

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2018**

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED AUGUST 31, 2018

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***INTRODUCTORY SECTION***

CERTIFICATE OF BOARD

Prairie Valley Independent School District  
Name of School District

Montague  
County

169-909  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended August 31, 2018, at a meeting of the Board of Trustees of such school district on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

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

***FINANCIAL SECTION***



## EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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MICHAEL D. EDGIN, CPA  
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A. PAUL FLEMING, CPA

### **Independent Auditor's Report on Financial Statements**

Board of Trustees  
Prairie Valley Independent School District  
12920 FM 103  
Nocona, Texas 76255

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Prairie Valley Independent School District (District) as of and for the year ended August 31, 2018, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, 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 financial statement presentation.

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 Prairie Valley Independent School District as of August 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As described in Note A to the financial statements, in 2018, Prairie Valley Independent School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and schedules related to the District's participation in the Teacher Retirement System identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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, other supplementary information, and required Texas Education Agency Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and Texas Education Agency Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 other supplementary information and Texas Education Agency Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and the Schedule of Required Responses to Selected FIRST Indicators 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 November 27, 2018, 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, 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 the 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.

Respectfully submitted,

A handwritten signature in black ink that reads "Edgin, Parkman, Fleming & Fleming, PC". The signature is written in a cursive, slightly slanted style.

Edgin, Parkman, Fleming & Fleming, PC

November 27, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Prairie Valley Independent School District, we offer readers of the District's Annual Financial Report this narrative overview and analysis of the District's financial performance during the fiscal year ended August 31, 2018. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District implemented GASB 75 during the year which had some dramatic effects on the current year financial statements. Most notably, the prior year net position was adjusted to reflect the beginning of the year OPEB liability. Additionally, due to a large change in the ending OPEB liability, a large decrease in OPEB expenses was recognized as part of the current year operations. Lastly, the NECE on-behalf contributions required a negative adjustment to revenue offset by a similar decrease in expenses which caused numerous year over year variance anomalies as described below and throughout the MD&A.
- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at August 31, 2018 by \$1,528,657 (net position). Of this amount, \$846,574 (unrestricted net position) may be used to meet the District's obligations.
- During the year, the District's total net position increased by \$255,766. The District's expenses, which totaled \$1,313,773, were less than the District's program revenues of (\$73,495) and general revenues of \$1,643,034. Additionally, due to the implementation of GASB 75, the beginning net position was restated which decreased net position by \$877,460.
- The total cost of the District's programs decreased \$599,401 from last year. This decrease is mainly due to implementation of GASB 75 which resulted in a decrease in OPEB expense of \$467,967 on an actuarial basis.
- The governmental funds reported a fund balance this year of \$1,747,965, which is an increase of \$103,906 in comparison with the prior year amount.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$947,060, or 59% of the total General Fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-Wide Financial Statements

All of the District's services are reported in the government-wide financial statements, including instruction, student support services, student transportation, general administration, school leadership,

and food services. Property taxes, state and federal aid, and investment earnings finance most of the activities. Additionally, all capital and debt financing activities are reported here.

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

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

The *statement of activities* details how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected property taxes).

### **Fund Financial Statements**

The District uses fund accounting to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Some funds are required by State law and or bond covenants. Other funds may be established by the District to control and manage money for particular purposes or to evidence appropriate use of certain taxes, grants, and other special revenues.

All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

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

The District maintained multiple governmental funds in fiscal year 2017-18. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund which is the District's only major fund. Financial data for the other governmental funds are combined into a single, aggregated presentation.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their

intended purposes. All the District's fiduciary funds are reported in the statement of fiduciary net position and statement of changes in fiduciary net position.

### Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to obtain 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* is the *other supplementary information* which includes required TEA schedules.

### Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Exhibited below in Table 1 is the District's net position summarized for the *governmental activities*.

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

|                                       | Governmental Activities |                     |                     |             |
|---------------------------------------|-------------------------|---------------------|---------------------|-------------|
|                                       | 2018                    | 2017                | Change              | % Change    |
| Current and other assets              | \$ 1,864,613            | \$ 1,780,834        | \$ 83,779           | 5%          |
| Capital assets, net                   | 681,178                 | 702,368             | (21,190)            | -3%         |
| <b>Total Assets</b>                   | <b>2,545,791</b>        | <b>2,483,202</b>    | <b>62,589</b>       | <b>3%</b>   |
| <b>Deferred Outflows of Resources</b> | <b>143,604</b>          | <b>178,608</b>      | <b>41,399</b>       | <b>23%</b>  |
| Current liabilities                   | 85,936                  | 111,941             | (26,005)            | -23%        |
| Noncurrent liabilities                | 752,895                 | 342,734             | 410,161             | 120%        |
| <b>Total Liabilities</b>              | <b>838,831</b>          | <b>454,675</b>      | <b>384,156</b>      | <b>84%</b>  |
| <b>Deferred Inflows of Resources</b>  | <b>321,907</b>          | <b>56,784</b>       | <b>265,123</b>      | <b>467%</b> |
| Net position:                         |                         |                     |                     |             |
| Net investment in                     |                         |                     |                     |             |
| capital assets                        | 681,178                 | 702,368             | (21,190)            | -3%         |
| Restricted for food service           | 905                     | 5,199               | (4,294)             | -83%        |
| Unrestricted                          | 846,574                 | 1,442,784           | (596,210)           | -41%        |
| <b>Total Net Position</b>             | <b>\$ 1,528,657</b>     | <b>\$ 2,150,351</b> | <b>\$ (621,694)</b> | <b>-29%</b> |

Net investment in capital assets (e.g. land, buildings, furniture, and equipment less any related debt used to acquire those assets that is still outstanding) is \$681,178. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

A small portion of the District's net position, \$905, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position of \$846,574 may be used to meet the District's ongoing obligations.

## Changes in Net Position

The District's total revenues, both program and general, were \$1,569,539. A significant portion, 56%, of the District's revenue comes from property taxes. Unrestricted grants and contributions, which includes state aid formula grants, provided 48% of the revenues and (5%) comes from operating grants, while only 1% relates to charges for services. The negative operating grants are related to the implementation of GASB 75. Exhibited below in Table 2 are the District's revenues for the years ended August 31, 2018 and 2017 for the District's *governmental activities*.

**Table 2 - District's Revenue**

|   | Governmental Activities |             |                     |             |
|---|-------------------------|-------------|---------------------|-------------|
|   | 2018                    | Percent     | 2017                | Percent     |
| Charges for services                    | \$ 19,944               | 1%          | \$ 20,325           | 1%          |
| Operating grants and contributions      | (93,439)                | -5%         | 217,378             | 12%         |
| Property taxes                          | 882,001                 | 56%         | 914,819             | 49%         |
| Grants and contributions not restricted | 759,081                 | 48%         | 715,377             | 38%         |
| Investment earnings                     | 257                     | 0%          | 388                 | 0%          |
| Miscellaneous                           | 1,695                   | 0%          | 5,620               | 0%          |
| <b>Total Revenues</b>                   | <b>\$ 1,569,539</b>     | <b>100%</b> | <b>\$ 1,873,907</b> | <b>100%</b> |

Exhibited below in Table 3 are the District's expenses for the years ended August 31, 2018 and 2017 for the District's *governmental activities*. The total cost of all programs and services was \$1,313,773. Instructional and related costs totaled 50% of these costs while student support and administrative support were 15% and 12%, respectively. Other expenses were only 3% of the District's total expenses in the current year.

**Table 3 - District's Expenses**

|                         | Governmental Activities |             |                     |             |
|-------------------------|-------------------------|-------------|---------------------|-------------|
|                         | 2018                    | Percent     | 2017                | Percent     |
| Instructional & related | \$ 667,904              | 50%         | \$ 1,124,572        | 59%         |
| Leadership              | 77,536                  | 6%          | 118,607             | 6%          |
| Student support         | 194,790                 | 15%         | 219,613             | 11%         |
| Administrative support  | 153,195                 | 12%         | 192,507             | 10%         |
| Nonstudent support      | 179,934                 | 14%         | 220,609             | 12%         |
| Other                   | 40,414                  | 3%          | 37,266              | 2%          |
| <b>Total Expenses</b>   | <b>\$ 1,313,773</b>     | <b>100%</b> | <b>\$ 1,913,174</b> | <b>100%</b> |

## Governmental Activities

Table 4 presents the various revenue categories and gross costs of each of the District's functional areas for both the current and prior year. Following the table, we provide explanations for the significant or unusual fluctuations between the two years.

