

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2024**



## EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

1401 HOLLIDAY ST., SUITE 216 • P.O. Box 750  
WICHITA FALLS, TEXAS 76307-0750  
PH. (940) 766-5550 • FAX (940) 766-5778

MICHAEL D. EDGIN, CPA  
DAVID L. PARKMAN, CPA  
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

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the General Fund, and the aggregate remaining fund information of Prairie Valley Independent School District (District) as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund, and the aggregate remaining fund information of Prairie Valley Independent School District as of August 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis of Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

##### ***Responsibilities of Management 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, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***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 of Texas identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary 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 accompanying other supplementary information comprised of required Texas Education Agency schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 comprised of required Texas Education Agency schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Required Responses to Selected School FIRST Indicators but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024, 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 solely 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 District's 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, flowing style.

Edgin, Parkman, Fleming & Fleming, PC

December 19, 2024

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED AUGUST 31, 2024

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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, 2024, 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***



## 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, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at August 31, 2024 by \$3,380,591 (net position). Of this amount, \$1,650,688 (unrestricted net position) may be used to meet the District's obligations.
- During the year, the District's total net position increased by \$217,964. The District's expenses, which totaled \$2,533,422, were less than the District's program revenues of \$390,465 and general revenues of \$2,360,921.
- The total cost of the District's programs increased \$162,811 with no individually significant variances between years.
- The governmental funds reported a fund balance this year of \$2,630,036, which is an increase of \$163,824 in comparison with the prior year amount.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,607,429, or 115% 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 2023-24. 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 |                     |                   |             |
|---------------------------------------|-------------------------|---------------------|-------------------|-------------|
|                                       | 2024                    | 2023                | Change            | % Change    |
| Current and other assets              | \$ 2,911,167            | \$ 2,848,699        | \$ 62,468         | 2%          |
| Capital assets, net                   | 2,419,998               | 2,393,531           | 26,467            | 1%          |
| <b>Total Assets</b>                   | <b>5,331,165</b>        | <b>5,242,230</b>    | <b>88,935</b>     | <b>2%</b>   |
| <b>Deferred Outflows of Resources</b> | <b>466,009</b>          | <b>461,505</b>      | <b>4,504</b>      | <b>1%</b>   |
| Current liabilities                   | 258,950                 | 347,554             | (88,604)          | -25%        |
| Noncurrent liabilities                | 1,675,408               | 1,629,471           | 45,937            | 3%          |
| <b>Total Liabilities</b>              | <b>1,934,358</b>        | <b>1,977,025</b>    | <b>(42,667)</b>   | <b>-2%</b>  |
| <b>Deferred Inflows of Resources</b>  | <b>482,225</b>          | <b>564,083</b>      | <b>(81,858)</b>   | <b>-15%</b> |
| Net position:                         |                         |                     |                   |             |
| Net investment in                     |                         |                     |                   |             |
| capital assets                        | 1,722,373               | 1,638,106           | 84,267            | 5%          |
| Restricted for food service           | 7,530                   | 1,530               | 6,000             | 392%        |
| Unrestricted                          | 1,650,688               | 1,522,991           | 127,697           | 8%          |
| <b>Total Net Position</b>             | <b>\$ 3,380,591</b>     | <b>\$ 3,162,627</b> | <b>\$ 217,964</b> | <b>7%</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 \$1,722,373. 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, \$7,530, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position of \$1,650,688 may be used to meet the District's ongoing obligations.

## Changes in Net Position

Exhibited below in Table 2 are the District's revenues for the years ended August 31, 2024 and 2023 for the District's *governmental activities*.

The District's total revenues, both program and general, were \$2,751,386. A significant portion, 32%, of the District's revenue comes from property taxes. State-aid formula grants provided 45% of the revenues and 9% comes from operating grants, while only 1% relates to charges for services.

**Table 2 - District's Revenue**

|   | Governmental Activities |             |                     |             |
|---|-------------------------|-------------|---------------------|-------------|
|   | 2024                    | Percent     | 2023                | Percent     |
| Charges for services                    | \$ 29,224               | 1%          | \$ 50,459           | 2%          |
| Operating grants and contributions      | 246,214                 | 9%          | 426,653             | 15%         |
| Capital grants                          | 115,027                 | 4%          | 94,472              | 3%          |
| Property taxes                          | 871,853                 | 32%         | 1,074,958           | 40%         |
| State-aid formula grants                | 1,247,725               | 45%         | 879,571             | 31%         |
| Grants and contributions not restricted | 48,824                  | 2%          | 162,741             | 6%          |
| Investment earnings                     | 157,172                 | 6%          | 85,744              | 3%          |
| Miscellaneous                           | 35,347                  | 1%          | 961                 | 0%          |
| <b>Total Revenues</b>                   | <b>\$ 2,751,386</b>     | <b>100%</b> | <b>\$ 2,775,559</b> | <b>100%</b> |

Exhibited below in Table 3 are the District's expenses for the years ended August 31, 2024 and 2023 for the District's *governmental activities*. The total cost of all programs and services was \$2,533,422. Instructional and related costs totaled 55% of these costs while student support and nonstudent support were 15% and 13%, respectively. Other expenses were only 3% of the District's total expenses in the current year.

**Table 3 - District's Expenses**

|                         | Governmental Activities |             |                     |             |
|-------------------------|-------------------------|-------------|---------------------|-------------|
|                         | 2024                    | Percent     | 2023                | Percent     |
| Instructional & related | \$ 1,402,612            | 55%         | \$ 1,353,175        | 58%         |
| Leadership              | 130,466                 | 5%          | 120,885             | 5%          |
| Student support         | 355,294                 | 15%         | 318,117             | 13%         |
| Administrative support  | 228,024                 | 9%          | 214,704             | 9%          |
| Nonstudent support      | 334,959                 | 13%         | 287,973             | 12%         |
| Other                   | 82,067                  | 3%          | 75,757              | 3%          |
| <b>Total Expenses</b>   | <b>\$ 2,533,422</b>     | <b>100%</b> | <b>\$ 2,370,611</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 |                   |                     |             |
|---|-------------------------|-------------------|---------------------|-------------|
|   | 2024                    | 2023              | \$ Change           | % Change    |
| Revenues:                                       |                         |                   |                     |             |
| Program revenues:                               |                         |                   |                     |             |
| Charges for services                            | \$ 29,224               | \$ 50,459         | \$ (21,235)         | -42%        |
| Operating grants and contributions              | 246,214                 | 426,653           | (180,439)           | -42%        |
| Capital grants                                  | 115,027                 | 94,472            | 20,555              | 22%         |
| General revenues:                               |                         |                   |                     |             |
| Property taxes                                  | 871,853                 | 1,074,958         | (203,105)           | -19%        |
| State-aid formula grants                        | 1,247,725               | 879,571           | 368,154             | 42%         |
| Grants and contributions not restricted         | 48,824                  | 162,741           | (113,917)           | -70%        |
| Investment earnings                             | 157,172                 | 85,744            | 71,428              | 83%         |
| Other   | 35,347                  | 961               | 34,386              | 3578%       |
| Total revenues                                  | <u>2,751,386</u>        | <u>2,775,559</u>  | <u>(24,173)</u>     | <u>-1%</u>  |
| Expenses:                                       |                         |                   |                     |             |
| Instruction                                     | 1,377,988               | 1,324,926         | 53,062              | 4%          |
| Instructional resources and media services      | 15,509                  | 18,554            | (3,045)             | -16%        |
| Curriculum and staff development                | 9,115                   | 9,695             | (580)               | -6%         |
| School leadership                               | 130,466                 | 120,885           | 9,581               | 8%          |
| Guidance, counseling, and evaluation services   | 14,672                  | 21,715            | (7,043)             | -32%        |
| Health services                                 | 3,166                   | 3,488             | (322)               | -9%         |
| Student transportation                          | 90,043                  | 66,580            | 23,463              | 35%         |
| Food services                                   | 120,048                 | 121,248           | (1,200)             | -1%         |
| Cocurricular/extracurricular activities         | 127,365                 | 105,086           | 22,279              | 21%         |
| General administration                          | 228,024                 | 214,704           | 13,320              | 6%          |
| Facilities maintenance and operations           | 246,643                 | 226,529           | 20,114              | 9%          |
| Security and monitoring services                | 31,106                  | 16,671            | 14,435              | 87%         |
| Data processing services                        | 57,210                  | 44,773            | 12,437              | 28%         |
| Interest on long-term debt                      | 24,359                  | 26,305            | (1,946)             | -7%         |
| Payments related to shared service arrangements | 37,083                  | 29,745            | 7,338               | 25%         |
| Other intergovernmental charges                 | 20,625                  | 19,707            | 918                 | 5%          |
| Total expenses                                  | <u>2,533,422</u>        | <u>2,370,611</u>  | <u>162,811</u>      | <u>7%</u>   |
| Change in net position                          | <u>\$ 217,964</u>       | <u>\$ 404,948</u> | <u>\$ (186,984)</u> | <u>-46%</u> |

Explanations for significant changes between years are as follows:

- Operating grants and contributions decreased \$180,439 mostly due to a decrease in ESSER funding in the current year.

