>\$ 580</u>	<u>\$ 16,343</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	828 Virginia Dodson Finch Trust	829 Private Purpose Trust Fund	Total Private Purpose Trust Funds
ADDITIONS:			
Earnings from Temporary Deposits	\$ 8	\$ 148	\$ 156
Total Additions	<u>8</u>	<u>148</u>	<u>156</u>
Change in Net Position	8	148	156
Net Position - JULY 1 (Beginning)	<u>15,755</u>	<u>431</u>	<u>16,186</u>
Net Position - JUNE 30 (Ending)	<u>\$ 15,763</u>	<u>\$ 579</u>	<u>\$ 16,342</u>



INDEPENDENT SCHOOL DISTRICT

**REQUIRED T.E.A. STATEMENTS**

MCKINNEY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2021

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ 58,041,066,347
2013	1.040000	0.50000	9,018,644,416
2014	1.170000	0.50000	9,536,791,078
2015	1.170000	0.50000	10,373,443,772
2016	1.170000	0.50000	11,093,163,831
2017	1.170000	0.45000	12,262,813,944
2018	1.170000	0.45000	13,684,265,230
2019	1.170000	0.42000	14,903,140,708
2020	1.068350	0.42000	15,954,057,007
2021 (School year under audit)	1.006700	0.37000	17,830,713,769
1000 TOTALS			



(10) Beginning Balance 7/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2021
\$ 525,633	\$ -	\$ 22,250	\$ 9,403	\$ (126,508)	\$ 367,472
142,035	-	3,636	1,748	-	136,651
200,416	-	5,499	2,350	-	192,567
166,882	-	5,229	2,235	-	159,418
229,332	-	9,795	4,186	602	215,953
273,572	-	121,214	46,621	192,252	297,989
352,104	-	281,664	108,333	571,255	533,362
548,248	-	276,514	99,261	470,099	642,572
2,722,047	-	1,253,738	492,881	(204,624)	770,804
-	254,125,211	179,849,282	71,619,128	(474,859)	2,181,942
<u>\$ 5,160,269</u>	<u>\$ 254,125,211</u>	<u>\$ 181,828,821</u>	<u>\$ 72,386,146</u>	<u>\$ 428,217</u>	<u>\$ 5,498,730</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, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
	<b>REVENUES:</b>				
5700	Total Local and Intermediate Sources	\$ 5,869,686	\$ 5,869,686	\$ 1,591,819	\$ (4,277,867)
5800	State Program Revenues	47,545	47,545	45,113	(2,432)
5900	Federal Program Revenues	6,311,018	6,311,018	6,616,026	305,008
5020	Total Revenues	12,228,249	12,228,249	8,252,958	(3,975,291)
<b>EXPENDITURES:</b>					
Current:					
0035	Food Services	12,472,196	11,569,262	8,335,990	3,233,272
0051	Facilities Maintenance and Operations	314,600	314,600	219,489	95,111
6030	Total Expenditures	12,786,796	11,883,862	8,555,479	3,328,383
1200	Net Change in Fund Balances	(558,547)	344,387	(302,521)	(646,908)
0100	Fund Balance - JULY 1 (Beginning)	-	4,429,513	4,429,513	-
3000	Fund Balance - JUNE 30 (Ending)	\$ (558,547)	\$ 4,773,900	\$ 4,126,992	\$ (646,908)

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, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 71,662,041	\$ 71,662,041	\$ 72,679,335	\$ 1,017,294
5800	State Program Revenues	652,567	652,567	676,515	23,948
5020	Total Revenues	72,314,608	72,314,608	73,355,850	1,041,242
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long-Term Debt	51,005,000	34,290,000	51,005,000	(16,715,000)
0072	Interest on Long-Term Debt	22,064,357	37,974,608	22,064,356	15,910,252
0073	Bond Issuance Cost and Fees	157,709	50,000	142,350	(92,350)
6030	Total Expenditures	73,227,066	72,314,608	73,211,706	(897,098)
1100	Excess (Deficiency) of Revenues Over Expenditures	(912,458)	-	144,144	144,144
<b>OTHER FINANCING SOURCES (USES):</b>					
7911	Capital Related Debt Issued	21,300,000	-	17,800,000	17,800,000
7916	Premium or Discount on Issuance of Bonds	590,033	-	590,032	590,032
8949	Other (Uses)	(21,755,325)	-	(18,255,325)	(18,255,325)
7080	Total Other Financing Sources (Uses)	134,708	-	134,707	134,707
1200	Net Change in Fund Balances	(777,750)	-	278,851	278,851
0100	Fund Balance - JULY 1 (Beginning)	-	28,539,967	28,539,967	-
3000	Fund Balance - JUNE 30 (Ending)	\$ (777,750)	\$ 28,539,967	\$ 28,818,818	\$ 278,851

**MCKINNEY INDEPENDENT SCHOOL DISTRICT  
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION  
PROGRAM EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT J-1

Data Codes	<b><u>Section A: Compensatory Education Programs</u></b>	
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 12,065,328
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 5,058,711
	<b><u>Section B: Bilingual Education Programs</u></b>	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 1,921,254
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 8,168,966

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Statistical Section  
(Unaudited)

Page    Exhibit

**CONTENTS**

**Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

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**Revenue Capacity**

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

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**Debt Capacity**

These schedules present information to help the reader assess the of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

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These schedules offer demographic and economic indicators to help the understand the environment within which the District's financial activities take place.