**Table 4 - Changes in Net Position**

|  | Governmental Activities |                    |                   |              |
|--|-------------------------|--------------------|-------------------|--------------|
|  | 2018                    | 2017               | \$ Change         | % Change     |
| <b>Revenues:</b>   |                         |                    |                   |              |
| <b>Program revenues:</b>                                 |                         |                    |                   |              |
| Charges for services                                     | \$ 19,944               | \$ 20,325          | \$ (381)          | -2%          |
| Operating grants and contributions                       | (93,439)                | 217,378            | (310,817)         | -143%        |
| <b>General revenues:</b>                                 |                         |                    |                   |              |
| Property taxes   | 882,001                 | 914,819            | (32,818)          | -4%          |
| Grants and contributions not restricted                  | 759,081                 | 715,377            | 43,704            | 6%           |
| Investment earnings                                      | 257                     | 388                | (131)             | -34%         |
| Other  | 1,695                   | 5,619              | (3,924)           | -70%         |
| <b>Total revenues</b>                                    | <b>1,569,539</b>        | <b>1,873,906</b>   | <b>(304,367)</b>  | <b>-16%</b>  |
| <b>Expenses:</b>   |                         |                    |                   |              |
| Instruction  | 650,695                 | 1,105,990          | (455,295)         | -41%         |
| Instructional resources and media services               | 13,383                  | 14,076             | (693)             | -5%          |
| Curriculum and staff development                         | 3,826                   | 4,506              | (680)             | -15%         |
| School leadership  | 77,536                  | 118,607            | (41,071)          | -35%         |
| Guidance, counseling, and evaluation services            | 31,141                  | 30,388             | 753               | 2%           |
| Health services  | 6,606                   | 5,504              | 1,102             | 20%          |
| Student transportation                                   | 37,389                  | 41,069             | (3,680)           | -9%          |
| Food services  | 71,125                  | 92,762             | (21,637)          | -23%         |
| Cocurricular/extracurricular activities                  | 48,529                  | 49,890             | (1,361)           | -3%          |
| General administration                                   | 153,195                 | 192,507            | (39,312)          | -20%         |
| Facilities maintenance and operations                    | 155,462                 | 192,755            | (37,293)          | -19%         |
| Security and monitoring services                         | 7,186                   | 3,482              | 3,704             | 106%         |
| Data processing services                                 | 17,286                  | 24,372             | (7,086)           | -29%         |
| Contracted instructional services between public schools | -                       | 395                | (395)             | -100%        |
| Payments related to shared service arrangements          | 24,780                  | 19,728             | 5,052             | 26%          |
| Other intergovernmental charges                          | 15,634                  | 17,143             | (1,509)           | -9%          |
| <b>Total expenses</b>                                    | <b>1,313,773</b>        | <b>1,913,174</b>   | <b>(599,401)</b>  | <b>-31%</b>  |
| <b>Change in net position</b>                            | <b>\$ 255,766</b>       | <b>\$ (39,268)</b> | <b>\$ 295,034</b> | <b>-751%</b> |

Significant changes between years are as follows:

- Operating grants decreased \$310,817, or 143%, due mainly to implementation of GASB 75 which decreased revenue by \$294,334.
- Instruction costs decreased \$455,295, or 41%, due to implementation of GASB 75 which reduced actuarially determined OPEB expenses by \$467,967.
- School leadership, general administration, and facilities maintenance and operation expenses decreased primarily due to the implementation of GASB 75 which reduced actuarially determined OPEB expenses by \$23,759, \$16,702, and \$16,820, respectively.

Table 5 presents the net cost of the District's governmental functions (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars, state aid, and other miscellaneous general revenues.

**Table 5 - Net Cost of Selected District Functions**

|                                    | Governmental Activities |             |                     |             |
|------------------------------------|-------------------------|-------------|---------------------|-------------|
|                                    | 2018                    | Percent     | 2017                | Percent     |
| Instructional & related Leadership | \$ 779,835              | 56%         | \$ 1,006,424        | 60%         |
| Student support                    | 96,272                  | 7%          | 112,009             | 7%          |
| Administrative support             | 111,182                 | 8%          | 114,933             | 7%          |
| Nonstudent support                 | 166,365                 | 12%         | 188,011             | 11%         |
| Other                              | 193,200                 | 14%         | 216,828             | 13%         |
|                                    | 40,414                  | 3%          | 37,266              | 2%          |
| <b>Total Expenses</b>              | <b>\$ 1,387,268</b>     | <b>100%</b> | <b>\$ 1,675,471</b> | <b>100%</b> |

**Financial Analysis of the District's Funds**

As previously stated, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

**Governmental Funds**

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

As of August 31, 2018, the District's governmental funds reported a combined ending fund balance of \$1,747,965, an increase of \$103,906 from the previous year. Table 6 illustrates the fund balances of the governmental funds.

**Table 6 - Governmental Funds - Fund Balances  
August 31, 2018**

|  | General Fund        | National School Breakfast/Lunch Program | Other Funds | Totals              |
|--|---------------------|---|-------------|---------------------|
| Restricted for:                        |                     |   |             |                     |
| Federal/State Funds Grant Restrictions | \$ -                | \$ 905                                  | \$ -        | \$ 905              |
| Committed Fund Balances:               |                     |   |             |                     |
| Construction                           | 800,000             | -                                       | -           | 800,000             |
| Unassigned                             | 947,060             | -                                       | -           | 947,060             |
| <b>Total Fund Balances</b>             | <b>\$ 1,747,060</b> | <b>\$ 905</b>                           | <b>\$ -</b> | <b>\$ 1,747,965</b> |

**General Fund**

At the end of the current fiscal year, the ending fund balance for the General Fund was \$1,747,060 of which \$947,060 was unassigned. The total fund balance represents 109% of the total General Fund expenditures for the year ended August 31, 2018. The fund balance increased \$108,200 in the current fiscal year.

General Fund revenues totaled \$1,722,112, an increase of \$1,589 from the preceding year. Although local and intermediate sources decreased by \$41,131 due mainly to decreased property tax values (collections) and federal funding increased by \$30,382 due to a new erate vendor and additional SHARS invoicing which offset a significant portion of this loss.

General Fund expenditures totaled \$1,606,512, a decrease of \$132,394, or 8%, from the preceding year. Instructional expenditures decreased \$103,863 due to decreases in technology expenditures and the loss of one teacher. Capital outlay decreased an additional \$58,000 due to a new HVAC system installed in the prior year. These decreases were partially offset by a \$29,779 increase in co-curricular expenditures due to the current purchase of a 24-passenger bus.

### Other Governmental Funds

Other governmental funds consist of the various special revenue funds. The total ending fund balance for all special revenues combined was \$905, which is a decrease of \$4,294 from the close of the preceding year. All of the ending fund balance is in the National School Breakfast and Lunch Program as all other grants are reimbursement type grants. Revenues increased only \$544 as a loss in school lunch receipts was offset by a few new rural grants. Expenditures increased \$13,711 mainly due to new Title IV Part A grant.

### General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$246,802 below final budget amounts. The most significant variance between actual and budgeted expenditures was in the area of instruction, where actual expenditures came in \$111,900 less than the final budgeted amount.

Additionally, resources available were \$215,966 above the final budgeted amount with state program revenues coming in \$179,033 above budget due to a new TEA hardship grant.

While most budget line items in the original budget were not materially different than in the final adopted budget, there was one exception. Curricular/extracurricular activities increased \$37,376 to purchase a 24-passenger bus. Concerning revenues, these budgets changed by only \$24,500 during the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At August 31, 2018, the District had invested in a broad range of capital assets totaling \$681,178, net of accumulated depreciation, including land, buildings, and furniture and equipment. See Table 7 below.

Table 7 - CAPITAL ASSETS, NET

|                            | 2018              | 2017              | \$ Change          | % Change   |
|----------------------------|-------------------|-------------------|--------------------|------------|
| Land                       | \$ 1,000          | \$ 1,000          | \$ -               | 0%         |
| Buildings and improvements | 579,594           | 604,579           | (24,985)           | -4%        |
| Furniture and equipment    | 100,584           | 96,789            | 3,795              | 4%         |
| <b>Totals</b>              | <b>\$ 681,178</b> | <b>\$ 702,368</b> | <b>\$ (21,190)</b> | <b>-3%</b> |

Capital assets, net of accumulated depreciation, decreased \$21,190 or 3% from the previous year. Additional information about the District's capital assets is presented in the notes to the financial statements.

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

The following indicators were taken into account when adopting the 2018-19 budget for the General Fund.

- Appraised value used for the 2018-19 budget preparation is up by \$5,816,176 million to \$91,753,225 million from \$85,937,049 million in the prior year, an increase of approximately 6.7%.
- General Fund spending per student will be approximately the same in the 2018-19 budget as in the 2017-18 fiscal year.
- The District's 2018-19 refined average daily attendance is expected to be 155, an increase of 5 students.

Amounts available for appropriation in the General Fund's budget are \$1,767,439, which is \$261,293 more than the final 2017-18 budget of \$1,506,146, due to the decline in property values mentioned above.

Expenditures in most budget categories are similar to the previous year, with the total expenditure budget for 2018-19 decreasing 3.5% compared to the final 2017-18 expenditure budget of \$1,853,314.