- Property taxes decreased \$203,105 due to the decrease in taxable values related to the increased homestead exemptions, as well as a decrease in the tax rate.
- State-aid formula grants increased \$368,154 due to additional Foundation funding from TEA to help offset the loss of property tax revenues related to the increased homestead exemptions.
- Grants and contributions not restricted decreased \$113,917 due to a lawsuit against the State of Texas regarding SHARS revenues.
- Investment earnings increased \$71,428 due to an increase in interest rates as well as this being the first full year of utilizing the money market account.

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 |             |                    |             |
|-------------------------|-------------------------|-------------|--------------------|-------------|
|                         | 2024                    | Percent     | 2023               | Percent     |
| Instructional & related | \$1,246,264             | 58%         | \$1,101,437        | 62%         |
| Leadership              | 124,348                 | 6%          | 115,256            | 6%          |
| Student support         | 253,240                 | 12%         | 147,499            | 8%          |
| Administrative support  | 221,665                 | 10%         | 208,881            | 12%         |
| Nonstudent support      | 215,373                 | 10%         | 150,197            | 8%          |
| Other                   | 82,067                  | 4%          | 75,757             | 4%          |
| <b>Total Net Costs</b>  | <b>\$2,142,957</b>      | <b>100%</b> | <b>\$1,799,027</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, 2024, the District's governmental funds reported a combined ending fund balance of \$2,630,036, an increase of \$163,824 from the previous year. Table 6 illustrates the fund balances of the governmental funds.



**Table 6 - Governmental Funds - Fund Balances**  
**August 31, 2024**

|                            | General<br>Fund           | Other<br>Governmental<br>Funds | Totals                    |
|----------------------------|---------------------------|--------------------------------|---------------------------|
| Restricted for:            |                           |                                |                           |
| Federal/State Funds Grant  |                           |                                |                           |
| Restrictions               | \$ -                      | \$ 7,530                       | \$ 7,530                  |
| Assigned Fund Balances:    |                           |                                |                           |
| Campus activities          | -                         | 15,077                         | 15,077                    |
| Unassigned                 | <u>2,607,429</u>          | <u>-</u>                       | <u>2,607,429</u>          |
| <b>Total Fund Balances</b> | <u><u>\$2,607,429</u></u> | <u><u>\$ 22,607</u></u>        | <u><u>\$2,630,036</u></u> |

### **General Fund**

At the end of the current fiscal year, the ending fund balance for the General Fund was \$2,607,429, all of which was unassigned. The total fund balance represents 115% of the total General Fund expenditures for the year ended August 31, 2024. The fund balance increased \$158,117 in the current fiscal year.

General Fund revenues totaled \$2,465,707, an increase of \$173,686 from the preceding year. Local and intermediate sources decreased by \$102,834 due to a decrease in the tax rate plus increased homestead exemptions, offset by improved investment earnings from the Money Market account. State program revenues increased \$390,437 due to an increase in the funding formula to make up for decreased property tax revenues related to homestead exemptions. Federal program revenues decreased \$113,917 due to a decrease in SHARS revenue related to a lawsuit against the State of Texas regarding SHARS revenue.

General Fund expenditures totaled \$2,274,392, an increase of \$271,903, from the preceding year. Instruction expenditures increased \$190,141 due to salaries paid by ESSER in the prior year that were moved back to the general fund in the current year, plus new teacher allotment payments in the current year, offset by the Promethean Smart Board purchase in the prior year. Capital outlay expenditures decreased \$39,574 due to the agriculture building extension in the prior year with no such expenditures in the current year.

### **Other Governmental Funds**

Other governmental funds consist of the various special revenue funds. The total ending fund balance for all special revenue funds combined was \$22,607, which is an increase of \$5,707 from the close of the preceding year. Of this amount, the National School Breakfast and Lunch Program (NSBLP) accounts for \$7,530 with the remainder belonging to campus activities. Revenues decreased \$174,017 due to an increase in State program revenues of \$29,544 and a decrease in Federal program revenues of \$209,816. State program revenues increased due to an increase in School Safety Grant funds in the current year. Federal program revenues decreased due to the end of ESSER grant funding in the prior year.

Other governmental fund expenditures decreased \$168,665. Instruction expenditures decreased \$166,695 due mostly to the end of ESSER funding which resulted in expenditures being moved back to the general fund. Guidance, counseling, and evaluation services expenditures decreased \$14,001 due to

REAP funds being used for instructional wages in the current year versus counseling wages in the prior year. Food services expenditures decreased \$30,554 due mostly to the purchase of equipment using grant funds in the prior year. Security and monitoring services expenditures increased \$39,028 due to an increase in School Safety Grant fund expenditures in the current year.

### General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$248,761 below final budget amounts with the most significant positive variance in the area of instruction (\$97,570).

Additionally, resources available were just \$7,347 above the final budgeted amount.

The final expenditure budget increased \$267,108 from the originally adopted budget due mainly to the addition of \$55,969 for instruction, \$45,390 for student transportation, \$51,000 for facilities maintenance and operations, and minor increases in most other functional areas. Concerning revenues, these budgets increased by \$293,635 during the year mostly due to increases in State-aid revenues.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At August 31, 2024, the District had invested in a broad range of capital assets totaling \$2,419,998, net of accumulated depreciation, including land, buildings, and furniture and equipment. See Table 7 below.

Capital assets, net of accumulated depreciation, increased only \$26,467, or 1%, from the previous year. Additional information about the District's capital assets is presented in the notes to the financial statements.

**Table 7 - CAPITAL ASSETS, NET**

|                            | 2024                | 2023                | \$ Change        | % Change  |
|----------------------------|---------------------|---------------------|------------------|-----------|
| Land                       | \$ 1,000            | \$ 1,000            | \$ -             | 0%        |
| Buildings and improvements | 2,279,932           | 2,232,501           | 47,431           | 2%        |
| Furniture and equipment    | 139,066             | 152,230             | (13,164)         | -9%       |
| Construction in progress   | -                   | 7,800               | (7,800)          | -100%     |
| <b>Totals</b>              | <b>\$ 2,419,998</b> | <b>\$ 2,393,531</b> | <b>\$ 26,467</b> | <b>1%</b> |

#### Long-term Debt

At August 31, 2024, the District had \$697,625 in long-term debt outstanding as shown in Table 8 below:

**Table 8 - Long-term Debt**

|               | 2024       | 2023       | Change      | % Change |
|---------------|------------|------------|-------------|----------|
| Time Warrants | \$ 697,625 | \$ 755,425 | \$ (57,800) | -8%      |

The District's bonds presently carry a rating of "AAA" with S&P Global Ratings and an underlying rating of "A+". Additional information about the District's long-term debt 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 2024-25 budget for the General Fund.

- Appraised value used for the 2024-25 budget preparation is up by \$8,474,999 million to \$130,273,589 million from \$121,793,597 million in the prior year, an increase of approximately 7% resulting from higher appraisals.
- General Fund spending per student will be \$18,927 for the 2024-25 budget as compared to \$16,797 in the 2023-24 fiscal year.
- The District's 2024-25 refined average daily attendance is expected to be 130, which is the same as used for the prior year.

Amounts available for appropriation in the General Fund's budget are \$2,384,060, which is \$81,647 less than the final 2023-24 actual amount of \$2,465,707, due to changes in funding from TEA and changes in property values.

Expenditures budgeted for 2024-25 total \$2,447,462, an increase of \$173,070 compared to the final 2023-24 actual expenditures of \$2,274,392. The main increase relates to instructional wages and benefits and administrative costs.

If these estimates are realized, the District's General Fund's fund balance will decrease by approximately \$100,000 during the year ended August 31, 2025.

## **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, 2024**

| Data<br>Control<br>Codes              |                                      | 1                          |
|---------------------------------------|--------------------------------------|----------------------------|
|                                       |                                      | Governmental<br>Activities |
| <b>Assets</b>                         |                                      |                            |
| 1110                                  | Cash and cash equivalents            | \$ 244,763                 |
| 1120                                  | Current investments                  | 2,401,938                  |
| 1225                                  | Property taxes receivable, net       | 38,000                     |
| 1240                                  | Due from other governments           | 163,387                    |
| 1250                                  | Accrued interest                     | 63,079                     |
| Capital assets:                       |                                      |                            |
| 1510                                  | Land                                 | 1,000                      |
| 1520                                  | Buildings and improvements, net      | 2,279,932                  |
| 1530                                  | Furniture and equipment, net         | 139,066                    |
| 1000                                  | Total assets                         | <u>5,331,165</u>           |
| <b>Deferred outflows of resources</b> |                                      |                            |
| 1705                                  | Pension-related outflows             | 305,043                    |
| 1706                                  | OPEB-related outflows                | 160,966                    |
| 1700                                  | Total deferred outflows of resources | <u>466,009</u>             |
| <b>Liabilities</b>                    |                                      |                            |
| 2110                                  | Accounts payable                     | 17,515                     |
| 2160                                  | Accrued wages payable                | 109,493                    |
| 2180                                  | Due to other governments             | 99,828                     |
| 2200                                  | Accrued expenses                     | 18,743                     |
| 2300                                  | Unearned revenues                    | 13,371                     |
| Noncurrent liabilities:               |                                      |                            |
| 2501                                  | Due within one year                  | 59,764                     |
| 2502                                  | Due in more than one year            | 637,861                    |
| 2540                                  | Net pension liability                | 669,063                    |
| 2545                                  | Net OPEB liability                   | 308,720                    |
| 2000                                  | Total liabilities                    | <u>1,934,358</u>           |
| <b>Deferred inflows of resources</b>  |                                      |                            |
| 2605                                  | Pension-related inflows              | 26,935                     |
| 2606                                  | OPEB-related inflows                 | 455,290                    |
| 2600                                  | Total deferred inflows of resources  | <u>482,225</u>             |
| <b>Net Position</b>                   |                                      |                            |
| 3200                                  | Net investment in capital assets     | 1,722,373                  |
| Restricted for:                       |                                      |                            |
| 3850                                  | Food service                         | 7,530                      |
| 3900                                  | Unrestricted                         | 1,650,688                  |
| 3000                                  | Total net position                   | <u>\$ 3,380,591</u>        |

See accompanying notes to the basic financial statements.