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**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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**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			
	2012	2013	2014	2015
<b>Governmental Activities</b>				
Net Investment in Capital Assets	22,444,064	24,314,409	25,773,308	33,022,837
Restricted	21,774,829	23,117,946	24,855,650	25,329,735
Unrestricted	61,278,447	52,770,019	60,236,148	42,436,066
Total Governmental Activities	<u>105,497,340</u>	<u>100,202,374</u>	<u>110,865,106</u>	<u>100,788,638</u>
<b>Primary Government</b>				
Net Investment in Capital Assets	22,444,064	24,314,409	25,773,308	33,022,837
Restricted	21,774,829	23,117,946	24,855,650	25,329,735
Unrestricted	61,278,447	52,770,019	60,236,148	42,436,066
Total Net Position	<u>105,497,340</u>	<u>100,202,374</u>	<u>110,865,106</u>	<u>100,788,638</u>

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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
44,433,335	66,043,366	88,038,813	96,405,441	103,927,456	62,589,186
27,345,958	28,916,470	31,601,007	34,138,253	34,430,156	106,832,837
59,561,814	58,641,773	(32,859,875)	(29,740,918)	(30,256,533)	(21,135,595)
<u>131,341,107</u>	<u>153,601,609</u>	<u>86,779,945</u>	<u>100,802,776</u>	<u>108,101,079</u>	<u>148,286,428</u>
44,433,335	66,043,366	88,038,813	96,405,441	103,927,456	62,589,186
27,345,958	28,916,470	31,601,007	34,138,253	34,430,156	106,832,837
59,561,814	58,641,773	(32,859,875)	(29,740,918)	(30,256,533)	(21,135,595)
<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>	<u><u>108,101,079</u></u>	<u><u>148,286,428</u></u>

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Change in Net Position

Last Ten Fiscal Years

(Unaudited)

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

	Fiscal Year			
	2012	2013	2014	2015
<b>EXPENSES</b>				
Governmental Activities:				
Instruction	133,425	133,579	140,828	151,572
Instructional Resources & Media Services	3,807	3,877	4,138	4,279
Curriculum & Instructional Staff Development	2,510	2,508	2,690	2,870
Instructional Leadership	2,560	2,730	2,812	2,876
School Leadership	12,153	12,188	12,806	13,465
Guidance, Counseling & Evaluation Services	5,715	5,806	6,154	6,637
Social Work Services	275	328	416	448
Health Services	1,811	1,859	1,944	2,151
Student (Pupil) Transportation	8,051	8,267	7,547	7,350
Food Services	8,957	8,959	9,210	9,653
Cocurricular/Extracurricular Activities	6,812	7,155	7,837	8,232
General Administration	3,769	3,692	4,168	4,103
Facilities Maintenance & Operations	17,511	18,142	18,597	18,178
Security & Monitoring Services	811	1,437	1,171	1,050
Data Processing Services	3,700	7,032	5,009	4,269
Community Services	2,183	2,262	2,241	2,545
Interest on Long Term Debt	21,068	22,070	20,379	22,028
Bond Issuance Cost & Fees	89	221	178	556
Contracted Instructional Services Between Schools	-	-	-	348
Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	118	123	208	75
Other Intergovernmental Charges	860	895	993	1,083
Total Governmental Activities Expenses	<u>236,185</u>	<u>243,130</u>	<u>249,326</u>	<u>263,768</u>
<b>PROGRAM REVENUES</b>				
Governmental Activities:				
Charges for Services:				
Instruction	299	357	217	283
Food Service	4,528	4,472	4,560	4,296
Cocurricular/Extracurricular Activities	466	535	491	577
Plant Maintenance & Operations	685	648	658	590
Community Services	2,640	2,749	2,755	3,008
Operating Grants & Contributions	24,007	19,802	20,785	24,101
Total Governmental Activities Program Revenues	<u>32,625</u>	<u>28,563</u>	<u>29,466</u>	<u>32,855</u>
<b>NET (EXPENSE)/REVENUE</b>				
Total Primary Government Net Expense	(203,560)	(214,567)	(219,860)	(230,913)



2016	2017	2018	2019	2020	2021
157,383	163,241	117,786	183,478	194,278	180,448
5,241	4,661	3,367	4,787	10,101	4,776
3,065	3,295	2,491	3,640	3,637	3,198
3,198	3,269	2,343	4,251	4,869	4,691
14,086	14,927	10,067	16,506	17,890	17,011
6,924	7,193	4,549	8,536	9,031	9,149
445	427	366	424	424	404
2,349	2,455	1,622	2,812	3,222	3,006
7,421	7,970	9,666	10,195	8,712	8,643
9,913	10,860	11,099	11,256	10,535	9,977
8,850	9,523	8,867	11,389	11,499	10,019
4,697	4,688	3,492	5,526	5,246	5,476
19,256	19,009	21,014	28,822	23,779	20,944
1,268	1,605	1,594	2,240	2,863	2,622
4,772	5,036	4,108	4,820	5,123	5,047
2,705	2,816	2,779	3,023	2,828	2,274
19,328	18,625	20,122	20,060	19,449	15,217
429	285	294	188	170	142
1,092	2,138	3,604	5,220	1,237	
-	132	-	-	-	
50	1,314	222	105	66	
1,187	-	1,452	1,546	1,660	1,699
<u>273,659</u>	<u>283,469</u>	<u>230,904</u>	<u>328,824</u>	<u>336,619</u>	<u>304,743</u>

188	214	163	198	113	41
4,350	4,526	4,744	5,037	3,836	1,592
509	560	604	597	605	589
561	533	717	929	668	265
3,137	3,065	3,038	3,018	2,133	1,321
25,395	24,183	(12,653)	37,465	41,601	45,319
<u>34,140</u>	<u>33,081</u>	<u>(3,387)</u>	<u>47,244</u>	<u>48,956</u>	<u>49,127</u>

(239,519)      (250,388)      (234,291)      (281,580)      (287,663)      (255,616)

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Change in Net Position

Last Ten Fiscal Years

(Unaudited)