If these estimates are realized, the District's General Fund's fund balance will decrease by approximately \$21,347 during the year ended August 31, 2019.

The 2018-19 budget is very conservative both in the estimated revenue and estimated expenditures.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Superintendent.

***BASIC FINANCIAL STATEMENTS***

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2018**

| Data<br>Control<br>Codes              |                                      | 1                          |
|---------------------------------------|--------------------------------------|----------------------------|
|                                       |                                      | Governmental<br>Activities |
| <b>Assets</b>                         |                                      |                            |
| 1110                                  | Cash and cash equivalents            | \$ 216,734                 |
| 1120                                  | Current investments                  | 1,501,755                  |
| 1225                                  | Property taxes receivable, net       | 30,712                     |
| 1240                                  | Due from other governments           | 114,955                    |
| 1250                                  | Accrued interest                     | 300                        |
| 1290                                  | Other receivables                    | 157                        |
|                                       | Capital assets:                      |                            |
| 1510                                  | Land                                 | 1,000                      |
| 1520                                  | Buildings and improvements, net      | 579,594                    |
| 1530                                  | Furniture and equipment, net         | 100,584                    |
| 1000                                  | Total assets                         | <u>2,545,791</u>           |
| <b>Deferred outflows of resources</b> |                                      |                            |
| 1705                                  | Pension-related outflows             | 137,374                    |
| 1706                                  | OPEB-related outflows                | 6,230                      |
| 1700                                  | Total deferred outflows of resources | <u>143,604</u>             |
| <b>Liabilities</b>                    |                                      |                            |
| 2110                                  | Accounts payable                     | 10,339                     |
| 2160                                  | Accrued wages payable                | 73,328                     |
| 2200                                  | Accrued expenses                     | 2,269                      |
|                                       | Noncurrent liabilities:              |                            |
| 2540                                  | Net pension liability                | 252,457                    |
| 2545                                  | Net OPEB liability                   | 500,438                    |
| 2000                                  | Total liabilities                    | <u>838,831</u>             |
| <b>Deferred inflows of resources</b>  |                                      |                            |
| 2605                                  | Pension-related inflows              | 112,573                    |
| 2606                                  | OPEB-related inflows                 | 209,334                    |
| 2600                                  | Total deferred inflows of resources  | <u>321,907</u>             |
| <b>Net Position</b>                   |                                      |                            |
| 3200                                  | Net investment in capital assets     | 681,178                    |
|                                       | Restricted for:                      |                            |
| 3850                                  | Food service                         | 905                        |
| 3900                                  | Unrestricted                         | 846,574                    |
| 3000                                  | Total net position                   | <u>\$ 1,528,657</u>        |

*See accompanying notes to the basic financial statements.*

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

| Data<br>Control<br>Codes | Functions/Programs   | 1<br>Expenses       | 3<br>Program Revenues   |                            | 4<br>Operating<br>Grants and<br>Contributions | 6<br>Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|--------------------------|--|---------------------|-------------------------|----------------------------|---|---|
|                          |  |                     | Charges for<br>Services | Governmental<br>Activities |   |   |
|                          | Governmental activities:                                     |                     |                         |                            |   |   |
| 11                       | Instruction  | \$ 650,695          | \$ -                    | \$ (108,869)               | \$ (759,564)                                  |   |
| 12                       | Instructional resources and media services                   | 13,383              | -                       | (3,062)                    | (16,445)                                      |   |
| 13                       | Curriculum and staff development                             | 3,826               | -                       | -                          | (3,826)                                       |   |
| 23                       | School leadership  | 77,536              | -                       | (18,736)                   | (96,272)                                      |   |
| 31                       | Guidance, counseling, & evaluation services                  | 31,141              | -                       | 16,710                     | (14,431)                                      |   |
| 33                       | Health services  | 6,606               | -                       | -                          | (6,606)                                       |   |
| 34                       | Student transportation                                       | 37,389              | -                       | (4,614)                    | (42,003)                                      |   |
| 35                       | Food services  | 71,125              | 12,782                  | 54,377                     | (3,966)                                       |   |
| 36                       | Cocurricular/extracurricular activities                      | 48,529              | 7,162                   | (2,809)                    | (44,176)                                      |   |
| 41                       | General administration                                       | 153,195             | -                       | (13,170)                   | (166,365)                                     |   |
| 51                       | Facilities maintenance and operations                        | 155,462             | -                       | (13,266)                   | (168,728)                                     |   |
| 52                       | Security and monitoring services                             | 7,186               | -                       | -                          | (7,186)                                       |   |
| 53                       | Data processing services                                     | 17,286              | -                       | -                          | (17,286)                                      |   |
| 93                       | Payments to shared services arrangements                     | 24,780              | -                       | -                          | (24,780)                                      |   |
| 99                       | Other intergovernmental charges                              | 15,634              | -                       | -                          | (15,634)                                      |   |
| TG                       | Total governmental activities                                | <u>\$ 1,313,773</u> | <u>\$ 19,944</u>        | <u>\$ (93,439)</u>         | <u>(1,387,268)</u>                            |   |
|                          | General revenues:  |                     |                         |                            |   |   |
| MT                       | Property taxes, levied for general purposes                  |                     |                         |                            | 882,001                                       |   |
| IE                       | Investment earnings  |                     |                         |                            | 257   |   |
| GC                       | Grants and contributions not restricted to specific programs |                     |                         |                            | 759,081                                       |   |
| MI                       | Miscellaneous  |                     |                         |                            | 1,695   |   |
| TR                       | Total general revenues                                       |                     |                         |                            | <u>1,643,034</u>                              |   |
| CN                       | Change in net position                                       |                     |                         |                            | <u>255,766</u>                                |   |
| NB                       | Net position - beginning, as originally stated               |                     |                         |                            | 2,150,351                                     |   |
| PA                       | Prior period adjustment                                      |                     |                         |                            | <u>(877,460)</u>                              |   |
|                          | Net position - beginning, as restated                        |                     |                         |                            | <u>1,272,891</u>                              |   |
| NE                       | Net position - ending  |                     |                         |                            | <u>\$ 1,528,657</u>                           |   |

See accompanying notes to the basic financial statements.

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AUGUST 31, 2018**

| Data<br>Control<br>Codes             |  | 10<br>General<br>Fund | Other<br>Governmental<br>Funds | 98<br>Total<br>Governmental<br>Funds |
|--------------------------------------|--|-----------------------|--------------------------------|--------------------------------------|
| <b>Assets</b>                        |  |                       |                                |                                      |
| 1110                                 | Cash and cash equivalents  | \$ 233,926            | \$ (17,192)                    | \$ 216,734                           |
| 1120                                 | Current investments  | 1,501,755             | -                              | 1,501,755                            |
| 1225                                 | Property taxes receivable, net                                     | 30,712                | -                              | 30,712                               |
| 1240                                 | Due from other governments   | 88,400                | 26,555                         | 114,955                              |
| 1250                                 | Accrued interest   | 300                   | -                              | 300                                  |
| 1290                                 | Other receivables  | -                     | 157                            | 157                                  |
| 1000                                 | Total assets   | <u>\$ 1,855,093</u>   | <u>\$ 9,520</u>                | <u>\$ 1,864,613</u>                  |
| <b>Liabilities</b>                   |  |                       |                                |                                      |
| 2110                                 | Accounts payable   | \$ 9,778              | \$ 561                         | \$ 10,339                            |
| 2160                                 | Accrued wages payable  | 65,665                | 7,663                          | 73,328                               |
| 2200                                 | Accrued expenditures   | 1,878                 | 391                            | 2,269                                |
| 2000                                 | Total liabilities  | <u>77,321</u>         | <u>8,615</u>                   | <u>85,936</u>                        |
| <b>Deferred inflows of resources</b> |  |                       |                                |                                      |
|                                      | Unavailable property taxes   | 30,712                | -                              | 30,712                               |
| 2600                                 | Total deferred inflows of resources                                | <u>30,712</u>         | <u>-</u>                       | <u>30,712</u>                        |
| <b>Fund balances</b>                 |  |                       |                                |                                      |
| Restricted fund balances:            |  |                       |                                |                                      |
| 3450                                 | Federal/state funds grant restrictions                             | -                     | 905                            | 905                                  |
| Committed fund balances:             |  |                       |                                |                                      |
| 3510                                 | Construction   | 800,000               | -                              | 800,000                              |
| 3600                                 | Unassigned   | 947,060               | -                              | 947,060                              |
| 3000                                 | Total fund balances  | <u>1,747,060</u>      | <u>905</u>                     | <u>1,747,965</u>                     |
| 4000                                 | Total liabilities, deferred inflows of resources and fund balances | <u>\$ 1,855,093</u>   | <u>\$ 9,520</u>                | <u>\$ 1,864,613</u>                  |

See accompanying notes to the financial statements.