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

|                          |  | 1                   | 3                       | 4  | 5                 | 6  |
|--------------------------|--|---------------------|-------------------------|--|-------------------|--|
|                          |  |                     |                         |  |                   | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
| Data<br>Control<br>Codes | Functions/Programs   | Expenses            | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants | Governmental<br>Activities                                 |
|                          | Governmental activities:                                     |                     |                         |  |                   |  |
| 11                       | Instruction  | \$ 1,377,988        | \$ -                    | \$ 155,555                               | \$ -              | \$ (1,222,433)   |
| 12                       | Instructional resources and media services                   | 15,509              | -                       | 793                                      | -                 | (14,716)   |
| 13                       | Curriculum and staff development                             | 9,115               | -                       | -  | -                 | (9,115)  |
| 23                       | School leadership  | 130,466             | -                       | 6,118                                    | -                 | (124,348)  |
| 31                       | Guidance, counseling, & evaluation services                  | 14,672              | -                       | 760                                      | -                 | (13,912)   |
| 33                       | Health services  | 3,166               | -                       | -  | -                 | (3,166)  |
| 34                       | Student transportation                                       | 90,043              | -                       | 2,407                                    | -                 | (87,636)   |
| 35                       | Food services  | 120,048             | 19,558                  | 68,311                                   | -                 | (32,179)   |
| 36                       | Cocurricular/extracurricular activities                      | 127,365             | 9,666                   | 1,352                                    | -                 | (116,347)  |
| 41                       | General administration                                       | 228,024             | -                       | 6,359                                    | -                 | (221,665)  |
| 51                       | Facilities maintenance and operations                        | 246,643             | -                       | 3,978                                    | -                 | (242,665)  |
| 52                       | Security and monitoring services                             | 31,106              | -                       | 581                                      | 115,027           | 84,502   |
| 53                       | Data processing services                                     | 57,210              | -                       | -  | -                 | (57,210)   |
| 72                       | Interest on long-term debt                                   | 24,359              | -                       | -  | -                 | (24,359)   |
| 93                       | Payments to shared services arrangements                     | 37,083              | -                       | -  | -                 | (37,083)   |
| 99                       | Other intergovernmental charges                              | 20,625              | -                       | -  | -                 | (20,625)   |
| TG                       | Total governmental activities                                | <u>\$ 2,533,422</u> | <u>\$ 29,224</u>        | <u>\$ 246,214</u>                        | <u>\$ 115,027</u> | <u>(2,142,957)</u>   |
|                          | General revenues:  |                     |                         |  |                   |  |
| MT                       | Property taxes, levied for general purposes                  |                     |                         |  |                   | 871,853  |
| SF                       | State-aid formula grants                                     |                     |                         |  |                   | 1,247,725  |
| GC                       | Grants and contributions not restricted to specific programs |                     |                         |  |                   | 48,824   |
| IE                       | Investment earnings  |                     |                         |  |                   | 157,172  |
| MI                       | Miscellaneous  |                     |                         |  |                   | 35,347   |
| TR                       | Total general revenues                                       |                     |                         |  |                   | <u>2,360,921</u>   |
| CN                       | Change in net position                                       |                     |                         |  |                   | 217,964  |
| NB                       | Net position - beginning                                     |                     |                         |  |                   | <u>3,162,627</u>   |
| NE                       | Net position - ending  |                     |                         |  |                   | <u>\$ 3,380,591</u>  |

See accompanying notes to the basic financial statements.

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AUGUST 31, 2024**

| Data<br>Control<br>Codes             |   | 10                  | Other                 | 98                             |
|--------------------------------------|---|---------------------|-----------------------|--------------------------------|
|                                      |   | General<br>Fund     | Governmental<br>Funds | Total<br>Governmental<br>Funds |
| <b>Assets</b>                        |   |                     |                       |                                |
| 1110                                 | Cash and cash equivalents   | \$ 208,309          | \$ 36,454             | \$ 244,763                     |
| 1120                                 | Current investments   | 2,401,938           | -                     | 2,401,938                      |
| 1225                                 | Property taxes receivable, net  | 38,000              | -                     | 38,000                         |
| 1240                                 | Due from other governments  | 135,728             | 27,659                | 163,387                        |
| 1250                                 | Accrued interest  | 63,079              | -                     | 63,079                         |
| 1260                                 | Due from other funds  | 15,995              | -                     | 15,995                         |
| 1000                                 | Total assets  | <u>\$ 2,863,049</u> | <u>\$ 64,113</u>      | <u>\$ 2,927,162</u>            |
| <b>Liabilities</b>                   |   |                     |                       |                                |
| 2110                                 | Accounts payable  | \$ 17,515           | \$ -                  | \$ 17,515                      |
| 2160                                 | Accrued wages payable   | 98,161              | 11,332                | 109,493                        |
| 2170                                 | Due to other funds  | -                   | 15,995                | 15,995                         |
| 2180                                 | Due to other governments  | 99,828              | -                     | 99,828                         |
| 2200                                 | Accrued expenditures  | 2,116               | 808                   | 2,924                          |
| 2300                                 | Unearned revenue  | -                   | 13,371                | 13,371                         |
| 2000                                 | Total liabilities   | <u>217,620</u>      | <u>41,506</u>         | <u>259,126</u>                 |
| <b>Deferred inflows of resources</b> |   |                     |                       |                                |
|                                      | Unavailable property taxes  | 38,000              | -                     | 38,000                         |
| 2600                                 | Total deferred inflows of resources                                   | <u>38,000</u>       | <u>-</u>              | <u>38,000</u>                  |
| <b>Fund balances</b>                 |   |                     |                       |                                |
| Restricted fund balances:            |   |                     |                       |                                |
| 3450                                 | Federal/state funds grant restrictions                                | -                   | 7,530                 | 7,530                          |
| Assigned fund balances:              |   |                     |                       |                                |
| 3590                                 | Campus activities   | -                   | 15,077                | 15,077                         |
| 3600                                 | Unassigned  | 2,607,429           | -                     | 2,607,429                      |
| 3000                                 | Total fund balances   | <u>2,607,429</u>    | <u>22,607</u>         | <u>2,630,036</u>               |
| 4000                                 | Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 2,863,049</u> | <u>\$ 64,113</u>      | <u>\$ 2,927,162</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, 2024**

Data  
Control  
Codes

|    |   |                  |                     |
|----|---|------------------|---------------------|
|    | Total fund balances - governmental funds (Exhibit C-1)  |                  | \$ 2,630,036        |
|    | Amounts reported for <i>governmental activities</i> 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  | \$ 3,844,154     |                     |
| 1  | Related accumulated depreciation  | <u>1,424,156</u> | 2,419,998           |
|    | Property taxes receivable are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds.  |                  |                     |
| 2  |   |                  | 38,000              |
|    | Long-term liabilities are not due and payable in the current period and therefore not reported as liabilities in the funds. Long-term liabilities at year-end consist of:   |                  |                     |
| 3  | Time Warrants   |                  | (697,625)           |
|    | Interest is accrued on long-term debt in the government-wide financial statements, whereas interest is reported when due in the governmental fund financial statements.   |                  |                     |
| 4  |   |                  | (15,819)            |
|    | 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   | (669,063)        |                     |
|    | Deferred outflows - pension related items   | 305,043          |                     |
|    | Deferred inflows - pension related items  | (26,935)         |                     |
|    | Net OPEB liability  | (308,720)        |                     |
|    | Deferred outflows - OPEB related items  | 160,966          |                     |
| 5  | Deferred inflows - OPEB related items   | <u>(455,290)</u> | <u>(993,999)</u>    |
| 19 | Total net position - governmental activities (Exhibit A-1)  |                  | <u>\$ 3,380,591</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, 2024**

