

ERA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
JUNE 30, 2019

ERA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
CERTIFICATE OF BOARD	1
Independent Auditors' Report	2-4
Management's Discussion and Analysis	5-14
 <u>Basic Financial Statements</u>	
Government Wide Statements:	
A-1 Statement of Net Position	15
B-1 Statement of Activities	16
Governmental Fund Financial Statements:	
C-1 Balance Sheet	17
C-2 Reconciliation for C-1	18
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance	19
C-4 Reconciliation for C-3	20
Proprietary Fund Financial Statements:	
D-1 Statement of Net Position	21
D-2 Statement of Revenues, Expenses, and Changes in Fund Net Position	22
D-3 Statement of Cash Flows	23
Fiduciary Fund Financial Statements:	
E-1 Statement of Fiduciary Net Position	24
E-2 Statement of Changes in Fiduciary Net Position	25
Notes to the Financial Statements	26-53
 <u>Required Supplementary Information</u>	
G-1 Budgetary Comparison Schedule - General Fund	54
G-2 Schedule of the District's Proportionate Share of the Net Pension Liability (TRS)	55-56
G-3 Schedule of District Contributions to TRS Pension Plan	57-58
G-4 Schedule of the District's Proportionate Share of the Net OPEB Liability (TRS)	59
G-5 Schedule of District Contributions to the TRS OPEB Plan	60
Notes to Required Supplementary Information	61-62
 <u>Combining and Other Schedules</u>	
Nonmajor Governmental Funds:	
H-1 Combining Balance Sheet	63-64
H-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	65-66
Private Purpose Trust Funds:	
H-3 Combining Statement of Net Position	67
H-4 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	68
 <u>Required TEA Schedules</u>	
J-1 Schedule of Delinquent Taxes	69-70
J-2 Budgetary Comparison Schedule - Child Nutrition Fund	71
J-3 Budgetary Comparison Schedule - Debt Service Fund	72
 <u>Reports on Compliance, Internal Control, and Federal Awards</u>	
Report on Internal Control Over Financial Reporting and Compliance Based on an audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	73-74
Schedule of Findings and Questioned Costs	75
Schedule of Status of Prior Findings	76
Corrective Action Plan	77
L-1 Schools First Questionnaire	78

CERTIFICATE OF BOARD

Era Independent School District
Name of School District

Cooke
County

049906
Co.-Dist. Number

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

Signature of Board Secretary

Signature of Board President

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

FREEMON, SHAPARD & STORY

Certified Public Accountants

Independent Auditor's Report

To the Board of Trustees
Era Independent School District
Era, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Era Independent School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Era Independent School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Era Independent School District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-14, budgetary comparison information on page 54, and the schedule of the District's proportionate share of the net pension liability, the schedule of District pension plan contributions, the schedule of the District's proportionate share of the net OPEB liability, schedule of the District's OPEB plan contributions and the notes to the required supplementary information on pages 55-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Era Independent School District's basic financial statements. The combining fund financial statements and the Texas Education Agency required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is in Exhibits identified in the Table of Contents as H-1 through H-4 and J-1 through J-3

The combining fund statements and the Texas Education Agency required schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements and the Texas Education Agency required schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2019, on our consideration of the Era Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Era Independent School 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 Era Independent School District's internal control over financial reporting and compliance.

Freemon, Shapard & Story

A handwritten signature in cursive script that reads "Freeman, Shapard & Story".

Windthorst, Texas

October 11, 2019

ERA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

In this section of the Annual Financial and Compliance Report, we, the managers of Era Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2019. Please read it in conjunction with the District's Basic Financial Statements which follow this section.

FINANCIAL HIGHLIGHTS

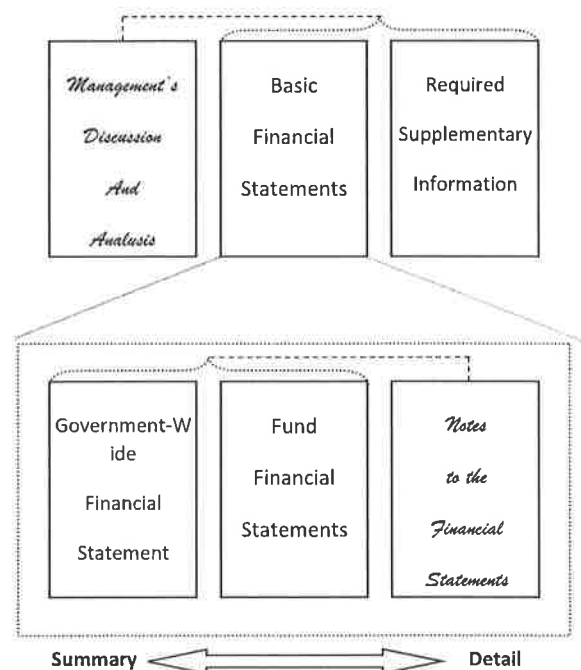
- The District's net position increased by \$43,104 as a result of this year's operations as per Exhibit B-1. Of total Net Position of \$1,572,699, the unrestricted deficit of \$2,140,461 is due to reflecting the District's proportionate share of the Net Pension Liability of TRS and the Net OPEB liability of TRS-Care. Additionally \$500,000 is currently restricted for capital projects.
- During the year, the District had expenses that were \$43,104 less than the \$6,179,605 generated in tax and other revenues for governmental programs. This compares to last year when revenues were \$860,865 more than expenses.
- Total cost of all of the District's programs was \$6,136,501 with no new programs added this year and no old programs deleted this year.
- The General Fund ended the year with a fund balance of \$1,517,567. Of this amount \$500,000 has been committed by the Board for construction and capital expenditures. The net increase in fund balance of \$6,779 was \$303,494 more than budgeted for the General Fund as reflected on Exhibit G-1.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position (page 15) and the Statement of Activities (on page 16). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 17) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