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**AUGUST 31, 2018**

Data  
Control  
Codes

1 Total fund balances - governmental funds (Exhibit C-1) \$ 1,747,965

Amounts reported for *governmental activities* in the Statement of Net Position (Exhibit A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:

|   |                                  |                  |         |
|---|----------------------------------|------------------|---------|
|   | Gross capital assets             | \$ 1,796,356     |         |
| 2 | Related accumulated depreciation | <u>1,115,178</u> | 681,178 |

|   |  |  |        |
|---|--|--|--------|
| 3 | Property taxes receivable are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds. |  | 30,712 |
|---|--|--|--------|

The District's net pension and OPEB liabilities and related deferred outflows and inflows related to its proportionate share of the Teacher Retirement System pension and OPEB plans are not due and payable in the current period and are, therefore, not reported in the governmental funds financial statements. These items consist of:

|   |   |                  |                  |
|---|---|------------------|------------------|
|   | Net pension liability                     | (252,457)        |                  |
|   | Deferred outflows - pension related items | 137,374          |                  |
|   | Deferred inflows - pension related items  | (112,573)        |                  |
|   | Net OPEB liability                        | (500,438)        |                  |
|   | Deferred outflows - OPEB related items    | 6,230            |                  |
| 4 | Deferred inflows - OPEB related items     | <u>(209,334)</u> | <u>(931,198)</u> |

|    |  |  |                     |
|----|--|--|---------------------|
| 19 | Total net position - governmental activities (Exhibit A-1) |  | <u>\$ 1,528,657</u> |
|----|--|--|---------------------|

*See accompanying notes to the basic financial statements.*

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

| Data<br>Control<br>Codes              |  | 10<br><br>General<br>Fund | Other<br>Governmental<br>Funds | 98<br><br>Total<br>Governmental<br>Funds |
|---------------------------------------|--|---------------------------|--------------------------------|--|
| <b>Revenues</b>                       |  |                           |                                |  |
| 5700                                  | Local and intermediate sources               | \$ 885,238                | \$ 12,782                      | \$ 898,020                               |
| 5800                                  | State program revenues                       | 794,579                   | 22,438                         | 817,017                                  |
| 5900                                  | Federal program revenues                     | 42,295                    | 115,991                        | 158,286                                  |
| 5020                                  | Total revenues                               | <u>1,722,112</u>          | <u>151,211</u>                 | <u>1,873,323</u>                         |
| <b>Expenditures</b>                   |  |                           |                                |  |
| Current:                              |  |                           |                                |  |
| 0011                                  | Instruction                                  | 898,100                   | 59,900                         | 958,000                                  |
| 0012                                  | Instructional resources and media services   | 18,381                    | -                              | 18,381                                   |
| 0013                                  | Curriculum and staff development             | 3,713                     | -                              | 3,713                                    |
| 0023                                  | School leadership                            | 116,544                   | -                              | 116,544                                  |
| 0031                                  | Guidance, counseling, & evaluation services  | 13,510                    | 16,711                         | 30,221                                   |
| 0033                                  | Health services                              | 6,411                     | -                              | 6,411                                    |
| 0034                                  | Student transportation                       | 44,440                    | -                              | 44,440                                   |
| 0035                                  | Food services                                | 2,499                     | 86,294                         | 88,793                                   |
| 0036                                  | Cocurricular/extracurricular activities      | 77,840                    | -                              | 77,840                                   |
| 0041                                  | General administration                       | 181,427                   | -                              | 181,427                                  |
| 0051                                  | Facilities maintenance and operations        | 179,484                   | -                              | 179,484                                  |
| 0052                                  | Security and monitoring services             | 6,974                     | -                              | 6,974                                    |
| 0053                                  | Data processing services                     | 16,775                    | -                              | 16,775                                   |
| 0093                                  | Payments to shared service arrangements      | 24,780                    | -                              | 24,780                                   |
| 0099                                  | Other intergovernmental charges              | 15,634                    | -                              | 15,634                                   |
| 6030                                  | Total expenditures                           | <u>1,606,512</u>          | <u>162,905</u>                 | <u>1,769,417</u>                         |
| 1100                                  | Excess of revenues over (under) expenditures | <u>115,600</u>            | <u>(11,694)</u>                | <u>103,906</u>                           |
| <b>Other financing sources (uses)</b> |  |                           |                                |  |
| 7915                                  | Transfers in                                 | -                         | 7,400                          | 7,400                                    |
| 8911                                  | Transfers out                                | (7,400)                   | -                              | (7,400)                                  |
| 7080                                  | Total other financing sources (uses)         | <u>(7,400)</u>            | <u>7,400</u>                   | <u>-</u>                                 |
| 1200                                  | Net change in fund balance                   | 108,200                   | (4,294)                        | 103,906                                  |
| 0100                                  | Fund balances - beginning                    | 1,638,860                 | 5,199                          | 1,644,059                                |
| 3000                                  | Fund balances - ending                       | <u>\$ 1,747,060</u>       | <u>\$ 905</u>                  | <u>\$ 1,747,965</u>                      |

*See accompanying notes to the basic financial statements.*

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2018**

|  |               |                   |
|--|---------------|-------------------|
| Net change in fund balances - total governmental funds (Exhibit C-2)   |               | \$ 103,906        |
| Amounts reported for <i>governmental activities</i> in the Statement of Activities (Exhibit B-1) are different because:  |               |                   |
| <p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:</p>                                  |               |                   |
| Capital outlay during the year   | \$ 30,520     |                   |
| Depreciation expense for the year  | <u>51,709</u> | (21,189)          |
| Because property tax receivables will not be collected for several months after the District's fiscal year ends, they are not considered 'available' revenues and are deferred in the governmental funds. Deferred inflows increased by this amount this year.   |               | 5,878             |
| The District participates in a defined benefit pension plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. Payments were less than the actuarial expense in the current year. |               | (6,747)           |
| The District participates in an OPEB plan through TRS. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, OPEB expenses are recognized on an actuarial basis. Payments were more than the actuarial expense in the current year.          |               | <u>173,918</u>    |
| Change in net position of governmental activities (Exhibit B-1)  |               | <u>\$ 255,766</u> |

*See accompanying notes to the basic financial statements.*

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**AUGUST 31, 2018**

| Data<br>Control<br>Codes |                           | Private-Purpose<br>Trust<br>Fund<br><u>Local<br/>Scholarship<br/>Fund</u> | Agency<br>Fund<br><u>Student<br/>Activity</u> |
|--------------------------|---------------------------|---|---|
|                          | <b>Assets</b>             |   |   |
| 1110                     | Cash and cash equivalents | \$ 2,646  | \$ 24,261                                     |
| 1000                     | Total assets              | <u>2,646</u>  | <u>24,261</u>                                 |
|                          | <b>Liabilities</b>        |   |   |
|                          | Current Liabilities:      |   |   |
| 2190                     | Due to student groups     | -   | 24,261  |
| 2000                     | Total liabilities         | <u>-</u>  | <u>24,261</u>                                 |
|                          | <b>Net Position</b>       |   |   |
| 3800                     | Held in trust             | 2,646   | -   |
|                          | Total net position        | <u>\$ 2,646</u>   | <u>\$ -</u>                                   |

See accompanying notes to the basic financial statements.

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**AUGUST 31, 2018**

|                                  | Private-Purpose<br>Trust<br>Fund      |
|----------------------------------|---------------------------------------|
|                                  | <u>Local<br/>Scholarship<br/>Fund</u> |
| <b>Additions:</b>                |                                       |
| Gifts and contributions          | \$ 1,740                              |
| Investment income                | 1                                     |
| Total additions                  | <u>1,741</u>                          |
| <b>Deductions:</b>               |                                       |
| Scholarship awards               | 1,850                                 |
| Total deductions                 | <u>1,850</u>                          |
| Change in net position           | (109)                                 |
| Net position - beginning of year | 2,755                                 |
| Net position - end of year       | <u>\$ 2,646</u>                       |

*See accompanying notes to the basic financial statements.*

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

### A. Summary of Significant Accounting Policies

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

#### 1. Reporting Entity

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

#### 2. Basis of Presentation, Basis of Accounting

##### a. Basis of Presentation

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

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

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

The District reports the following major governmental fund:

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

In addition, the District reports the following fund types:

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

Governmental Funds:

Special Revenue Funds: The District accounts for activities funded with restricted or committed revenues in special revenue funds. Most federal and some state grant programs are accounted for in these funds, as well as the District's campus activity funds.

Fiduciary Funds:

Private-Purpose Trust Funds: The District accounts for donations for which the donor stipulated that both the principal and income may be used for purposes that benefit parties outside the District.

Agency Funds: The District accounts for resources held for others in a custodial capacity in agency funds.