| Data Control Codes             |  | 10           | Other              | 98                       |
|--------------------------------|--|--------------|--------------------|--------------------------|
|                                |  | General Fund | Governmental Funds | Total Governmental Funds |
| Revenues                       |  |              |                    |                          |
| 5700                           | Local and intermediate sources               | \$ 1,057,956 | \$ 49,702          | \$ 1,107,658             |
| 5800                           | State program revenues                       | 1,358,927    | 138,255            | 1,497,182                |
| 5900                           | Federal program revenues                     | 48,824       | 136,204            | 185,028                  |
| 5020                           | Total revenues                               | 2,465,707    | 324,161            | 2,789,868                |
| Expenditures                   |  |              |                    |                          |
|                                | Current:                                     |              |                    |                          |
| 0011                           | Instruction                                  | 1,236,784    | 94,193             | 1,330,977                |
| 0012                           | Instructional resources and media services   | 15,051       | -                  | 15,051                   |
| 0013                           | Curriculum and staff development             | 8,765        | -                  | 8,765                    |
| 0023                           | School leadership                            | 125,997      | -                  | 125,997                  |
| 0031                           | Guidance, counseling, & evaluation services  | 14,241       | -                  | 14,241                   |
| 0033                           | Health services                              | 3,045        | -                  | 3,045                    |
| 0034                           | Student transportation                       | 86,912       | -                  | 86,912                   |
| 0035                           | Food services                                | 3,936        | 111,995            | 115,931                  |
| 0036                           | Cocurricular/extracurricular activities      | 103,970      | 30,437             | 134,407                  |
| 0041                           | General administration                       | 219,452      | -                  | 219,452                  |
| 0051                           | Facilities maintenance and operations        | 237,862      | -                  | 237,862                  |
| 0052                           | Security and monitoring services             | 22,184       | 115,027            | 137,211                  |
| 0053                           | Data processing services                     | 55,016       | -                  | 55,016                   |
| 0071                           | Principal on long-term debt                  | 57,783       | -                  | 57,783                   |
| 0072                           | Interest on long-term debt                   | 25,686       | -                  | 25,686                   |
| 0093                           | Payments to shared service arrangements      | 37,083       | -                  | 37,083                   |
| 0099                           | Other intergovernmental charges              | 20,625       | -                  | 20,625                   |
| 6030                           | Total expenditures                           | 2,274,392    | 351,652            | 2,626,044                |
| 1100                           | Excess of revenues over (under) expenditures | 191,315      | (27,491)           | 163,824                  |
| Other financing sources (uses) |  |              |                    |                          |
| 7915                           | Transfers in                                 | -            | 33,198             | 33,198                   |
| 8911                           | Transfers out                                | (33,198)     | -                  | (33,198)                 |
| 7080                           | Total other financing sources (uses)         | (33,198)     | 33,198             | -                        |
| 1200                           | Net change in fund balance                   | 158,117      | 5,707              | 163,824                  |
| 0100                           | Fund balances - beginning                    | 2,449,312    | 16,900             | 2,466,212                |
| 3000                           | Fund balances - ending                       | \$ 2,607,429 | \$ 22,607          | \$ 2,630,036             |

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, 2024**

Net change in fund balances - total governmental funds (Exhibit C-2) \$ 163,824

Amounts reported for *governmental activities* in the Statement of Activities (Exhibit B-1) are different because:

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:

|                                   |               |        |
|-----------------------------------|---------------|--------|
| Capital outlay during the year    | \$ 120,766    |        |
| Depreciation expense for the year | <u>94,299</u> | 26,467 |

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 decreased by this amount this year. (14,062)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year long-term debt principal payments are: 57,800

Interest expense is recognized as payments are made at the fund level but is recorded on the accrual basis on the government-wide level. Accrued interest decreased by this amount this year. 1,310

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 more than the actuarial expense in the current year. (73,490)

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. 56,115

Change in net position of governmental activities (Exhibit B-1) \$ 217,964

*See accompanying notes to the basic financial statements.*



**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**AUGUST 31, 2024**

| Data<br>Control<br>Codes |                                   | Private-Purpose<br>Trust<br>Fund | Custodial<br>Funds             |
|--------------------------|-----------------------------------|----------------------------------|--------------------------------|
|                          |                                   | Local<br>Scholarship<br>Fund     | Student<br>Activities<br>Funds |
|                          | <b>Assets</b>                     |                                  |                                |
| 1110                     | Cash and cash equivalents         | \$ (62)                          | \$ 4,439                       |
| 1000                     | Total assets                      | (62)                             | 4,439                          |
|                          | <b>Liabilities</b>                |                                  |                                |
|                          | Current Liabilities:              |                                  |                                |
| 2110                     | Accounts payable                  | -                                | -                              |
| 2000                     | Total liabilities                 | -                                | -                              |
|                          | <b>Net Position</b>               |                                  |                                |
| 3880                     | Restricted for Scholarships       | (62)                             | -                              |
| 3890                     | Restricted for Student Activities | -                                | 4,439                          |
|                          | Total net position                | \$ (62)                          | \$ 4,439                       |

*See accompanying notes to the basic financial statements.*

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**AUGUST 31, 2024**

|                                  | Private-Purpose<br>Trust<br>Fund<br>Local<br>Scholarship<br>Fund | Custodial<br>Funds<br>Student<br>Activities<br>Funds |
|----------------------------------|--|--|
| <b>Additions:</b>                |  |  |
| Gifts and contributions          | \$ 1,280   | \$ -   |
| Student activities               | -  | 27,044   |
| Total additions                  | <u>1,280</u>   | <u>27,044</u>  |
| <b>Deductions:</b>               |  |  |
| Scholarship awards               | 1,500  | -  |
| Student activities               | -  | 24,693   |
| Total deductions                 | <u>1,500</u>   | <u>24,693</u>  |
| Change in net position           | (220)  | 2,351  |
| Net position - beginning of year | 158  | 2,088  |
| Net position - end of year       | <u>\$ (62)</u>   | <u>\$ 4,439</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, 2024**

**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, 2024**

### **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 Fund:** 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.

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

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or custodial 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

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2024

other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate 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, 2024, net property taxes receivable is calculated as follows:

|                                   |                 |
|-----------------------------------|-----------------|
| Gross property taxes receivable   | \$62,564        |
| Allowance for uncollectible taxes | ( 24,564)       |
| Net property taxes receivable     | <u>\$38,000</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, 2024

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 | 10-50 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 \$62,564 outstanding at August 31, 2024, it is expected that the District will collect approximately \$25,000 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.

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2024

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 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 convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

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

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. 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.

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, 2024.

2. Deficit Fund Balance or Net Position of Individual Funds

The District does not have any funds with a deficit fund balance or deficit net position, except for the Private-Purpose Trust Fund which reported a deficit net position of \$62.



# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2024

### 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, 2024, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$2,646,701 and the bank balance was \$2,665,589. The District's cash deposits at August 31, 2024, and during the year ended August 31, 2024, 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.

The District's investments at August 31, 2024, are shown below.

| <u>Investment or Investment Type</u> | <u>Weighted<br/>Average<br/>Maturity (Months)</u> | <u>Fair Value</u>  |
|--------------------------------------|---|--------------------|
| Money market account                 | 1.00  | \$ 244,763         |
| Certificates of deposit              | 5.51  | 2,401,938          |
| Total                                |   | <u>\$2,646,701</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



# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2024

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, 2024, the District had no assets or liabilities subject to fair value categorization. The District's investments in certificates of deposit and money market accounts are categorized using level 2 inputs (bank statements).

### 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.

#### 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

Due to / from other funds for the year ended August 31, 2024 are as follows:

| <u>Due To</u> | <u>Due From</u>          | <u>Amount</u>   | <u>Purpose</u> |
|---------------|--------------------------|-----------------|----------------|
| General Fund  | Other Governmental Funds | <u>\$15,995</u> | Fund deficits  |

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

2. Transfers To and From Other Funds

Transfers to / from other funds for the year ended August 31, 2024 consist of the following:

| <u>Transfers From</u> | <u>Transfers To</u>      | <u>Amount</u>   | <u>Purpose</u>                |
|-----------------------|--------------------------|-----------------|-------------------------------|
| General Fund          | Other Governmental Funds | <u>\$33,198</u> | Supplement other fund sources |

E. Capital Assets

Capital asset activity for the year ended August 31, 2024 was as follows:

|   | <u>Beginning<br/>Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balances</u> |
|---|-------------------------------|------------------|------------------|----------------------------|
| <u>Governmental activities:</u>             |                               |                  |                  |                            |
| Capital assets not being depreciated:       |                               |                  |                  |                            |
| Land  | \$ 1,000                      | \$ -             | \$ -             | \$ 1,000                   |
| Construction in progress                    | <u>7,800</u>                  | <u>-</u>         | <u>7,800</u>     | <u>-</u>                   |
| Total capital assets not being depreciated  | <u>8,800</u>                  | <u>-</u>         | <u>7,800</u>     | <u>1,000</u>               |
| Capital assets being depreciated:           |                               |                  |                  |                            |
| Buildings and improvements                  | 2,998,257                     | 115,066          | -                | 3,113,323                  |
| Furniture and equipment                     | <u>716,331</u>                | <u>13,500</u>    | <u>-</u>         | <u>729,831</u>             |
| Total capital assets being depreciated      | <u>3,714,588</u>              | <u>128,566</u>   | <u>-</u>         | <u>3,843,154</u>           |
| Less accumulated depreciation for:          |                               |                  |                  |                            |
| Buildings and improvements                  | 765,756                       | 67,635           | -                | 833,391                    |
| Furniture and equipment                     | <u>564,101</u>                | <u>26,664</u>    | <u>-</u>         | <u>590,765</u>             |
| Total accumulated depreciation              | <u>1,329,857</u>              | <u>94,299</u>    | <u>-</u>         | <u>1,424,156</u>           |
| Total capital assets being depreciated, net | <u>2,384,731</u>              | <u>34,267</u>    | <u>-</u>         | <u>2,418,998</u>           |
| Governmental activities capital assets, net | <u>\$2,393,531</u>            | <u>\$ 34,267</u> | <u>\$ 7,800</u>  | <u>\$2,419,998</u>         |