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

*(continued)*

	Fiscal Year			
	2012	2013	2014	2015
<b>GENERAL REVENUES &amp; OTHER CHANGES IN NET POSITION</b>				
Governmental Activities:				
Taxes:				
Property Taxes Levied for General Purposes	92,874	93,687	111,279	121,443
Property Taxes Levied for Debt Service	44,660	45,107	47,554	51,929
State Aid-Formula Grants	69,751	63,769	65,240	66,112
Unrestricted Grants & Contributions	620	211	303	813
Investment Earnings	194	182	105	143
Miscellaneous Local & Intermediate Revenue	6,111	8,144	6,042	7,086
Extraordinary Item	-	(700)	-	700
Total General Revenue	<u>214,210</u>	<u>210,400</u>	<u>230,523</u>	<u>248,226</u>
Change in Net Position (Deficit)	10,650	(4,167)	10,663	17,313

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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
131,620	145,984	163,334	178,403	175,622	182,115
56,288	56,195	62,861	64,076	69,049	72,427
67,950	57,961	47,705	32,917	37,565	30,383
6,645	3,838	917	816	734	944
459	1,294	3,620	6,188	3,509	174
7,109	7,377	11,877	13,202	8,482	9,758
-	-	-	-	-	-
<u>270,071</u>	<u>272,649</u>	<u>290,314</u>	<u>295,602</u>	<u>294,961</u>	<u>295,801</u>
30,552	22,261	56,023	14,022	7,298	40,185

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Exhibit S-3

## Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

	Fiscal Year			
	2012	2013	2014	2015
General Fund:				
Nonspendable	832	1,178	1,228	1,152
Reserved	-	-	-	-
Assigned	28,824	1,248	240	1,064
Unreserved Designated	-	-	-	-
Unassigned	32,701	52,027	58,630	70,593
Unreserved	-	-	-	-
Total General Fund	<u>62,357</u>	<u>54,453</u>	<u>60,098</u>	<u>72,809</u>
All Other Governmental Funds:				
Nonspendable	29	107	532	675
Restricted:				
Debt Service	18,551	19,289	20,064	19,991
Capital Projects	32,188	10,483	24,898	26,062
Food Service	2,083	2,703	3,603	4,159
Federal Special Revenue	-	-	-	-
State Special Revenue	-	-	-	-
Committed	-	-	-	-
Assigned	12	-	-	-
Unreserved Designated	-	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	2,905	3,478	4,260	4,876
Capital Project Funds	-	-	-	-
Debt Service Fund	-	-	-	-
Total All Other Governmental Funds	<u>55,768</u>	<u>36,060</u>	<u>53,357</u>	<u>55,763</u>
Total Governmental Funds	<u>118,125</u>	<u>90,513</u>	<u>113,455</u>	<u>128,572</u>

Source: McKinney ISD Annual Financial Reports

2016	2017	2018	2019	2020	2021
1,058	1,183	1,267	1,734	1,718	2,145
-	-	-	-	-	-
1,772	673	809	3,059	3,058	2,550
-	-	-	-	-	-
85,023	88,864	97,820	104,977	116,564	125,529
-	-	-	-	-	-
<u>87,853</u>	<u>90,720</u>	<u>99,896</u>	<u>109,770</u>	<u>121,340</u>	<u>130,224</u>
6	23	31	10	4	8
-	-	-	-	-	-
-	-	-	-	-	-
21,461	23,622	26,314	28,097	28,540	28,819
28,084	64,389	92,589	92,191	54,201	36,185
4,559	3,879	3,973	4,685	4,430	4,163
-	-	-	-	-	-
-	-	-	-	36	-
-	-	-	-	-	-
-	-	-	-	6,153	-
-	-	-	-	-	-
-	-	-	-	-	-
5,268	5,425	5,688	6,032	-	5,176
-	-	-	-	-	-
-	-	-	-	-	-
<u>59,378</u>	<u>97,338</u>	<u>128,595</u>	<u>131,015</u>	<u>93,364</u>	<u>74,351</u>
<u>147,231</u>	<u>188,058</u>	<u>228,491</u>	<u>240,785</u>	<u>214,704</u>	<u>204,575</u>

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Exhibit S-4

Governmental Funds - Revenues

Last Ten Fiscal Years

(Unaudited)

(Amounts Expressed in Thousands)

	Fiscal Year			
	2012	2013	2014	2015
<b>Federal Sources</b>				
Federal Grants	11,333	7,141	7,445	8,331
Food Services	4,330	4,533	4,822	5,203
Total Federal Sources	<u>15,663</u>	<u>11,674</u>	<u>12,267</u>	<u>13,534</u>
<b>State Sources</b>				
State Education Finance Program	76,610	70,630	73,050	74,350
State Grants & Other	2,106	1,479	1,011	3,144
Total State Sources	<u>78,716</u>	<u>72,109</u>	<u>74,061</u>	<u>77,494</u>
<b>Local Sources</b>				
Ad Valorem Taxes	139,582	139,521	159,375	174,461
Food Service Sales	4,528	4,472	4,560	4,296
Interest & Other Income	205	193	105	143
Other Revenue	9,209	10,807	9,074	10,562
Total Local Sources	<u>153,524</u>	<u>154,993</u>	<u>173,114</u>	<u>189,462</u>
Total Revenues	<u><u>247,903</u></u>	<u><u>238,776</u></u>	<u><u>259,442</u></u>	<u><u>280,490</u></u>