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

b. Measurement Focus, Basis of Accounting

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

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

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

3. Financial Statement Amounts

a. Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate charges. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

### b. Property Taxes

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

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

At August 31, 2018, net property taxes receivable is calculated as follows:

|                                   |                 |
|-----------------------------------|-----------------|
| Gross property taxes receivable   | \$49,506        |
| Allowance for uncollectible taxes | ( 18,794)       |
| Net property taxes receivable     | <u>\$30,712</u> |

### c. Inventories and Prepaid Items

Supplies and materials are recorded as expenditures when requisitioned. Inventory is stated at cost using the first-in, first-out method. Inventory in the General Fund consists of expendable parts and supplies. Inventory in the Other Governmental Funds consists primarily of food service commodities.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

### d. Deferred Outflows/Inflows of Resources

Deferred outflows of resources refers to the consumption of net assets that are applicable to a future reporting period. Deferred outflows of resources has a positive effect on net position, similar to assets. Notwithstanding the similarities, Concepts Statement 5 clearly establishes that deferred outflows of resources are not assets.

Deferred inflows of resources refers to the acquisition of net assets that are applicable to a future reporting period. Deferred inflows of resources has a negative effect on net position, similar to liabilities. Notwithstanding the similarities, Concepts Statement 5 clearly establishes that deferred inflows of resources are not liabilities.

### e. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

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

| <u>Asset Class</u>         | <u>Estimated Useful Lives</u> |
|----------------------------|-------------------------------|
| Buildings and improvements | 20-50 years                   |
| Furniture and equipment    | 5-15 years                    |

f. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables, except for delinquent taxes receivable, which are not scheduled for collection within one year of year end. Of the \$49,506 outstanding at August 31, 2018, it is expected that the District will collect approximately \$10,000 during the upcoming year.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

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

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

### j. New Accounting Standard Adopted

In fiscal year 2018, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

### k. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

## 4. Pension

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

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

5. Other Post-Employment Benefits

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.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

The District had no violations of finance-related legal and contractual provisions for the year ended August 31, 2018.

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

The District does not have any funds with a deficit fund balance or deficit net position.

C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2018, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,718,489 and the bank balance was \$1,727,801. The District's cash deposits at August 31, 2018, and during the year ended August 31, 2018, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (Act), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

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

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
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**FOR THE YEAR ENDED AUGUST 31, 2018**

The District's investments at August 31, 2018, are shown below.

| <u>Investment or Investment Type</u> | <u>Weighted<br/>Average<br/>Maturity (Months)</u> | <u>Fair Value</u>  |
|--------------------------------------|---|--------------------|
| Certificates of deposit              | 5, 6  | <u>\$1,501,755</u> |

Fair Value

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability. At August 31, 2018, the District had no assets or liabilities subject to fair value categorization. The District's investments in certificates of deposit are categorized using level 2 inputs.

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

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d. Interest Rate Risk

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

e. Foreign Currency Risk

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

D. Interfund Balances and Activities

1. Due To and From Other Funds

There were no balances due to / due from other funds at August 31, 2018.

2. Transfers To and From Other Funds

Transfers to / from other funds for the year ended August 31, 2018 consist of the following:

| <u>Transfers From</u><br>General Fund | <u>Transfers To</u><br>Other Governmental Funds | <u>Amount</u><br><u>\$7,400</u> | <u>Purpose</u><br>Supplement other fund sources |
|---------------------------------------|---|---------------------------------|---|
|---------------------------------------|---|---------------------------------|---|

E. Capital Assets

Capital asset activity for the year ended August 31, 2018 was as follows:

|   | <u>Beginning</u><br><u>Balances</u> | <u>Increases</u>  | <u>Decreases</u> | <u>Ending</u><br><u>Balance</u> |
|---|-------------------------------------|-------------------|------------------|---------------------------------|
| <u>Governmental activities:</u>             |                                     |                   |                  |                                 |
| Capital assets not being depreciated:       |                                     |                   |                  |                                 |
| Land  | \$ 1,000                            | \$ -              | \$ -             | \$ 1,000                        |
| Capital assets being depreciated:           |                                     |                   |                  |                                 |
| Buildings and improvements                  | 1,156,470                           | -                 | -                | 1,156,470                       |
| Furniture and equipment                     | 608,366                             | 30,520            | -                | 638,886                         |
| Total capital assets being depreciated      | <u>1,764,836</u>                    | <u>30,520</u>     | <u>-</u>         | <u>1,795,356</u>                |
| Less accumulated depreciation for:          |                                     |                   |                  |                                 |
| Buildings and improvements                  | 551,891                             | 24,984            | -                | 576,875                         |
| Furniture and equipment                     | 511,578                             | 26,725            | -                | 538,303                         |
| Total accumulated depreciation              | <u>1,063,469</u>                    | <u>51,709</u>     | <u>-</u>         | <u>1,115,178</u>                |
| Total capital assets being depreciated, net | <u>701,367</u>                      | <u>( 21,189)</u>  | <u>-</u>         | <u>680,178</u>                  |
| Governmental activities capital assets, net | <u>\$ 702,367</u>                   | <u>(\$21,189)</u> | <u>\$ -</u>      | <u>\$ 681,178</u>               |

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

Depreciation expense was charged to functions as follows:

| Governmental activities:                    |                 |
|---|-----------------|
| Instruction                                 | \$29,166        |
| Instructional Resources and Media Services  | 560             |
| Curriculum and Staff Development            | 113             |
| School Leadership                           | 3,548           |
| Guidance, Counseling, & Evaluation Services | 920             |
| Health Services                             | 195             |
| Student Transportation                      | 1,353           |
| Food Services                               | 2,703           |
| Extracurricular Activities                  | 1,609           |
| General Administration                      | 5,523           |
| Facilities Maintenance and Operations       | 5,296           |
| Security and Monitoring Services            | 212             |
| Data Processing Services                    | <u>511</u>      |
| Total governmental depreciation             | <u>\$51,709</u> |

### F. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2018, 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.

### G. Defined Benefit Pension Plan

#### 1. Plan Description

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

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

#### 2. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

#### 3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using a 2.3 percent multiplier times the average of the five highest annual creditable salaries times years of credited service to arrive

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on the date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

#### 4. Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution, which requires the Texas Legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution rates for the Plan fiscal years (September through August) 2017 and 2018 follow:

|  | Contribution Rates for<br>Plan Fiscal Year: |      |
|--|---|------|
|  | 2017  | 2018 |
| Members (Employees)                      | 7.7%  | 7.7% |
| Non-Employer Contributing Entity (State) | 6.8%  | 6.8% |
| Employer (District)                      | 6.8%  | 6.8% |

Contributions for the Plan fiscal year 2017 follow:

|  |          |
|--|----------|
| Members (Employees)                      | \$80,618 |
| Non-Employer Contributing Entity (State) | \$61,398 |
| Employer (District)                      | \$25,827 |

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

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

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

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

5. Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

|  |                             |
|--|-----------------------------|
| Valuation Date                               | August 31, 2017             |
| Actuarial Cost Method                        | Individual Entry Age Normal |
| Asset Valuation Method                       | Market Value                |
| Single Discount Rate                         | 8.00%                       |
| Long-term Expected Investment Rate of Return | 8.00%                       |
| Inflation                                    | 2.50%                       |
| Salary Increases Including Inflation         | 3.50% to 9.50%              |
| Payroll Growth Rate                          | 2.50%                       |
| Benefit Changes During the Year              | None                        |
| Ad hoc post-employment benefit changes       | None                        |

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

6. Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 8.0%. 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

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return by weighing 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, 2017 are summarized as follows:

| <u>Asset Class</u>            | <u>Target Allocation</u> | <u>Long-term Expected Geometric Real Rate of Return</u> | <u>Expected Contribution to Long-term Portfolio Returns *</u> |
|-------------------------------|--------------------------|---|---|
| Global Equity                 |                          |   |   |
| U.S.                          | 18%                      | 4.6%  | 1.0%  |
| Non-U.S. Developed            | 13%                      | 5.1%  | 0.8%  |
| Emerging Markets              | 9%                       | 5.9%  | 0.7%  |
| Directional Hedge Funds       | 4%                       | 3.2%  | 0.1%  |
| Private Equity                | 13%                      | 7.0%  | 1.1%  |
| Stable Value                  |                          |   |   |
| U.S. Treasuries               | 11%                      | 0.7%  | 0.1%  |
| Absolute Return               | 0%                       | 1.8%  | 0.0%  |
| Stable Value Hedge Funds      | 4%                       | 3.0%  | 0.1%  |
| Cash                          | 1%                       | -0.2%   | 0.0%  |
| Real Return                   |                          |   |   |
| Global Inflation Linked Bonds | 3%                       | 0.9%  | 0.0%  |
| Real Assets                   | 16%                      | 5.1%  | 1.1%  |
| Energy and Natural Resources  | 3%                       | 6.6%  | 0.2%  |
| Commodities                   | 0%                       | 1.2%  | 0.0%  |
| Risk Parity                   |                          |   |   |
| Risk Parity                   | 5%                       | 6.7%  | 0.3%  |
| Inflation Expectation         | 0%                       | 0%  | 2.2%  |
| Alpha                         | <u>0%</u>                | <u>0%</u>   | <u>1.0%</u>   |
| Total                         | <u>100%</u>              |   | <u>8.7%</u>   |

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

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability of the plan if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the Net Pension Liability.

|  | <u>1% Decrease<br/>7%</u> | <u>Current Discount Rate<br/>8%</u> | <u>1% Increase<br/>9%</u> |
|--|---------------------------|-------------------------------------|---------------------------|
| District's proportional share of the net pension liability | <u>\$425,590</u>          | <u>\$252,457</u>                    | <u>\$108,292</u>          |

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

At August 31, 2018, the District reported a liability of \$252,457 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for the 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:

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|  |                  |
|--|------------------|
| District's proportionate share of the collective net pension liability | \$252,457        |
| State's proportionate share that is associated with the District       | <u>600,263</u>   |
| Total  | <u>\$852,720</u> |

The net pension liability was measured as of August 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017, the District's proportion of the collective net pension liability was 0.00078955%, which was a decrease of .00011743% from its proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended August 31, 2018, the District recognized pension expense of \$45,786 and revenue of \$61,398 for support provided by the State.