Depreciation expense was charged to functions as follows:

|   |                 |
|---|-----------------|
| <u>Governmental activities:</u>             |                 |
| Instruction                                 | \$53,037        |
| Instructional Resources and Media Services  | 600             |
| Curriculum and Staff Development            | 350             |
| School Leadership                           | 5,026           |
| Guidance, Counseling, & Evaluation Services | 568             |
| Health Services                             | 121             |
| Student Transportation                      | 3,467           |
| Food Services                               | 4,624           |
| Extracurricular Activities                  | 4,877           |
| General Administration                      | 8,753           |
| Facilities Maintenance and Operations       | 9,488           |
| Security and Monitoring Services            | 1,194           |
| Data Processing Services                    | <u>2,194</u>    |
| Total governmental depreciation             | <u>\$94,299</u> |

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**F. Long-term Obligations**

**1. Long-term Obligation Activity**

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2024 are as follows:

|                                 | Amounts<br>Outstanding<br><u>9/1/2023</u> | <u>Issued</u> | <u>Retired</u>  | Amounts<br>Outstanding<br><u>8/31/2024</u> | Amounts<br>Due Within<br><u>One Year</u> |
|---------------------------------|---|---------------|-----------------|--|--|
| <u>Governmental Activities:</u> |   |               |                 |  |  |
| Time Warrants, Series 2019      | <u>\$755,425</u>                          | <u>\$ -</u>   | <u>\$57,800</u> | <u>\$697,625</u>                           | <u>\$59,764</u>                          |

**2. Time Warrants**

The Time Warrants, Series 2019, were approved by the Board of Trustees in November 2019 with a closing date of December 16, 2019, and were made pursuant to Section 45.103, as amended, of the Texas Education Code. The time warrants were issued for the purpose of constructing, equipping, and improving school buildings, or more specifically for a cafetorium. The warrants are designated by the District as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The warrant which totals \$1,000,000 carries an interest rate of 3.4% and is scheduled to be repaid in 15 equal installments of \$83,492, including principal and interest, due each December 31 until a final maturity in December 2033. The District may repay the warrant in whole any time subsequent to December 31, 2024.

**3. Debt Service Requirements**

Debt service requirements on the Time Warrants at August 31, 2024 is as follows:

| <u>Year Ending August 31,</u> | <u>Governmental Activities</u> |                  |                  |
|-------------------------------|--------------------------------|------------------|------------------|
|                               | <u>Principal</u>               | <u>Interest</u>  | <u>Total</u>     |
| 2025                          | \$ 59,764                      | \$ 23,728        | \$ 83,492        |
| 2026                          | 61,796                         | 21,696           | 83,492           |
| 2027                          | 63,897                         | 19,595           | 83,492           |
| 2028                          | 66,070                         | 17,423           | 83,493           |
| 2029                          | 68,316                         | 15,176           | 83,492           |
| 2030-2034                     | <u>377,782</u>                 | <u>39,419</u>    | <u>417,201</u>   |
| Totals                        | <u>\$697,625</u>               | <u>\$137,037</u> | <u>\$834,662</u> |

**G. 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 2024, 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.

# **PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2024**

### **H. 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 Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained at [https://www.trs.texas.gov/Pages/about\\_publications.aspx](https://www.trs.texas.gov/Pages/about_publications.aspx); 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 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.

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. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

#### **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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025.

## PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2024

|  | <u>Contribution Rates</u> |             |
|--|---------------------------|-------------|
|  | <u>2023</u>               | <u>2024</u> |
| Members (Employees)                      | 8.00%                     | 8.25%       |
| Non-Employer Contributing Entity (State) | 8.00%                     | 8.25%       |
| Employer (District)                      | 8.00%                     | 8.25%       |
| Members (Employees)                      | \$100,668                 | \$114,575   |
| Non-Employer Contributing Entity (State) | \$ 77,781                 | \$ 87,610   |
| Employer (District)                      | \$ 48,941                 | \$ 49,836   |

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any 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 is an additional surcharge an employer is subject to:

- All public schools, charter schools, and regional education service centers must contribute 1.8% of the member's salary beginning in fiscal year 2023, gradually increasing to 2% in fiscal year 2025.
- 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.

#### 5. Actuarial Assumptions

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

## PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2024

|  |   |
|--|---|
| Valuation Date                               | August 31, 2022 rolled forward to August 31, 2023   |
| Actuarial Cost Method                        | Individual Entry Age Normal   |
| Asset Valuation Method                       | Fair Value  |
| Single Discount Rate                         | 7.00%   |
| Long-term Expected Investment Rate of Return | 7.00%   |
| Municipal Bond Rate as of August 2023        | 4.13%, source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index". |
| Inflation                                    | 2.30%   |
| Salary Increases Including Inflation         | 2.95% to 8.95%  |
| Benefit Changes during the year              | None  |
| Ad hoc post-employment benefit changes       | None  |

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions please see the actuarial valuation report dated November 22, 2022.

#### 6. Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023 are summarized below:

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2024

| <u>Asset Class*</u>                          | <u>Target<br/>Allocation % **</u> | <u>Long-term<br/>Expected<br/>Geometric<br/>Real Rate<br/>of Return ***</u> | <u>Expected<br/>Contribution to<br/>Long-term<br/>Portfolio<br/>Returns</u> |
|--|-----------------------------------|---|---|
| <b>Global Equity</b>                         |                                   |   |   |
| USA  | 18.0%                             | 4.0%  | 1.0%  |
| Non-U.S. Developed                           | 13.0%                             | 4.5%  | 0.9%  |
| Emerging Markets                             | 9.0%                              | 4.8%  | 0.7%  |
| Private Equity *                             | 14.0%                             | 7.0%  | 1.5%  |
| <b>Stable Value</b>                          |                                   |   |   |
| Government Bonds                             | 16.0%                             | 2.5%  | 0.5%  |
| Absolute Return *                            | 0.0%                              | 3.6%  | 0.0%  |
| Stable Value Hedge Funds                     | 5.0%                              | 4.1%  | 0.2%  |
| <b>Real Return</b>                           |                                   |   |   |
| Real Estate                                  | 15.0%                             | 4.9%  | 1.1%  |
| Energy, Natural Resources and Infrastructure | 6.0%                              | 4.8%  | 0.4%  |
| Commodities                                  | 0.0%                              | 4.4%  | 0.0%  |
| <b>Risk Parity</b>                           | 8.0%                              | 4.5%  | 0.4%  |
| <b>Asset Allocation Leverage</b>             |                                   |   |   |
| Cash   | 2.0%                              | 3.7%  | 0.0%  |
| Asset Allocation Leverage                    | -6.0%                             | 4.4%  | -0.1%   |
| Inflation Expectation                        |                                   |   | 2.3%  |
| Volatility Drag ****                         |                                   |   | -0.9%   |
| <b>Expected Return</b>                       | <u>100.00%</u>                    |   | <u>8.0%</u>   |

\* Absolute Return includes Credit Sensitive Investments.

\*\* Target allocations are based on the FY2023 policy model.

\*\*\* Capital Market Assumptions come from Aon Hewitt (as of 8/31/2023).

\*\*\*\*The volatility drag results from the conversion between arithmetic and geometric mean returns.

### 7. Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

|   | <u>1%<br/>Decrease<br/>6.00%</u> | <u>Current<br/>Discount<br/>Rate<br/>7.00%</u> | <u>1%<br/>Increase<br/>8.00%</u> |
|---|----------------------------------|--|----------------------------------|
| District's proportionate share of the net pension liability | <u>\$1,000,286</u>               | <u>\$669,063</u>                               | <u>\$393,651</u>                 |

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

At the August 31, 2023 measurement date (August 31, 2024 financial statement date), the District reported a liability of \$669,063 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:



**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

|  |                    |
|--|--------------------|
| District's proportionate share of the collective net pension liability | \$ 669,063         |
| State's proportionate share that is associated with the District       | <u>916,670</u>     |
| Total  | <u>\$1,585,733</u> |

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 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, 2022 through August 31, 2023.

At August 31, 2023, the District's proportion of the collective net pension liability was 0.0009740272%, which was an increase of 0.0000675486% from its proportion measured as of August 31, 2022.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost-of-living adjustment (COLA) to retirees which was approved during the November 2023 election which was paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

The amount of pension expense recognized by the District in the reporting period was \$124,452.

For the year ended August 31, 2024, the District recognized pension expense of \$138,409 and revenue of \$68,596 for support provided by the State.