2016	2017	2018	2019	2020	2021
8,130	9,568	10,530	13,798	11,189	19,355
5,369	5,499	5,687	5,976	5,346	6,616
<u>13,499</u>	<u>15,067</u>	<u>16,217</u>	<u>19,774</u>	<u>16,535</u>	<u>25,971</u>
77,916	57,929	47,706	32,917	37,565	29,795
4,139	11,340	12,678	11,691	18,063	15,396
<u>82,055</u>	<u>69,269</u>	<u>60,384</u>	<u>44,608</u>	<u>55,628</u>	<u>45,191</u>
188,469	201,851	224,333	240,493	243,773	254,542
4,350	4,526	4,744	5,037	3,836	1,592
459	1,294	3,620	2,860	1,887	174
10,381	11,647	16,763	22,927	14,377	11,628
<u>203,659</u>	<u>219,318</u>	<u>249,460</u>	<u>271,317</u>	<u>263,873</u>	<u>267,936</u>
<u>299,213</u>	<u>303,654</u>	<u>326,061</u>	<u>335,699</u>	<u>336,036</u>	<u>339,098</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			
	2012	2013	2014	2015
<b>Expenditures</b>				
Instruction & Instructional Related Services	128,604	128,497	132,774	144,966
Instructional & School Leadership	14,413	14,738	15,276	16,133
Support Services - Student	29,623	30,501	30,702	32,630
Administrative Support Services	3,660	3,586	3,804	3,945
Support Services - Nonstudent	20,572	21,024	22,318	22,164
Ancillary Services	2,183	2,263	2,261	2,544
Debt Service - Principal on Long-Term Debt	23,350	23,680	25,270	31,045
Debt Service - Interest on Long-Term Debt	19,738	21,052	21,680	20,706
Debt Service - Bond Issuance Cost & Fees	353	221	178	556
Facilities Acquisition & Construction	24,364	55,678	21,480	23,991
Intergovernmental Charges	978	1,018	1,201	1,506
Total Expenditures	<u>267,838</u>	<u>302,258</u>	<u>276,944</u>	<u>300,186</u>
Capital Expenditures	24,364	55,678	21,480	23,991
Debt Service as a Percentage of Noncapital Expenditures	17.8%	18.2%	18.4%	18.9%



2016	2017	2018	2019	2020	2021
146,106	147,866	157,496	158,554	169,578	165,378
16,507	17,542	18,144	19,172	20,356	20,908
33,014	36,056	38,015	39,192	36,724	36,546
4,263	4,333	4,441	4,704	4,562	5,153
23,979	25,708	24,293	25,239	26,207	26,642
2,691	2,793	2,963	2,950	2,733	2,271
35,010	34,155	38,295	39,265	45,855	51,005
19,886	21,237	23,558	24,765	24,111	22,064
429	285	295	188	170	142
29,419	59,562	65,023	48,199	32,522	21,073
2,328	3,583	5,277	6,871	2,963	1,699
<u>313,632</u>	<u>353,120</u>	<u>377,800</u>	<u>369,099</u>	<u>365,781</u>	<u>352,881</u>
29,419	59,562	65,023	31,522	21,860	21,073
19.5%	19.0%	19.9%	19.0%	20.4%	22.1%

**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			
	2012	2013	2014	2015
Excess of Revenues Over/(Under) Expenditures	(19,934)	(63,482)	(17,503)	(19,696)
<b>Other Financing Sources/(Uses)</b>				
Capital Related Debt Issued (Regular Bonds)	87,345	53,975	39,305	146,530
Sale of Real & Personal Property	7	1,349	276	449
Transfers In	300	400	400	400
Premium or Discount on Bonds Issued	5,279	9,005	864	14,481
Transfers Out/(Use)	(300)	(400)	(400)	(400)
Other/(Uses)	(44,466)	(27,758)	-	(127,348)
Other Revenue	-	-	-	700
Total Other Financing Sources/(Uses)	<u>48,165</u>	<u>36,571</u>	<u>40,445</u>	<u>34,812</u>
Extraordinary Items	-	(700)	-	-
Net Change in Fund Balances	<u><u>28,231</u></u>	<u><u>(27,611)</u></u>	<u><u>22,942</u></u>	<u><u>15,116</u></u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
(14,418)	(49,466)	(51,739)	(33,400)	(29,745)	(13,783)
100,990	77,950	78,545	40,180	29,305	21,300
257	5	1,874	-	-	19
750	750	341	311	3,500	-
14,194	12,338	11,753	5,513	2,226	590
(750)	(750)	(341)	(311)	(3,500)	-
(82,364)	-	-	-	(27,866)	(18,255)
-	-	-	-	-	-
<u>33,077</u>	<u>90,293</u>	<u>92,172</u>	<u>45,693</u>	<u>3,665</u>	<u>3,654</u>
-	-	-	-	-	-
<u>18,659</u>	<u>40,827</u>	<u>40,433</u>	<u>12,293</u>	<u>(26,080)</u>	<u>(10,129)</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)		
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
2020	11,848,100	1,118,718	224,513	1,153,721	2,891,528	208,082
2021	12,186,438	1,239,714	269,404	1,194,303	3,073,154	208,911

<u>Commercial &amp; Industrial (Personal)</u>	<u>Other</u>	<u>Less: Exemptions</u>	<u>Less: Adjustments</u>	<u>Total Assessed Value</u>	<u>Total District Rate</u>
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	448,223	(1,984,657)	(462,036)	11,093,164	1.6700
998,113	502,711	(2,158,701)	(603,733)	12,262,814	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)	(910,327)	14,903,141	1.5900
1,248,619	646,865	(2,267,103)	(1,118,986)	15,954,057	1.4747
1,248,619	646,865	(2,267,103)	-	17,073,043	1.3767

**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
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
2020	1.0684	0.4200	1.4884	0.4980	0.1750	0.0812
2021	1.0547	0.4200	1.4747	0.4850	0.1730	0.0810

<u>Town of Fairview</u>	<u>City of Lucas</u>	<u>City of McKinney</u>	<u>City of Princeton</u>
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
0.3472	0.3032	0.5156	0.6763
0.3472	0.3032	0.5156	0.6763

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Principal Property Taxpayers  
 June 30, 2021  
 (Amounts Expressed in Thousands)