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred<br/>Outflows</u> | <u>Deferred<br/>Inflows</u> |
|--|------------------------------|-----------------------------|
| Differences between expected and actual economic experience  | \$ 3,694                     | \$ 13,615                   |
| Changes in actuarial assumptions   | 11,500                       | 6,583                       |
| Difference between projected and actual investment earnings  | 38,825                       | 57,223                      |
| Changes in proportion and difference between the District's contributions and the proportionate share of contributions | 58,491                       | 35,152                      |
| Contributions paid to TRS subsequent to the measurement date   | <u>24,864</u>                | <u>-</u>                    |
| Total  | <u>\$137,374</u>             | <u>\$112,573</u>            |

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

| <u>Year Ended<br/>August 31</u> | <u>Pension Exp.<br/>Amount</u> |
|---------------------------------|--------------------------------|
| 2019                            | \$ 116                         |
| 2020                            | 16,231                         |
| 2021                            | ( 1,121)                       |
| 2022                            | ( 6,134)                       |
| 2023                            | ( 4,344)                       |
| Thereafter                      | ( 4,813)                       |

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

### H. Defined Other Post-Employment Benefit Plans

#### 1. Plan Description

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

#### 2. OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

#### 3. Benefits Provided

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

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

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

| TRS-Care Plan Premium Rates                     |                          |                             |                             |
|---|--------------------------|-----------------------------|-----------------------------|
| Effective September 1, 2016 – December 31, 2017 |                          |                             |                             |
|   | TRS-Care 1<br>Basic Plan | TRS-Care 2<br>Optional Plan | TRS-Care 3<br>Optional Plan |
| Retiree *                                       | \$ 0                     | \$ 70                       | \$100                       |
| Retiree and Spouse                              | 20                       | 175                         | 255                         |
| Retiree * and Children                          | 41                       | 132                         | 182                         |
| Retiree and Family                              | 61                       | 237                         | 337                         |
| Surviving Children only                         | 28                       | 62                          | 82                          |

\* or surviving spouse

#### 4. 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.

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2018*

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than .25% or not more than .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>Contribution Rates</u> |             |
|---|---------------------------|-------------|
|   | <u>2017</u>               | <u>2018</u> |
| Active Employee                               | 0.65%                     | 0.65%       |
| Non-Employer Contributing Entity (State)      | 1.00%                     | 1.25%       |
| Employers (District)                          | 0.55%                     | 0.75%       |
| Federal/private funding remitted by Employers | 1.00%                     | 1.25%       |
| <br>  |                           |             |
| 2017 Employer Contributions                   | \$ 6,038                  |             |
| 2017 Member Contributions                     | \$ 6,805                  |             |
| 2017 NECE On-behalf Contributions             | \$10,143                  |             |

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

5. Actuarial Assumptions

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those which were adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

|                               |                         |
|-------------------------------|-------------------------|
| Rates of Mortality            | General Inflation       |
| Rates of Retirement           | Wage Inflation          |
| Rates of Termination          | Expected Payroll Growth |
| Rates of Disability Incidence |                         |

Additional Actuarial Methods and Assumptions:

|                       |  |
|-----------------------|--|
| Valuation Date        | August 31, 2017  |
| Actuarial Cost Method | Individual Entry Age Normal  |
| Inflation             | 2.50%  |
| Discount Rate         | 3.42%  |
| 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 claims costs. |

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

|  |   |
|--|---|
| Payroll Growth Rate                    | 2.50%   |
| Projected Salary Increases             | 3.50% to 9.50%  |
| Healthcare Trend Rates                 | 4.50% to 12.00%   |
| Election Rates                         | Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65 |
| Ad hoc post-employment benefit changes | None  |

### Other Information:

There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

### 6. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44% 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. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

### 7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the net OPEB liability.

|  | 1%<br>Decrease<br><u>2.42%</u> | Current<br>Discount<br>Rate<br><u>3.42%</u> | 1%<br>Increase<br><u>4.42%</u> |
|--|--------------------------------|---|--------------------------------|
| District's proportionate share of the net OPEB liability | <u>\$590,640</u>               | <u>\$500,438</u>                            | <u>\$427,933</u>               |

The following schedule presents the net OPEB liability of the plan using the assumed healthcare cost trend rate as well as what the net OPEB liability would be if it were calculated using a trend ratio that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

|  | 1%<br>Decrease<br><u>2.42%</u> | Current<br>Discount<br>Rate<br><u>3.42%</u> | 1%<br>Increase<br><u>4.42%</u> |
|--|--------------------------------|---|--------------------------------|
| District's proportionate share of the current healthcare cost trend rate | <u>\$416,665</u>               | <u>\$500,438</u>                            | <u>\$610,359</u>               |

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

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

At August 31, 2018, the District reported a liability of \$500,438 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for the 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 | \$ 500,438         |
| State's proportionate share that is associated with the District    | <u>848,428</u>     |
| Total   | <u>\$1,348,866</u> |

The net OPEB liability was measured as of August 31, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017, the District's proportion of the collective net OPEB liability was 0.0011507958%, which was the same proportion measured as of August 31, 2016.

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:

- Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
- The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.

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

For the year ended August 31, 2018, the District recognized negative OPEB expense of (\$283,906) and revenue of \$10,143 for support provided by the State.

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

|  | <u>Deferred<br/>Outflows</u> | <u>Deferred<br/>Inflows</u> |
|--|------------------------------|-----------------------------|
| Differences between expected and actual economic experience  | \$ -                         | \$ 10,447                   |
| Changes in actuarial assumptions   | -                            | 198,887                     |
| Difference between projected and actual investment earnings  | 76                           | -                           |
| Changes in proportion and difference between District contributions and proportionate share of contributions | 1                            | -                           |
| Contributions paid to TRS subsequent to the measurement date   | <u>6,153</u>                 | <u>-</u>                    |
| Total  | <u>\$6,230</u>               | <u>\$209,334</u>            |

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

| Plan<br>Year Ended<br><u>August 31</u> | OPEB Exp.<br><u>Amount</u> |
|--|----------------------------|
| 2019                                   | \$27,611                   |
| 2020                                   | 27,612                     |
| 2021                                   | 27,612                     |
| 2022                                   | 27,612                     |
| 2023                                   | 27,631                     |
| Thereafter                             | 71,180                     |

I. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District as of August 31, 2018.

J. Shared Services Arrangements

Shared Services Arrangement – Membership

The District participates in a shared service arrangement (SSA) for special education services with the following school districts:

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

Nocona ISD  
 Bowie ISD  
 Saint Jo ISD  
 Forestburg ISD  
 Goldburg CISD  
 Montague ISD

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent, Henrietta ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

K. Economic Dependency

Of the District's total October 1, 2017 property tax levy (\$871,893), one taxpayer represents \$72,683, which is approximately 8.3% of the total levy. The District is economically dependent on the tax revenues generated from that taxpayer.

L. Prior Period Adjustment

For fiscal year ended August 31, 2018, the District implemented GASB Statement No. 75. As a result, a prior period adjustment to the beginning net position for governmental activities for applicable post-employment benefits other than pensions (OPEB) is required. The adjustment is as follows:

|   |                    |
|---|--------------------|
| Net position as previously stated on August 31, 2017        | \$2,150,351        |
| Plus August 31, 2017 deferred outflows – 2017 contributions | 6,038              |
| Less August 31, 2016 net OPEB liability (measurement date)  | ( 883,498)         |
| Net position as restated on August 31, 2017                 | <u>\$1,272,891</u> |

M. Statement of Activities Negative Operating Grants

With the implementation of GASB 75, the District is required to report on-behalf contributions at the government-wide level for their proportion of the change in OPEB liability and deferred balances recognized by the State of Texas on-behalf of the District. For the current year, as described in Note H, the current year OPEB expense recognized by the State of Texas was a negative \$283,906 and the actual on-behalf payments were \$10,143. Therefore, \$294,049 in negative operating grant income is recognized at the government-wide level. As a result of this negative income, the Statement of Activities reflects an overall operating grant (loss) of \$93,439. Had this adjustment not been required, the District would have reflected \$200,610 in program revenue for operating grants and contributions on the Statement of Activities.