At August 31, 2024 (August 31, 2023 measurement date), 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> |
|--|------------------------------|-----------------------------|
| Difference between expected and actual actuarial experience  | \$ 23,839                    | \$ 8,102                    |
| Changes in actuarial assumptions   | 63,280                       | 15,486                      |
| Difference between projected and actual investment earnings  | 97,365                       | -                           |
| Changes in proportion and difference between the District's contributions and the proportionate share of contributions | 70,723                       | 3,347                       |
| Contributions paid to TRS subsequent to the measurement date of the net pension liability                              | <u>49,836</u>                | <u>-</u>                    |
| Total  | <u>\$305,043</u>             | <u>\$26,935</u>             |



# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2024

The \$49,836 of contributions subsequent to the measurement date will be recognized as expense in the plan year ended August 31, 2024. The other 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:

| Measurement<br>Year Ended<br><u>August 31</u> | Pension<br>Expense<br><u>Amount</u> | Balance of<br>Deferred Outflows<br><u>(Deferred Inflows)</u> |
|---|-------------------------------------|--|
| 2024  | \$49,792                            | \$178,480  |
| 2025  | 37,373                              | 141,107  |
| 2026  | 98,189                              | 42,918   |
| 2027  | 36,796                              | 6,122  |
| 2028  | 6,122                               | -  |

### I. 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 TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. 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. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

#### 2. OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <http://www.trs.texas.gov/Pages/aboutpublications.aspx>; 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 health insurance coverage to retirees from public and charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

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

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2024

| TRS-Care Monthly Premium Rates           |                 |                     |
|--|-----------------|---------------------|
|  | <u>Medicare</u> | <u>Non-Medicare</u> |
| Retiree or Surviving Spouse              | \$ 135          | \$200               |
| Retiree and Spouse                       | 529             | 689                 |
| Retiree or Surviving Spouse and Children | 468             | 408                 |
| Retiree and Family                       | 1,020           | 999                 |

### 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.

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% of each active employee's pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

|   | <u>Contribution Rates</u> |             |
|---|---------------------------|-------------|
|   | <u>2023</u>               | <u>2024</u> |
| Active Employee                               | 0.65%                     | 0.65%       |
| Non-Employer Contributing Entity (State)      | 1.25%                     | 1.25%       |
| Employers (District)                          | 0.75%                     | 0.75%       |
| Federal/private funding remitted by Employers | 1.25%                     | 1.25%       |
| Employer Contributions                        | \$11,731                  | \$11,910    |
| Member Contributions                          | \$ 8,179                  | \$ 9,027    |
| NECE On-behalf Contributions                  | \$13,436                  | \$16,668    |

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS-Care OPEB program). When hiring a TRS retiree, employers are required to pay to TRS-Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87<sup>th</sup> Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

### 5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the total OPEB liability to August 31, 2023. The actuarial valuation was determined using the following actuarial assumptions.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2024

assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

|                      |                     |
|----------------------|---------------------|
| Rates of Mortality   | Rates of Disability |
| Rates of Retirement  | General Inflation   |
| Rates of Termination | Wage Inflation      |

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

### Additional Actuarial Methods and Assumptions:

|  |  |
|--|--|
| Valuation Date                         | August 31, 2022 rolled forward to August 31, 2023  |
| Actuarial Cost Method                  | Individual Entry Age Normal  |
| Inflation                              | 2.30%  |
| Single Discount Rate                   | 4.13% as of August 31, 2023  |
| 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.                                       |
| Projected Salary Increases             | 2.95% to 8.95%, including inflation  |
| Healthcare Trend Rates                 | 7.75% for Medicare retirees and 7.00% for non-Medicare retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.          |
| Election Rates                         | Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. 30% of pre-65 retirees are assumed to discontinue coverage at age 65. |
| Ad hoc post-employment benefit changes | None   |

### 6. Discount Rate

A single discount rate of 4.13% was used to measure the total OPEB liability. This was an increase of 0.22% in the discount rate since the previous year.

Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the single discount rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2022 using the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

### 7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% lower than and 1% higher than the discount rate that was used (4.13%) in measuring the net OPEB liability.

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2024

|  | 1%<br>Decrease<br><u>3.13%</u> | Current<br>Discount<br>Rate<br><u>4.13%</u> | 1%<br>Increase<br><u>5.13%</u> |
|--|--------------------------------|---|--------------------------------|
| District's proportionate share of the net OPEB liability | <u>\$363,608</u>               | <u>\$308,720</u>                            | <u>\$263,930</u>               |

The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed current rates:

|  | 1%<br>Decrease<br><u></u> | Healthcare<br>Cost Trend<br>Rate<br><u></u> | 1%<br>Increase<br><u></u> |
|--|---------------------------|---|---------------------------|
| District's proportionate share of the current healthcare cost trend rate | <u>\$254,216</u>          | <u>\$308,720</u>                            | <u>\$378,841</u>          |

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

At August 31, 2024, the District reported a liability of \$308,720 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 | <u>\$308,720</u> |
| State's proportionate share that is associated with the District    | <u>372,519</u>   |
| Total   | <u>\$681,239</u> |

The net OPEB liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 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 OPEB relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At August 31, 2023, the District's proportion of the collective net OPEB liability was 0.0013945075%, which was a decrease of 0.0000083206% from its proportion measured as of August 31, 2022.

#### Changes Since the Prior Actuarial Valuation

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

- The discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

#### Changes of Benefit Terms Since the Prior Measurement Date

There were no changes in benefit terms since the prior measurement date.

The amount of OPEB expense recognized by the District in the reporting period was (\$43,840).

For the year ended August 31, 2024, the District recognized OPEB expense of (\$79,637) and revenue of \$14,597 for support provided by the State.

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

At August 31, 2024, 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:

|  | Deferred<br>Outflows | Deferred<br>Inflows |
|--|----------------------|---------------------|
| Differences between expected and actual economic experience  | \$ 13,967            | \$259,730           |
| Changes in actuarial assumptions   | 42,138               | 189,038             |
| Difference between projected and actual investment earnings  | 133                  | -                   |
| Changes in proportion and difference between District contributions and proportionate share of contributions | 92,818               | 6,522               |
| Contributions paid to TRS subsequent to the measurement date   | <u>11,910</u>        | <u>-</u>            |
| Total  | <u>\$160,966</u>     | <u>\$455,290</u>    |

The \$11,910 of contributions subsequent to the measurement date will be recognized as expense in the plan year ended August 31, 2024. The remaining 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:

| Year Ended<br>August 31 | OPEB Expense<br>Amount | Balance of<br>Deferred Outflows<br>(Deferred Inflows) |
|-------------------------|------------------------|---|
| 2024                    | (\$69,535)             | (\$236,699)   |
| 2025                    | ( 55,376)              | ( 181,323)  |
| 2026                    | ( 36,206)              | ( 145,117)  |
| 2027                    | ( 44,963)              | ( 100,154)  |
| 2028                    | ( 38,602)              | ( 61,552)   |
| Thereafter              | ( 61,552)              | -   |

9. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments have been recognized as equal revenues and expenditures by the District in the amount of \$6,666, \$6,456, and \$5,186 for the years ended August 31, 2024, 2023, and 2022, respectively.

J. 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.

## **PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2024**

#### **2. Litigation**

No reportable litigation was pending against the District as of August 31, 2024.

#### **K. 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:

Nocona ISD  
Bowie ISD  
Saint Jo ISD  
Forestburg ISD  
Goldburg ISD  
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.

#### **L. Economic Dependency**

Of the District's total October 1, 2023 property tax levy of \$854,167, one taxpayer represents \$47,699, which is approximately 5.58% of the total levy. The District is economically dependent on the tax revenues generated from that taxpayer.

#### **M. New Accounting Pronouncement**

GASB Statement No. 101, Compensated Absences, is effective for fiscal years beginning after December 15, 2023. The objective of GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective will be achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Though GASB Statement No. 101 will be effective for the fiscal year 2024-25, the financial impact is not known at this time.

***REQUIRED SUPPLEMENTARY INFORMATION***



**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

| 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                       | \$ 941,870       | \$ 979,656 | \$ 1,057,956 | \$ 78,300   |
| 5800                     | State program revenues                               | 1,118,855        | 1,316,017  | 1,358,927    | 42,910  |
| 5900                     | Federal program revenues                             | 104,000          | 162,687    | 48,824       | (113,863)   |
| 5020                     | Total revenues                                       | 2,164,725        | 2,458,360  | 2,465,707    | 7,347   |
|                          | Expenditures:  |                  |            |              |   |
|                          | Current:   |                  |            |              |   |
|                          | Instruction & instructional related services:        |                  |            |              |   |
| 0011                     | Instruction  | 1,278,385        | 1,334,354  | 1,236,784    | 97,570  |
| 0012                     | Instructional resources and media services           | 19,022           | 21,022     | 15,051       | 5,971   |
| 0013                     | Curriculum and staff development                     | 8,730            | 10,000     | 8,765        | 1,235   |
|                          | Total instruction and instructional related services | 1,306,137        | 1,365,376  | 1,260,600    | 104,776   |
|                          | Instructional and school leadership:                 |                  |            |              |   |
| 0023                     | School leadership                                    | 122,072          | 138,072    | 125,997      | 12,075  |
|                          | Total instructional and school leadership            | 122,072          | 138,072    | 125,997      | 12,075  |
|                          | Support services - student (pupil):                  |                  |            |              |   |
| 0031                     | Guidance, counseling and evaluation services         | 10,812           | 16,984     | 14,241       | 2,743   |
| 0033                     | Health services                                      | 6,554            | 6,554      | 3,045        | 3,509   |
| 0034                     | Student transportation                               | 69,610           | 115,000    | 86,912       | 28,088  |
| 0035                     | Food services  | -                | 5,000      | 3,936        | 1,064   |
| 0036                     | Cocurricular/extracurricular activities              | 95,993           | 125,000    | 103,970      | 21,030  |
|                          | Total support services - student (pupil)             | 182,969          | 268,538    | 212,104      | 56,434  |
|                          | Administrative support services:                     |                  |            |              |   |
| 0041                     | General administration                               | 228,113          | 232,413    | 219,452      | 12,961  |
|                          | Total administrative support services                | 228,113          | 232,413    | 219,452      | 12,961  |
|                          | Support services - nonstudent based:                 |                  |            |              |   |
| 0051                     | Facilities maintenance and operations                | 214,064          | 265,064    | 237,862      | 27,202  |
| 0052                     | Security and monitoring services                     | 17,715           | 28,715     | 22,184       | 6,531   |
| 0053                     | Data processing services                             | 33,975           | 60,975     | 55,016       | 5,959   |
|                          | Total support services - nonstudent based            | 265,754          | 354,754    | 315,062      | 39,692  |
|                          | Debt service:  |                  |            |              |   |
| 0071                     | Principal on long-term debt                          | 60,000           | 60,000     | 57,783       | 2,217   |
| 0072                     | Interest on long-term debt                           | 29,000           | 32,000     | 25,686       | 6,314   |
|                          | Total debt service                                   | 89,000           | 92,000     | 83,469       | 8,531   |