Exhibit S-9

Taxpayer	2021		
	Taxable Value	Rank	Percentage of Total Taxable Value
Raytheon Company	\$ 129,704,299	1	0.73%
Encore Wire Limited	122,496,049	2	0.69%
Oncor Electric Delivery Company	86,989,680	3	0.49%
Saxon Lennox LLC & Saxon 3833 Brookstone LI	72,685,520	4	0.41%
NREA Retreat DST	65,396,084	5	0.37%
Columbia Medial Center of McKinney	65,070,180	6	0.36%
Fairway Wilson Creek Apartments LLC	64,100,000	7	0.36%
Orion McKinney LLC	57,474,651	8	0.32%
TMK Properties LP	56,002,064	9	0.31%
Downtown McKinney PT MFA LP	50,922,245	10	0.29%
Total	<u>\$ 770,840,772</u>		<u>4.32%</u>
Total Taxable Value	\$ 17,830,713,769		

Taxpayer	2012		
	Taxable Value	Rank	Percentage of Total Taxable Value
Encore Wire Limited	109,550,740	1	1.20%
Raytheon Company	73,775,226	2	0.81%
Oncor Electric Delivery Company	69,429,765	3	0.76%
The Village at Fairview LP	67,050,871	4	0.73%
Council 380 LLC	59,797,563	5	0.65%
Columbia Medical Center of McKinney	58,018,725	6	0.63%
Covington Cameron Acquisition LLC	37,213,122	7	0.41%
TMK Properties LP	36,000,000	8	0.39%
Saxon Woods Associates LP	34,166,833	9	0.37%
Western Rim Investors	32,686,091	10	0.36%
Total	<u>\$ 577,688,936</u>		<u>6.32%</u>
Total Taxable Value	\$ 9,136,927,489		

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
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	4,714,791	241,674,728	239,227,710	98.99%
2020	237,452,207	7,607,752	245,059,959	242,337,912	98.89%
2021	\$ 254,125,211	7,223,806	261,349,017	243,476,273	93.16%

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percent of Levy
1,924,451	138,339,439	100.04%
1,920,566	139,306,153	100.18%
2,410,275	159,472,646	100.11%
1,963,304	172,938,670	100.08%
2,588,678	187,400,317	100.39%
2,247,812	201,598,544	99.26%
3,590,778	226,709,461	100.78%
1,513,745	240,741,455	99.61%
3,222,979	242,337,912	98.89%
-	243,476,273	93.16%

\*\* 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 <sup>1</sup>
	Unlimited Tax Bonds <sup>2</sup>	Loans Payable				
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%
2020	548,194	-	548,194	28,540	519,654	14%
2021	\$ 494,706	-	494,706	28,819	465,887	4%

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>
3,215	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	4.17%	2,717
2,959	3.70%	2,812
3,166	3.80%	3,017
2,753	3.26%	2,609
2,311	2.90%	2,177

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2021  
 (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 &amp; Overlapping Debt</u>
City of Allen	\$ 93,315	0.17%	\$ 159
Collin County	425,280	12.37%	52,607
Collin College	524,590	12.37%	64,892
Town of Fairview	28,265	34.85%	9,850
City of Lucas	21,515	6.35%	1,366
City of McKinney	273,645	72.27%	197,763
City of Princeton	42,605	2.70%	<u>1,150</u>
Subtotal, Overlapping Debt			\$ 327,788
District Gross Bonded Debt			<u>494,706</u>
Total Direct & Overlapping Debt			<u><u>\$ 822,494</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
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
2020	1,595,406	519,654	1,075,752	32.57%	15,954,057
2021	1,783,071	465,887	1,317,184	26.13%	17,830,714

**Legal Debt Margin Calculation for Fiscal Year 2021**

Assessed Value	\$ 17,830,714
Debt Limit (10% of Assessed Value)	<u>1,783,071</u>
Total Bonded Debt	494,706
Less: Reserve for Retirement of Debt	<u>28,818</u>
Debt Applicable to Limit	465,888
Legal Debt Margin	<u><u>\$ 1,317,183</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>
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%
2020	199,177	7,722,092	38,770	13.20%
2021	214,035	12,167,462	56,848	3.20%

Sources: Numbers furnished from World Population Review





**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Full-Time Equivalent District Employees by Type

Last Ten Fiscal Years

(Unaudited)

Exhibit S-16

	Fiscal Year			
	2012	2013	2014	2015
<b>Instruction</b>				
Teachers	1,612	1,631	1,649	1,651
Librarians	24	23	26	25
Educational Aides	225	224	232	227
	<u>1,861</u>	<u>1,878</u>	<u>1,907</u>	<u>1,903</u>
<b>Campus Administration</b>				
Principal	30	30	30	32
Assistant Principal	51	51	51	49
Instructional Officer	-	-	-	-
Athletic	2	1	2	1
	<u>83</u>	<u>82</u>	<u>83</u>	<u>82</u>
<b>Student Services</b>				
Audiologist	-	1	1	1
Counselor	48	45	43	48
Educational Diagnostician	14	14	14	14
Occupational Therapist	3	3	4	4
Certified Orientation & Mobility Specialist	-	1	1	1
Physical Therapist	-	-	-	-
School Nurse	29	29	29	29
LSSP/Psychologist	10	11	13	13
Speech Therapist/Language Pathologist	33	29	34	34
Truant Officer	1	1	1	-
Work Based Learning Site Coordinator	-	-	-	-
Teacher Facilitator	30	21	31	56
Department Head	16	16	16	18
Athletic Trainer	6	4	4	2
Campus Professional Personnel	6	7	5	1
Other Non-Instructional District Prof. Personnel	46	43	46	47
	<u>242</u>	<u>225</u>	<u>242</u>	<u>268</u>
<b>Support &amp; Administration</b>				
Superintendent, Deputy, Assoc. & Assistant	7	7	7	7
Business Manager	1	1	1	1
District Instr. Prog. Director/Exec. Director	16	15	19	23
Auxiliary Staff	325	329	324	331
Athletic Director	2	2	2	2
Teacher Supervisor	7	6	5	6
	<u>358</u>	<u>360</u>	<u>358</u>	<u>370</u>
<b>Total</b>	<u>2,544</u>	<u>2,545</u>	<u>2,590</u>	<u>2,623</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.