***REQUIRED SUPPLEMENTARY INFORMATION***

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

| Data Control Codes                            |  | Budgeted Amounts |                  | Actual           | Variance With Final Budget - Positive (Negative) |
|---|--|------------------|------------------|------------------|--|
|   |  | Original         | Final            |                  |  |
| Revenues:                                     |  |                  |                  |                  |  |
| 5700  | Local and intermediate sources                       | \$ 866,000       | \$ 883,000       | \$ 885,238       | \$ 2,238   |
| 5800  | State program revenues                               | 615,546          | 615,546          | 794,579          | 179,033  |
| 5900  | Federal program revenues                             | 100              | 7,600            | 42,295           | 34,695   |
| 5020  | Total revenues                                       | <u>1,481,646</u> | <u>1,506,146</u> | <u>1,722,112</u> | <u>215,966</u>                                   |
| Expenditures:                                 |  |                  |                  |                  |  |
| Current:                                      |  |                  |                  |                  |  |
| Instruction & instructional related services: |  |                  |                  |                  |  |
| 0011  | Instruction  | 1,042,717        | 1,010,000        | 898,100          | 111,900  |
| 0012  | Instructional resources and media services           | 23,060           | 23,060           | 18,381           | 4,679  |
| 0013  | Curriculum and staff development                     | 3,000            | 4,500            | 3,713            | 787  |
|   | Total instruction and instructional related services | <u>1,068,777</u> | <u>1,037,560</u> | <u>920,194</u>   | <u>117,366</u>                                   |
| Instructional and school leadership:          |  |                  |                  |                  |  |
| 0023  | School leadership                                    | 113,518          | 130,000          | 116,544          | 13,456   |
|   | Total instructional and school leadership            | <u>113,518</u>   | <u>130,000</u>   | <u>116,544</u>   | <u>13,456</u>                                    |
| Support services - student (pupil):           |  |                  |                  |                  |  |
| 0031  | Guidance, counseling and evaluation services         | 21,523           | 21,523           | 13,510           | 8,013  |
| 0033  | Health services                                      | 7,426            | 10,426           | 6,411            | 4,015  |
| 0034  | Student transportation                               | 45,617           | 52,617           | 44,440           | 8,177  |
| 0035  | Food services  | 2,432            | 2,800            | 2,499            | 301  |
| 0036  | Cocurricular/extracurricular activities              | 52,624           | 90,000           | 77,840           | 12,160   |
|   | Total support services - student (pupil)             | <u>129,622</u>   | <u>177,366</u>   | <u>144,700</u>   | <u>32,666</u>                                    |
| Administrative support services:              |  |                  |                  |                  |  |
| 0041  | General administration                               | 191,698          | 191,698          | 181,427          | 10,271   |
|   | Total administrative support services                | <u>191,698</u>   | <u>191,698</u>   | <u>181,427</u>   | <u>10,271</u>                                    |
| Support services - nonstudent based:          |  |                  |                  |                  |  |
| 0051  | Facilities maintenance and operations                | 220,190          | 220,190          | 179,484          | 40,706   |
| 0052  | Security and monitoring services                     | 5,200            | 8,500            | 6,974            | 1,526  |
| 0053  | Data processing services                             | 30,000           | 30,000           | 16,775           | 13,225   |
|   | Total support services - nonstudent based            | <u>255,390</u>   | <u>258,690</u>   | <u>203,233</u>   | <u>55,457</u>                                    |
| Intergovernmental charges:                    |  |                  |                  |                  |  |
| 0093  | Payments to SSAs                                     | 30,000           | 30,000           | 24,780           | 5,220  |
| 0099  | Other intergovernmental charges                      | 28,000           | 28,000           | 15,634           | 12,366   |
|   | Total intergovernmental charges                      | <u>58,000</u>    | <u>58,000</u>    | <u>40,414</u>    | <u>17,586</u>                                    |
| 6030  | Total expenditures                                   | <u>1,817,005</u> | <u>1,853,314</u> | <u>1,606,512</u> | <u>246,802</u>                                   |
| 1100  | Excess of revenues over (under) expenditures         | <u>(335,359)</u> | <u>(347,168)</u> | <u>115,600</u>   | <u>462,768</u>                                   |

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

| Data<br>Control<br>Codes | Budgeted Amounts                     |                     | Actual              | Variance With<br>Final Budget -<br>Positive<br>(Negative) |                   |
|--------------------------|--------------------------------------|---------------------|---------------------|---|-------------------|
|                          | Original                             | Final               |                     |   |                   |
|                          | Other financing sources (uses):      |                     |                     |   |                   |
| 8911                     | Transfers out                        | (5,000)             | (17,000)            | (7,400)   | 9,600             |
| 7080                     | Total other financing sources (uses) | (5,000)             | (17,000)            | (7,400)   | 9,600             |
| 1200                     | Net change in fund balance           | (340,359)           | (364,168)           | 108,200   | 472,368           |
| 0100                     | Fund balance - beginning             | 1,638,860           | 1,638,860           | 1,638,860   | -                 |
| 3000                     | Fund balance - ending                | <u>\$ 1,298,501</u> | <u>\$ 1,274,692</u> | <u>\$ 1,747,060</u>                                       | <u>\$ 472,368</u> |

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**YEAR ENDED AUGUST 31, 2017**

|  | <u>2018</u>        | <u>2017</u>         | <u>2016</u>       | <u>2015</u>       |
|--|--------------------|---------------------|-------------------|-------------------|
| District's proportion of the net pension liability   | <u>0.0007896%</u>  | <u>0.0009070%</u>   | <u>0.0009028%</u> | <u>0.0005869%</u> |
| District's proportionate share of the net pension liability  | \$ 252,457         | \$ 342,734          | \$ 319,128        | \$ 156,769        |
| State's proportionate share of the net pension liability associated with the District              | <u>600,263</u>     | <u>692,854</u>      | <u>645,143</u>    | <u>545,086</u>    |
| Total  | <u>\$ 852,720</u>  | <u>\$ 1,035,588</u> | <u>\$ 964,271</u> | <u>\$ 701,855</u> |
| District's covered payroll   | <u>\$1,046,995</u> | <u>\$ 965,617</u>   | <u>\$ 900,494</u> | <u>\$ 871,666</u> |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | <u>24.11%</u>      | <u>35.49%</u>       | <u>35.44%</u>     | <u>17.98%</u>     |
| Plan fiduciary net position as a percentage of the total pension liability                         | <u>83.25%</u>      | <u>78.00%</u>       | <u>78.43%</u>     | <u>83.25%</u>     |

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been prepared.

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**YEAR ENDED AUGUST 31, 2017**

|  | <u>2018</u>         | <u>2017</u>         | <u>2016</u>       | <u>2015</u>       |
|--|---------------------|---------------------|-------------------|-------------------|
| Contractually required contribution                                  | \$ 24,864           | \$ 23,769           | \$ 21,539         | \$ 26,731         |
| Contributions in relation to the contractually required contribution | <u>(24,864)</u>     | <u>(23,769)</u>     | <u>(21,539)</u>   | <u>(26,731)</u>   |
| Contribution deficiency  | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>       | <u>\$ -</u>       |
| District's covered payroll   | <u>\$ 1,024,323</u> | <u>\$ 1,046,995</u> | <u>\$ 965,617</u> | <u>\$ 900,494</u> |
| Contributions as a percentage of covered payroll                     | <u>2.43%</u>        | <u>2.27%</u>        | <u>2.23%</u>      | <u>2.97%</u>      |

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been prepared.

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**YEAR ENDED AUGUST 31, 2018**

|  | <u>2018</u>          |
|--|----------------------|
| District's proportion of the net OPEB liability  | <u>0.0001150796%</u> |
| District's proportionate share of the net pension liability  | \$ 500,438           |
| State's proportionate share of the net pension liability associated with the District              | <u>848,428</u>       |
| Total  | <u>\$ 1,348,866</u>  |
| District's covered payroll   | <u>\$ 1,046,995</u>  |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | <u>47.80%</u>        |
| Plan fiduciary net position as a percentage of the total pension liability                         | <u>0.91%</u>         |

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been prepared.

The column label is the District's fiscal year. The data is derived from the Teacher Retirement System of Texas' Comprehensive Annual Financial Report for the preceding year.

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DISTRICT'S OTHER POST EMPLOYMENT BENEFIT (OPEB) CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**YEAR ENDED AUGUST 31, 2018**

|  | <u>2018</u>    |
|--|----------------|
| Contractually required contribution                                  | \$ 6,153       |
| Contributions in relation to the contractually required contribution | <u>(6,153)</u> |
| Contribution deficiency  | <u>\$ -</u>    |
| District's covered payroll (District's fiscal year)                  | \$ 1,024,323   |
| Contributions as a percentage of covered payroll                     | <u>0.60%</u>   |

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Note - the contractually required contribution is for the District's indicated fiscal year.