**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

| Data Control Codes |  | Budgeted Amounts |              | Actual       | Variance With Final Budget - Positive (Negative) |
|--------------------|--|------------------|--------------|--------------|--|
|                    |  | Original         | Final        |              |  |
|                    | Intergovernmental charges:                   |                  |              |              |  |
| 0093               | Payments to SSAs                             | 37,000           | 42,000       | 37,083       | 4,917  |
| 0099               | Other intergovernmental charges              | 25,000           | 30,000       | 20,625       | 9,375  |
|                    | Total intergovernmental charges              | 62,000           | 72,000       | 57,708       | 14,292   |
| 6030               | Total expenditures                           | 2,256,045        | 2,523,153    | 2,274,392    | 248,761  |
| 1100               | Excess of revenues over (under) expenditures | (91,320)         | (64,793)     | 191,315      | 256,108  |
|                    | Other financing uses:                        |                  |              |              |  |
| 8911               | Transfers out                                | (24,615)         | (42,000)     | (33,198)     | 8,802  |
| 7080               | Total other financing uses                   | (24,615)         | (42,000)     | (33,198)     | 8,802  |
| 1200               | Net change in fund balance                   | (115,935)        | (106,793)    | 158,117      | 264,910  |
| 0100               | Fund balance - beginning                     | 2,449,312        | 2,449,312    | 2,449,312    | -  |
| 3000               | Fund balance - ending                        | \$ 2,333,377     | \$ 2,342,519 | \$ 2,607,429 | \$ 264,910                                       |

**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, 2024**

|   | <u>2024</u>         | <u>2023</u>         | <u>2022</u>         |
|---|---------------------|---------------------|---------------------|
| District's proportion of the net pension liability  | <u>0.0009740%</u>   | <u>0.0009065%</u>   | <u>0.0007837%</u>   |
| District's proportionate share of the net pension liability   | \$ 669,063          | \$ 538,153          | \$ 199,574          |
| State's proportionate share of the net pension liability<br>associated with the District              | <u>916,670</u>      | <u>950,567</u>      | <u>461,182</u>      |
| Total   | <u>\$ 1,585,733</u> | <u>\$ 1,488,720</u> | <u>\$ 660,756</u>   |
| District's covered payroll  | <u>\$ 1,258,359</u> | <u>\$ 1,280,948</u> | <u>\$ 1,240,761</u> |
| District's proportionate share of the net pension liability as a<br>percentage of its covered payroll | <u>53.17%</u>       | <u>42.01%</u>       | <u>16.08%</u>       |
| Plan fiduciary net position as a percentage of the total pension liability                            | <u>73.15%</u>       | <u>75.62%</u>       | <u>88.79%</u>       |

## EXHIBIT G-2

| <u>2021</u>         | <u>2020</u>         | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         | <u>2016</u>       | <u>2015</u>       |
|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|
| <u>0.0007472%</u>   | <u>0.0007567%</u>   | <u>0.0007365%</u>   | <u>0.0007896%</u>   | <u>0.0009070%</u>   | <u>0.0009028%</u> | <u>0.0005869%</u> |
| \$ 400,189          | \$ 393,380          | \$ 405,407          | \$ 252,457          | \$ 342,734          | \$ 319,128        | \$ 156,769        |
| <u>1,009,650</u>    | <u>873,499</u>      | <u>938,238</u>      | <u>600,263</u>      | <u>692,854</u>      | <u>645,143</u>    | <u>545,086</u>    |
| <u>\$ 1,409,839</u> | <u>\$ 1,266,879</u> | <u>\$ 1,343,645</u> | <u>\$ 852,720</u>   | <u>\$ 1,035,588</u> | <u>\$ 964,271</u> | <u>\$ 701,855</u> |
| <u>\$ 1,231,223</u> | <u>\$ 1,068,537</u> | <u>\$ 1,024,323</u> | <u>\$ 1,046,995</u> | <u>\$ 965,617</u>   | <u>\$ 900,494</u> | <u>\$ 871,666</u> |
| <u>32.50%</u>       | <u>36.81%</u>       | <u>39.58%</u>       | <u>24.11%</u>       | <u>35.49%</u>       | <u>35.44%</u>     | <u>17.98%</u>     |
| <u>75.54%</u>       | <u>75.24%</u>       | <u>73.74%</u>       | <u>82.17%</u>       | <u>78.00%</u>       | <u>78.43%</u>     | <u>83.25%</u>     |

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**YEAR ENDED AUGUST 31, 2024**

|  | <u>2024</u>        | <u>2023</u>        | <u>2022</u>        |
|--|--------------------|--------------------|--------------------|
| Contractually required contribution                                  | \$ 49,836          | \$ 48,941          | \$ 42,298          |
| Contributions in relation to the contractually required contribution | <u>(49,836)</u>    | <u>(48,941)</u>    | <u>(42,298)</u>    |
| Contribution deficiency  | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| District's covered payroll   | <u>\$1,388,791</u> | <u>\$1,258,359</u> | <u>\$1,280,948</u> |
| Contributions as a percentage of covered payroll                     | <u>3.59%</u>       | <u>3.89%</u>       | <u>3.30%</u>       |

## EXHIBIT G-3

| <u>2021</u>        | <u>2020</u>        | <u>2019</u>        | <u>2018</u>        | <u>2017</u>        | <u>2016</u>       | <u>2015</u>      |
|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|------------------|
| \$ 33,444          | \$ 30,830          | \$ 26,932          | \$ 24,864          | \$ 23,769          | \$ 21,539         | \$ 26,731        |
| <u>(33,444)</u>    | <u>(30,830)</u>    | <u>(26,932)</u>    | <u>(24,864)</u>    | <u>(23,769)</u>    | <u>(21,539)</u>   | <u>(26,731)</u>  |
| <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>       | <u>\$ -</u>      |
| <u>\$1,240,761</u> | <u>\$1,231,223</u> | <u>\$1,068,537</u> | <u>\$1,024,323</u> | <u>\$1,046,995</u> | <u>\$ 965,617</u> | <u>\$900,494</u> |
| <u>2.70%</u>       | <u>2.50%</u>       | <u>2.52%</u>       | <u>2.43%</u>       | <u>2.27%</u>       | <u>2.23%</u>      | <u>2.97%</u>     |

**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, 2024**

|  | <u>2024</u>         | <u>2023</u>         |
|--|---------------------|---------------------|
| District's proportion of the net OPEB liability  | <u>0.001395%</u>    | <u>0.001403%</u>    |
| District's proportionate share of the net OPEB liability   | \$ 308,720          | \$ 335,893          |
| State's proportionate share of the net OPEB liability<br>associated with the District              | <u>372,519</u>      | <u>409,737</u>      |
| Total  | <u>\$ 681,239</u>   | <u>\$ 745,630</u>   |
| District's covered payroll   | <u>\$ 1,258,359</u> | <u>\$ 1,280,948</u> |
| District's proportionate share of the net OPEB liability as a<br>percentage of its covered payroll | <u>24.53%</u>       | <u>26.22%</u>       |
| Plan fiduciary net position as a percentage of the total OPEB liability                            | <u>14.94%</u>       | <u>11.52%</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 prepared.