2016	2017	2018	2019	2020	2021
1,671	1,670	1,663	1,656	1,621	1,643
24	23	28	28	27	23
241	264	274	275	287	293
<u>1,936</u>	<u>1,957</u>	<u>1,965</u>	<u>1,959</u>	<u>1,935</u>	<u>1,959</u>
30	30	31	32	32	34
54	56	58	57	57	57
-	-	-	-	-	-
-	-	1	1	-	-
<u>84</u>	<u>86</u>	<u>90</u>	<u>90</u>	<u>89</u>	<u>91</u>
-	-	-	-	-	-
47	48	53	61	59	57
14	13	13	14	17	19
3	5	4	6	5	4
1	1	1	1	1	1
1	-	1	-	1	1
30	29	30	30	29	29
12	14	13	13	13	11
33	36	38	39	41	44
-	-	-	-	-	-
-	-	-	-	-	-
68	76	77	89	70	68
16	12	11	18	21	13
3	3	4	4	5	5
5	4	5	5	4	4
50	54	54	53	55	56
<u>283</u>	<u>295</u>	<u>304</u>	<u>333</u>	<u>321</u>	<u>312</u>
8	8	8	8	8	10
1	1	1	1	1	1
24	24	26	23	25	29
336	335	333	366	370	352
2	3	3	4	4	2
10	10	6	8	8	4
<u>381</u>	<u>381</u>	<u>377</u>	<u>410</u>	<u>416</u>	<u>398</u>
<u>2,684</u>	<u>2,719</u>	<u>2,736</u>	<u>2,792</u>	<u>2,761</u>	<u>2,760</u>

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**Operating Statistics  
Last Ten Fiscal Years

Exhibit S-17

<u>Fiscal Year</u>	<u>Enrollment<sup>1</sup></u>	<u>Operating Expenditures<sup>2</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Expenditures Excluding Recapture</u>	<u>Cost Per Pupil</u>
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
2020	24,621	263,122,861	10,687	3.21%	261,885,722	10,637
2021	23,398	258,595,932	11,052	3.42%	258,595,932	11,052

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>
-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%
4.87%	1,705	14.4	35.2%
3.90%	1,715	13.6	34.0%

**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>
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
2020	55,650	77,350	59,550	57,091
2021	56,850	78,850	62,091	57,641

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			
				2012	2013	2014	2015
<b>SCHOOLS</b>							
<b>Elementary</b>							
Finch Elementary							
Site	7.85 acres	Square Feet	68,789	68,789	68,789	68,789	68,789
Opened	1938	Enrollment	467	456	446	426	
Webb Elementary							
Site	6.0 acres	Square Feet	83,035	83,035	83,035	83,035	83,035
Opened	1953	Enrollment	389	422	417	400	
Burks Elementary							
Site	5.41 acres	Square Feet	54,678	54,678	54,678	54,678	54,678
Opened	1954	Enrollment	489	454	469	539	
Caldwell Elementary							
Site	5.641 acres	Square Feet	76,366	76,366	76,366	76,366	76,366
Opened	1961	Enrollment	569	531	544	537	
Slaughter Elementary							
Site	9.194 acres	Square Feet	92,999	92,999	92,999	92,999	92,999
Opened	1975	Enrollment	767	668	660	650	
Valley Creek Elementary							
Site	8.492 acres	Square Feet	69,052	69,052	69,052	69,052	69,052
Opened	1992	Enrollment	549	527	490	505	
Glen Oaks Elementary							
Site	9.285 acres	Square Feet	68,052	68,052	68,052	68,052	68,052
Opened	1994	Enrollment	556	506	489	481	
Johnson Elementary							
Site	7.432 acres	Square Feet	67,228	67,228	67,228	67,228	67,228
Opened	1995	Enrollment	672	635	598	583	
Eddins Elementary							
Site	8.0 acres	Square Feet	69,052	69,052	69,052	69,052	69,052
Opened	1998	Enrollment	604	539	500	469	
Walker Elementary							
Site	10.678 acres	Square Feet	67,229	67,229	67,229	67,229	67,229
Opened	2000	Enrollment	590	545	545	572	
Wolford Elementary							
Site	9.15 acres	Square Feet	69,052	69,052	69,052	69,052	69,052
Opened	2001	Enrollment	645	597	573	568	
McNeil Elementary							
Site	12.603 acres	Square Feet	68,788	68,788	68,788	68,788	68,788
Opened	2001	Enrollment	509	482	465	445	



2016	2017	2018	2019	2020	2021
68,789 426	68,789 425	68,789 388	68,789 358	68,789 340	68,789 320
83,035 427	83,035 422	83,035 394	83,035 404	83,035 396	83,035 369
54,678 544	54,678 488	54,678 460	54,678 404	54,678 391	54,678 351
76,366 542	76,366 533	76,366 530	76,366 533	76,366 529	76,366 486
92,999 658	92,999 633	92,999 589	92,999 621	92,999 620	92,999 587
69,052 514	69,052 540	69,052 551	69,052 509	69,052 530	69,052 465
68,052 468	68,052 471	68,052 477	68,052 489	68,052 505	68,052 480
67,228 525	73,019 512	73,019 502	73,019 508	73,019 491	73,019 455
69,052 443	69,052 420	69,052 384	69,052 388	69,052 383	69,052 359
67,229 578	67,229 580	67,229 567	67,229 527	67,229 506	67,229 451
69,052 539	69,052 520	69,052 476	69,052 447	69,052 421	69,052 394
68,788 419	68,788 368	68,788 419	68,788 396	68,788 416	68,788 367
854,320 6,083	860,111 5,912	860,111 5,737	860,111 5,584	860,111 5,528	860,111 5,084