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

A. Budget

1. Basis of Budgeting

The Prairie Valley Independent School District's (District) budget for the General Fund is prepared and presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

2. Budget Process

a. Budgeting

Annual budgets are legally adopted for the General Fund and Food Service Fund. The annual budget is presented in the accompanying schedule for the General Fund. The following procedures are used in establishing the budgetary data reflected in that schedule:

1. Prior to August 20th of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1st, the budget is legally enacted through passage of a resolution by the Board of Trustees.

The budget is prepared and controlled by the budget officer at the revenue object and expenditure function level.

The official budget for the General Fund was prepared and adopted through Board resolution before August 31, 2017. The administration performs budget reviews by which budget requirements are re-evaluated and revisions recommended to the Board. The Board may approve amendments to the budget, which are required when a change is made to the functional expenditure categories or revenue object accounts, as defined by the Texas Education Agency. Total expenditures may exceed total appropriations, as amended, by fund as long as those expenditures are certified as being available by the budget officer to the Board. The budget amounts reflected in the accompanying schedule represent final amended budget amounts as approved by the Board.

b. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. There are no outstanding encumbrances at year-end as all encumbrances at that date are canceled and re-appropriated in the subsequent fiscal year's budget to provide for their liquidation.

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

B. Defined Benefit Pension Plan

1. Change of Benefit Terms

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

2. Changes of Assumptions

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

C. OPEB Plan

1. Change of Benefit Terms

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

2. Changes of Assumptions

The following assumptions and other inputs which are specific to TRS-Care were updated from the prior year's report:

- a. Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
- b. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- c. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.

In this valuation, the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

***OTHER SUPPLEMENTARY INFORMATION SECTION***

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

| Fiscal Year<br>Ending<br>August 31, | 1           |              | 2           |              | 3  |
|-------------------------------------|-------------|--------------|-------------|--------------|--|
|                                     | Tax Rates   |              |             |              | Assessed/Appraised<br>Value for School<br>Tax Purposes |
|                                     | Maintenance | Debt Service | Maintenance | Debt Service |  |
| 2009 and Prior Years                | \$ Various  | \$ Various   |             |              | \$ Various   |
| 2010                                | 1.04        | -            |             |              | 133,594,615  |
| 2011                                | 1.04        | -            |             |              | 96,433,929   |
| 2012                                | 1.04        | -            |             |              | 128,782,212  |
| 2013                                | 1.04        | -            |             |              | 162,380,377  |
| 2014                                | 1.04        | -            |             |              | 147,841,827  |
| 2015                                | 1.04        | -            |             |              | 166,810,041  |
| 2016                                | 1.04        | -            |             |              | 124,830,769  |
| 2017                                | 1.04        | -            |             |              | 87,371,731   |
| 2018 (School year under audit)      | 1.04        | -            |             |              | 83,835,865   |
| 1000 Totals                         |             |              |             |              |  |

EXHIBIT J-1

| 10<br>Beginning<br>Balance<br>9/1/2017 | 20<br>Current<br>Year's<br>Total Levy | 31<br>Maintenance<br>Collections | 32<br>Debt Service<br>Collections | 40<br>Entire<br>Year's<br>Adjustments | 50<br>Ending<br>Balance<br>8/31/2018 |
|--|---------------------------------------|----------------------------------|-----------------------------------|---------------------------------------|--------------------------------------|
| \$ 8,572                               | \$ -                                  | \$ 25                            | \$ -                              | \$ (580)                              | \$ 7,967                             |
| 1,146                                  | -                                     | 10                               | -                                 | -                                     | 1,136                                |
| 1,132                                  | -                                     | 11                               | -                                 | (1)                                   | 1,120                                |
| 1,168                                  | -                                     | 10                               | -                                 | -                                     | 1,158                                |
| 1,549                                  | -                                     | 20                               | -                                 | -                                     | 1,529                                |
| 2,430                                  | -                                     | 377                              | -                                 | -                                     | 2,053                                |
| 3,854                                  | -                                     | 1,399                            | -                                 | 10                                    | 2,465                                |
| 8,154                                  | -                                     | 1,862                            | -                                 | -                                     | 6,292                                |
| 13,606                                 | -                                     | 6,058                            | -                                 | (667)                                 | 6,881                                |
| -                                      | 871,893                               | 851,619                          | -                                 | (1,369)                               | 18,905                               |
| <u>\$ 41,611</u>                       | <u>\$ 871,893</u>                     | <u>\$ 861,391</u>                | <u>\$ -</u>                       | <u>\$ (2,607)</u>                     | <u>\$ 49,506</u>                     |

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

| Data<br>Control<br>Codes |  | Budgeted Amounts |                 | Actual          | Variance With<br>Final Budget -<br>Positive<br>(Negative) |
|--------------------------|--|------------------|-----------------|-----------------|---|
|                          |  | Original         | Final           |                 |   |
|                          | Revenues:                                    |                  |                 |                 |   |
| 5700                     | Local and intermediate sources               | \$ 12,508        | \$ 12,508       | \$ 12,783       | \$ 275  |
| 5800                     | State program revenues                       | 300              | 300             | 417             | 117   |
| 5900                     | Federal program revenues                     | 63,000           | 58,000          | 61,401          | 3,401   |
| 5020                     | Total revenues                               | <u>75,808</u>    | <u>70,808</u>   | <u>74,601</u>   | <u>3,793</u>  |
|                          | Expenditures:                                |                  |                 |                 |   |
|                          | Current:                                     |                  |                 |                 |   |
|                          | Support services - student (pupil):          |                  |                 |                 |   |
| 0035                     | Food services                                | 80,808           | 93,000          | 86,295          | 6,705   |
|                          | Total support services - student (pupil)     | <u>80,808</u>    | <u>93,000</u>   | <u>86,295</u>   | <u>6,705</u>  |
| 6030                     | Total expenditures                           | <u>80,808</u>    | <u>93,000</u>   | <u>86,295</u>   | <u>6,705</u>  |
| 1100                     | Excess of revenues over (under) expenditures | <u>(5,000)</u>   | <u>(22,192)</u> | <u>(11,694)</u> | <u>10,498</u>   |
|                          | Other financing sources:                     |                  |                 |                 |   |
| 7915                     | Transfers in                                 | 5,000            | 17,000          | 7,400           | (9,600)   |
| 7080                     | Total other financing sources                | <u>5,000</u>     | <u>17,000</u>   | <u>7,400</u>    | <u>(9,600)</u>  |
| 1200                     | Net change in fund balance                   | -                | (5,192)         | (4,294)         | 898   |
| 0100                     | Fund balance - beginning                     | 5,199            | 5,199           | 5,199           | -   |
| 3000                     | Fund balance - ending                        | <u>\$ 5,199</u>  | <u>\$ 7</u>     | <u>\$ 905</u>   | <u>\$ 898</u>   |



## EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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MICHAEL D. EDGIN, CPA  
DAVID L. PARKMAN, CPA  
A. PAUL FLEMING, CPA

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance with Government Auditing Standards

Board of Trustees  
Prairie Valley Independent School District  
12920 FM 103  
Nocona, Texas 76255

Members of the Board of Trustees:

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 Prairie Valley Independent School District (District) as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 27, 2018.

### **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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

*Edgin, Parkman, Fleming & Fleming, PC*

Edgin, Parkman, Fleming & Fleming, PC

November 27, 2018

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED AUGUST 31, 2018

### A. Summary of Auditor's Results

#### 1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to the financial statements noted?  Yes  No

#### 2. Federal Awards

A Single Audit was not required for the year ended August 31, 2018.

### B. Financial Statement Findings

None

### C. Federal Award Findings and Questioned Costs

None

# **PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**

## **Audit Corrective Action Plan Year Ended August 31, 2018**

There were no findings in the current year.

# **PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**

## **Summary Schedule of Prior Audit Findings Year Ended August 31, 2018**

There were no findings in the prior year.

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL**  
**FIRST INDICATORS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

| <u>Data<br/>Control<br/>Codes</u>   | <u>Responses</u> |
|---|------------------|
| SF2 Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?                            | No               |
| SF4 Was there an unmodified opinion in the Annual Financial Report?   | Yes              |
| SF5 Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?                        | No               |
| SF6 Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?   | No               |
| SF7 Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?              | Yes              |
| SF8 Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship? | Yes              |
| SF10 What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?   | \$ -             |
| SF11 Net Pension Assets (object 1920) at fiscal year-end.   | \$ -             |
| SF12 Net Pension Liabilities (object 2540) at fiscal year-end.  | \$ 252,457       |
| SF13 Pension Expense (object 6147) at fiscal year-end   | \$ -             |