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

| <u>2022</u>         | <u>2021</u>         | <u>2020</u>         | <u>2019</u>         | <u>2018</u>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>0.001309%</u>    | <u>0.001315%</u>    | <u>0.0001225%</u>   | <u>0.00011936%</u>  | <u>0.0001151%</u>   |
| \$ 505,026          | \$ 499,895          | \$ 579,378          | \$ 595,966          | \$ 500,438          |
| <u>676,622</u>      | <u>671,739</u>      | <u>769,862</u>      | <u>888,531</u>      | <u>848,428</u>      |
| <u>\$ 1,181,648</u> | <u>\$ 1,171,634</u> | <u>\$ 1,349,240</u> | <u>\$ 1,484,497</u> | <u>\$ 1,348,866</u> |
| <u>\$ 1,240,761</u> | <u>\$ 1,231,223</u> | <u>\$ 1,068,537</u> | <u>\$ 1,024,323</u> | <u>\$ 1,046,995</u> |
| <u>40.70%</u>       | <u>40.60%</u>       | <u>54.22%</u>       | <u>58.18%</u>       | <u>47.80%</u>       |
| <u>6.18%</u>        | <u>4.99%</u>        | <u>2.66%</u>        | <u>1.57%</u>        | <u>0.91%</u>        |

**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, 2024**

|  | <u>2024</u>         | <u>2023</u>         |
|--|---------------------|---------------------|
| Contractually required contribution                                  | \$ 11,910           | \$ 11,731           |
| Contributions in relation to the contractually required contribution | <u>(11,910)</u>     | <u>(11,731)</u>     |
| Contribution deficiency  | <u>\$ -</u>         | <u>\$ -</u>         |
| District's covered payroll (District's fiscal year)                  | <u>\$ 1,388,791</u> | <u>\$ 1,258,359</u> |
| Contributions as a percentage of covered payroll                     | <u>0.86%</u>        | <u>0.93%</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.



| <u>2022</u>        | <u>2021</u>        | <u>2020</u>        | <u>2019</u>        | <u>2018</u>         |
|--------------------|--------------------|--------------------|--------------------|---------------------|
| \$ 11,522          | \$ 10,228          | \$ 9,995           | \$ 8,695           | \$ 8,234            |
| <u>(11,522)</u>    | <u>(10,228)</u>    | <u>(9,995)</u>     | <u>(8,695)</u>     | <u>(8,234)</u>      |
| <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>         |
| <u>\$1,280,948</u> | <u>\$1,240,761</u> | <u>\$1,231,223</u> | <u>\$1,068,537</u> | <u>\$ 1,024,323</u> |
| <u>0.90%</u>       | <u>0.82%</u>       | <u>0.81%</u>       | <u>0.81%</u>       | <u>0.80%</u>        |

# **PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED AUGUST 31, 2024**

### **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, 2023. 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.

### **B. Defined Benefit Pension Plan**

#### **1. Change of Benefit Terms**

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the Net Pension Liability of TRS. In addition, the Legislature also provided for a cost-of-living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

## **PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2024**

#### **2. Changes of Assumptions**

The actuarial assumptions and methods are the same as used in the determination of the prior year's Net Pension Liability.

#### **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 were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The single discount rate changed from 3.91% as of August 31, 2022 to 4.13%, as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

***OTHER SUPPLEMENTARY INFORMATION SECTION***

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

| Fiscal Year<br>Ending<br>August 31, | 1           | 2            | 3  |
|-------------------------------------|-------------|--------------|--|
|                                     | Tax Rates   |              | Assessed/Appraised<br>Value for School<br>Tax Purposes |
|                                     | Maintenance | Debt Service |  |
| 2015 and Prior Years                | \$ Various  | \$ Various   | \$ Various   |
| 2016                                | 1.04        | -            | 166,810,041  |
| 2017                                | 1.04        | -            | 124,830,769  |
| 2018                                | 1.04        | -            | 87,371,731   |
| 2019                                | 1.04        | -            | 83,835,865   |
| 2020                                | 1.04        | -            | 88,987,500   |
| 2021                                | 0.97        | -            | 93,882,308   |
| 2022                                | 0.96        | -            | 97,433,505   |
| 2023                                | 0.85        | -            | 111,340,772  |
| 2024 (School year under audit)      | 0.74        | -            | 115,740,786  |
| 1000 Totals                         |             |              |  |

Taxes refunded under Section 26.1115, Tax Code

EXHIBIT J-1

| 10<br>Beginning<br>Balance<br>9/1/2023 | 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>8/31/2024 |
|--|---------------------------------------|----------------------------------|-----------------------------------|---------------------------------------|--------------------------------------|
| \$ 13,678                              | \$ -                                  | \$ 68                            | \$ -                              | \$ (2,198)                            | \$ 11,412                            |
| 3,754                                  | -                                     | 2,352                            | -                                 | -                                     | 1,402                                |
| 3,886                                  | -                                     | 2,629                            | -                                 | -                                     | 1,257                                |
| 4,306                                  | -                                     | 2,642                            | -                                 | -                                     | 1,664                                |
| 5,317                                  | -                                     | 3,376                            | -                                 | -                                     | 1,941                                |
| 5,876                                  | -                                     | 3,271                            | -                                 | -                                     | 2,605                                |
| 7,966                                  | -                                     | 3,468                            | -                                 | (1,747)                               | 2,751                                |
| 11,796                                 | -                                     | 4,687                            | -                                 | (1,720)                               | 5,389                                |
| 30,068                                 | -                                     | 15,621                           | -                                 | (3,241)                               | 11,206                               |
| -                                      | 854,167                               | 826,880                          | -                                 | (4,350)                               | 22,937                               |
| \$ 86,647                              | \$ 854,167                            | \$ 864,994                       | \$ -                              | \$ (13,256)                           | \$ 62,564                            |
|  |                                       | \$ 325                           |                                   |                                       |                                      |

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

| 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               | \$ 12,000        | \$ 20,000 | \$ 19,558 | \$ (442)  |
| 5800                     | State program revenues                       | 1,500            | 2,500     | 2,395     | (105)   |
| 5900                     | Federal program revenues                     | 71,000           | 71,000    | 62,844    | (8,156)   |
| 5020                     | Total revenues                               | 84,500           | 93,500    | 84,797    | (8,703)   |
|                          | Expenditures:                                |                  |           |           |   |
|                          | Current:                                     |                  |           |           |   |
|                          | Support services - student (pupil):          |                  |           |           |   |
| 0035                     | Food services                                | 109,115          | 130,000   | 111,995   | 18,005  |
|                          | Total support services - student (pupil)     | 109,115          | 130,000   | 111,995   | 18,005  |
| 6030                     | Total expenditures                           | 109,115          | 130,000   | 111,995   | 18,005  |
| 1100                     | Excess of revenues over (under) expenditures | (24,615)         | (36,500)  | (27,198)  | 9,302   |
|                          | Other financing sources:                     |                  |           |           |   |
| 7915                     | Transfers in                                 | 24,615           | 42,000    | 33,198    | (8,802)   |
| 7080                     | Total other financing sources                | 24,615           | 42,000    | 33,198    | (8,802)   |
| 1200                     | Net change in fund balance                   | -                | 5,500     | 6,000     | 500   |
| 0100                     | Fund balance - beginning                     | 1,530            | 1,530     | 1,530     | -   |
| 3000                     | Fund balance - ending                        | \$ 1,530         | \$ 7,030  | \$ 7,530  | \$ 500  |

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED RESPONSES RELATIVE TO COMPENSATORY**  
**AND BILINGUAL EDUCATION PROGRAMS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

| <u>Data<br/>Codes</u> |   | <u>Responses</u> |
|-----------------------|---|------------------|
|                       | <b>Section A: Compensatory Education Programs</b>   |                  |
| AP1                   | Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?                             | Yes              |
| AP2                   | Does the LEA have written policies and procedures for its state compensatory education program?   | Yes              |
| AP3                   | List the state allotment funds received for state compensatory education programs during the District's fiscal year.                              | \$ 89,012        |
| AP4                   | List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34) | \$ 73,314        |
|                       | <b>Section B: Bilingual Education Programs</b>  |                  |
| AP5                   | Did your LEA expend any bilingual education program state allotment funds during the District's fiscal year?                                      | No               |
| AP6                   | Does the LEA have written policies and procedures for its bilingual education program?  | Yes              |
| AP7                   | List the state allotment funds received for bilingual education programs during the District's fiscal year.                                       | \$ 558           |
| AP8                   | List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)                          | \$ 561           |





## EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

1401 HOLLIDAY ST., SUITE 216 • P.O. Box 750  
WICHITA FALLS, TEXAS 76307-0750  
PH. (940) 766-5550 • FAX (940) 766-5778

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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2024.

### **Report on 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.

## **Report on 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,

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

Edgin, Parkman, Fleming & Fleming, PC

December 19, 2024

# PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED AUGUST 31, 2024

### 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

X  No

Significant deficiencies identified that are  
not considered to be material weaknesses?

\_\_\_\_\_ Yes

X  None reported

Noncompliance material to the financial  
statements noted?

\_\_\_\_\_ Yes

X  No

#### 2. Federal Awards

A Single Audit was not required for the year ended August 31, 2024.

### B. Financial Statement Findings

None

### C. Federal Award Findings and Questioned Costs

Under the guidelines of the Uniform Guidance, a Single Audit was not required for the year ended August 31, 2024.

# **PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**

## **Audit Corrective Action Plan Year Ended August 31, 2024**

There are no current year findings that require a corrective action plan.

# **PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**

## **Summary Schedule of Prior Audit Findings Year Ended August 31, 2024**

There were no prior year findings.

**PRAIRIE VALLEY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL**  
**FIRST INDICATORS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

| <u>Data<br/>Control<br/>Codes</u> |  | <u>Responses</u> |
|-----------------------------------|--|------------------|
| SF1                               | Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?   | Yes              |
| SF2                               | Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?   | No               |
| SF3                               | Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?   | Yes              |
| SF4                               | Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.   | No               |
| SF5                               | Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?   | No               |
| SF6                               | Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?   | No               |
| SF7                               | Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end? | Yes              |
| SF8                               | Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?   | Yes              |
| SF9                               | Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end  | \$ -             |