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

School Building Information  
Last Ten Fiscal Years  
(Unaudited)  
*continued*

Exhibit S-19

				Fiscal Year			
				2012	2013	2014	2015
<b>SCHOOLS (continued)</b>							
<b>Elementary (continued)</b>							
Malvern Elementary							
Site	20.01 acres	Square Feet	71,515	71,515	71,515	71,515	71,515
Opened	2001	Enrollment	604	593	492	540	
Vega Elementary							
Site	8.005 acres	Square Feet	71,513	71,513	71,513	71,513	71,513
Opened	2002	Enrollment	484	572	611	591	
Bennett Elementary							
Site	9.844 acres	Square Feet	74,280	74,280	74,280	74,280	74,280
Opened	2002	Enrollment	599	544	511	491	
Minshew Elementary							
Site	16.407 acres	Square Feet	92,255	92,255	92,255	92,255	92,255
Opened	2005	Enrollment	532	561	598	656	
Wilmeth Elementary							
Site	9.67 acres	Square Feet	92,256	92,256	92,256	92,256	92,256
Opened	2006	Enrollment	705	680	648	635	
McGowen Elementary							
Site	11.687 acres	Square Feet	93,326	93,326	93,326	93,326	93,326
Opened	2008	Enrollment	722	690	699	674	
Press Elementary							
Site	10 acres	Square Feet	93,328	93,328	93,328	93,328	93,328
Opened	2008	Enrollment	524	510	509	495	
McClure Elementary							
Site	12.9 acres	Square Feet	92,213	92,213	92,213	92,213	92,213
Opened	2010	Enrollment	478	522	579	629	
<b>Middle School</b>							
Faubion Middle School							
Site	37.101* acres	Square Feet	149,278	208,278	208,278	208,278	208,278
Opened	1960	Enrollment	1,003	960	934	976	
Dowell Middle School							
Site	23.065 acres	Square Feet	123,298	123,298	123,298	172,777	
Opened	1995	Enrollment	1,219	1,192	1,157	1,092	
Johnson Middle School							
Site	23.756 acres	Square Feet	159,285	159,285	159,285	159,285	159,285
Opened	2002	Enrollment	862	890	900	876	

2016	2017	2018	2019	2020	2021
71,515 497	83,335 531	83,335 522	83,335 511	83,335 496	83,335 432
71,513 547	71,513 511	71,513 521	71,513 493	71,513 460	71,513 430
74,280 464	74,280 486	74,280 515	74,280 559	74,280 584	74,280 554
92,255 653	92,255 639	92,255 673	92,255 653	92,255 644	92,255 564
92,256 640	92,256 645	92,256 671	92,256 647	92,256 652	92,256 596
93,326 679	93,326 650	93,326 669	93,326 643	93,326 612	93,326 548
93,328 449	93,328 538	93,328 584	93,328 602	93,328 651	93,328 654
92,213 664	92,213 658	92,213 645	92,213 638	92,213 652	92,213 601
208,278 1,141	208,278 1,210	208,278 1,291	208,278 1,289	208,278 1,297	208,278 1,339
172,777 1,165	172,777 1,225	172,777 1,192	172,777 1,182	172,777 1,154	172,777 1,108
159,285 923	159,285 934	159,285 918	159,285 936	159,285 941	159,285 935
1,221,026 7,822	1,232,846 8,027	1,232,846 8,201	1,232,846 8,153	1,232,846 8,143	1,232,846 7,761
2,075,346 13,905	2,092,957 13,939	2,092,957 13,938	2,092,957 13,737	2,092,957 13,671	2,092,957 12,845

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

School Building Information  
Last Ten Fiscal Years  
(Unaudited)  
*continued*

Exhibit S-19

				Fiscal Year			
				2012	2013	2014	2015
<b>SCHOOLS</b> <i>(continued)</i>							
<b>Middle School</b> <i>(continued)</i>							
Evans Middle School							
Site	21.008 acres	Square Feet	182,980	182,980	182,980	182,980	182,980
Opened	2004	Enrollment	1,423	1,416	1,461	1,443	
Cockrill Middle School							
Site	21.01 acres	Square Feet	184,995	184,995	184,995	184,995	184,995
Opened	2008	Enrollment	1,246	1,239	1,354	1,349	
<b>High School</b>							
McKinney High School							
Site	60.02 acres	Square Feet	352,880	535,880	535,880	535,880	535,880
Opened	1987	Enrollment	2,116	2,104	2,074	2,486	
McKinney North High School							
Site	62.03 acres	Square Feet	439,422	439,422	439,422	439,422	439,422
Opened	2001	Enrollment	1,770	1,886	2,035	2,089	
Serenity High School							
Site	(on MLC Site)	Square Feet	6,400	6,400	6,400	6,400	6,400
Opened	1999	Enrollment	7	9	6	6	
<i>(Housed in MNHS)</i>							
<i>(Serenity accepts enrollments from various county schools)</i>							
County Residential Center							
Site	(county facilities)	Square Feet	-	-	-	-	-
Opened	-	Enrollment	85	77	79	90	
McKinney Boyd High School							
Site	56.4 acres	Square Feet	530,680	530,680	530,680	530,680	530,680
Opened	2006	Enrollment	2,879	2,988	3,043	2,881	
<b>Alternative Education Center</b>							
Juvenile Justice Alternative Ed.							
Site	(county facilities)	Square Feet	-	-	-	-	-
Opened	-	Enrollment	2	7	11	5	
McKinney Learning Center							
Site	6.563 acres	Square Feet	18,600	18,600	18,600	18,600	18,600
Opened	1968	Enrollment	-	-	-	-	-

*(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)*

2016	2017	2018	2019	2020	2021
182,980 1,219	182,980 1,126	182,980 1,120	189,838 1,072	189,838 1,025	189,838 944
184,995 1,243	184,995 1,263	184,995 1,322	190,867 1,275	190,867 1,263	190,867 1,233
535,880 2,734	535,880 2,863	597,180 2,958	597,180 2,964	597,180 3,038	597,180 2,976
439,422 2,105	486,516 2,123	486,516 2,117	437,260 2,137	437,260 2,140	437,260 2,171
6,400 8	6,400 5	6,400 10	2,162 5	2,162 4	2,162 6
- 86	- 88	- 66	- 86	- 93	- 73
530,680 2,845	530,680 2,815	530,680 2,824	537,274 2,834	537,274 2,835	537,274 2,743
- 5	- 3	- 14	- 9	- 15	- 2
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			
			2012	2013	2014	2015
<b>SCHOOLS (continued)</b>						
<b>Early Childhood School</b>						
Lawson Early Childhood School						
Site	9.0 acres	Square Feet	89,621	89,621	89,621	89,621
Opened	2009	Enrollment	667	641	668	632
<b>Total</b>						
Square Feet			3,772,445	4,014,445	4,014,445	4,063,924
Enrollment			24,733	24,443	24,565	24,811
<b>OTHER MISD FACILITIES</b>						
<b>Administrative</b>						
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					
<b>Facility Services</b>						
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					
<b>Central Distribution Center</b>						
Site	7.29 acres	Square Feet	16,400	16,400	16,400	16,400
Opened	Purchased 1997					
<b>Transportation Facility</b>						
Site	15.28 acres	Square Feet	10,165	10,165	10,165	10,165
Opened	2003					
<b>Agriculture Barn</b>						
Site	44.15 acres	Square Feet	2,145	2,145	2,145	2,145
Opened	1986					
<b>Athletics</b>						
Ron Poe Stadium						
Site	37.101 acres*	Square Feet	29,857	29,857	29,857	29,857
Opened	1962					

2016	2017	2018	2019	2020	2021
89,621 615	89,621 626	89,621 590	89,621 598	89,621 537	89,621 405
4,063,924 24,765	4,128,629 24,851	4,189,929 24,959	4,155,759 24,717	4,155,759 24,621	4,155,759 23398
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			
				2012	2013	2014	2015
<b>OTHER MISD FACILITIES</b> <i>(continued)</i>							
<b>Athletics</b> <i>(continued)</i>							
Al 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						
<b>Total Other MISD Facilities</b>							
Square Feet				<u>201,729</u>	<u>201,729</u>	<u>201,729</u>	<u>201,729</u>
<b>Grand Total MISD Facilities</b>				<u><u>3,974,174</u></u>	<u><u>4,216,174</u></u>	<u><u>4,216,174</u></u>	<u><u>4,265,653</u></u>



<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
6,771	6,771	6,771	6,771	6,771	6,771
-	-	-	73,008	73,008	73,008
<u>201,729</u>	<u>201,729</u>	<u>201,729</u>	<u>274,737</u>	<u>274,737</u>	<u>274,737</u>
<u><u>4,265,653</u></u>	<u><u>4,330,358</u></u>	<u><u>4,391,658</u></u>	<u><u>4,430,496</u></u>	<u><u>4,430,496</u></u>	<u><u>4,430,496</u></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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 21, 2021.

**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.

*K. Evans & Associates*

K. Evans & Associates, PLLC  
Frisco, TX  
October 21, 2021



**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, 2021. 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, 2021.

***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.

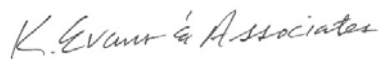
## Report on Internal Control Over Compliance

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.



K. Evans & Associates, PLLC  
Frisco, TX  
October 21, 2021



**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2021

**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:
  - Child Nutrition Cluster - 10.553 and 10.555
    - School Breakfast Program
    - National School Lunch Program
    - National School Lunch Program - Donated Commodities
  - Elementary & Secondary School Emergency Relief Fund 84.425D
  - ESSER II - CRSSA Instruction 84.425D
- 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, 2021

**- NONE -**

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**

Corrective Action Plan  
For the Year Ended June 30, 2021

**- NONE -**

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

EXHIBIT H-1

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Pass Through Region 10 ESC</u>			
Title I, Part A, Improving Basic Program	84.010A	S010A190043	\$ 1,904,426
Title II, Part A, Supporting Effective Instructions	84.367A	S367A190041	372,001
Title III, Part A, English Language Acquisition	84.365A	S365A190043	82,787
Title IV, Academic Enrichment	84.424A	S424A190045	129,949
Total Pass Through Education Service Center, Region 10			2,489,163
<u>Pass Through State Department of Education</u>			
IDEA - Part B, Formula	84.027A	H027A190008	3,833,074
IDEA - Part B, Discretionary	84.027A	H027A190008	221,293
Total CFDA Number 84.027A			4,054,367
IDEA - Part B, Preschool	84.173A	H173A190004	40,411
Total Special Education Cluster (IDEA)			4,094,778
Career and Technical - Basic Grant	84.048	V048A190043	211,586
ESEA, Title X, Part C - Homeless Children	84.196A	S196A190045	84,625
*Elementary & Secondary School Emergency Relief Fund	84.425D	S425D200042	1,579,812
*ESSER II - CRSSA Instruction	84.425D	S425D210042	7,355,216
Total Pass Through State Department of Education			13,326,017
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			15,815,180
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Pass Through Region 10 ESC</u>			
Head Start	93.600		424,972
Total Pass Through Texas Department of Human Services			424,972
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			424,972
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Pass Through the State department of Agriculture</u>			
*School Breakfast Program	10.553	202020N109946	1,311,288
Total CFDA Number 10.553			1,311,288
*National School Lunch Program	10.555	202020N109946	4,581,571
*National School Lunch Program - Donated Commodities	10.555		723,167
Total CFDA Number 10.555			5,304,738
Total Pass Through the State Department of Agriculture			6,616,026
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			6,616,026
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 22,856,178

\*Denotes Major Program

Note: School Health and Related Services Reimbursements of \$3,114,323 are recorded as federal program revenue in the general fund, but are not considered awards for the purpose of this schedule.

**MCKINNEY INDEPENDENT SCHOOL DISTRICT**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

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, 2021, 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.