Figure A-1: Required Components of the District's Annual



ERA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

The notes to the financial statements (starting on page 26) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds and trust funds as reflected on Exhibits H-1 through H-4 contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Reports on Compliance, Internal Controls and Federal Awards contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Figure A-2: Major Features of the District's Government-wide and Fund Financial Statements

Type of Statement	Government-wide	Government Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire District's government (except fiduciary funds)	The activities of the district that are not propriety or fiduciary	Activities the District operates similar to private businesses: self-insurance fund	Instances in which the district is the trustee or agent for someone else's resources
<i>Required Financial Statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary assets and liabilities
<i>Accounting Basis and Measurement Focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and current financial resources focus	Modified accrual accounting and current financial resources focus
<i>Type of Asset/Liability Information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of Inflow/Outflow Information</i>	All revenue and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after year end, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	Agency funds do not report revenue and expenditures

ERA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 15. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as paid lunches received from students and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District discloses the following kind of activity:

- Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

ERA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 17 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the Every Student Succeeds Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District has two kinds of funds—governmental and proprietary—which use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service fund reports activities that provide services for the District's other programs and activities—the District's self-insurance program.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 24 and 25. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

ERA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and changes in Net Position (Table II) of the District's governmental activities.

Net Position of the District's governmental activities increased from \$1,529,595 to \$1,572,699. Unrestricted Net Position – the part of Net Position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$2,140,461) at June 30, 2019. This increase in governmental Net Position was the result of six factors. First, the District's expenditures exceeded the revenues by about \$1,199 (page 19). Second, the District paid bonds in the amount of \$185,000 and acquired capital assets in the amount of \$294,201. Third the District recorded depreciation in the amount of \$357,678. Fourth, the District booked other reclassifications and adjustments of \$40,138 recognizing deferred revenues as revenues, eliminating interfund transactions and recognizing liabilities associated with maturing long term debt and interest. Fifth, the District recorded adjustments in the amount of \$107,909 to adjust and reflect the District's proportionate share of TRS pension expense. Sixth, the District recorded adjustments in the amount of \$9,449 in which the District must assume their proportionate share of the Net OPEB liability of TRS and current year adjustments relating thereto.

Table I
Era Independent School District
NET POSITION

	Governmental Activities	
	2019	2018
Current and other assets	\$ 2,612,761	\$ 2,371,402
Capital assets	7,637,524	7,701,001
Total assets	<u>10,250,285</u>	<u>10,072,403</u>
Deferred Outflows of Resources	<u>830,243</u>	<u>329,946</u>
Long-term liabilities	7,928,961	7,453,175
Other liabilities	762,183	529,831
Total liabilities	<u>8,691,144</u>	<u>7,983,006</u>
Deferred Inflows of Resources	<u>816,685</u>	<u>889,748</u>
Net Position:		
Invested in capital assets, net of related debt	2,717,821	2,566,854
Restricted	995,339	1,003,317
Unrestricted	(2,140,461)	(2,040,576)
Total Net Position	<u>\$ 1,572,699</u>	<u>\$ 1,529,595</u>

ERA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

Table II
Era Independent School District
CHANGES IN NET POSITION

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 290,119	\$ 179,138
Operating Grants and Contributions	654,584	440,910
Negative On-behalf Accruals TRS Care	-	(726,131)
General Revenues:		
Maintenance and Operations Taxes	1,770,072	1,492,367
Debt Service Taxes	289,366	294,235
State Aid Formula Grants	3,104,773	2,891,413
Investment Earnings	34,693	18,238
Miscellaneous	35,998	24,068
Total Revenue	<u>6,179,605</u>	<u>4,614,238</u>
Expenses:		
Instruction	3,070,721	1,722,296
Instructional Resources and Media Services	62,667	41,615
Curriculum and Staff Development	8,916	4,757
School Leadership	276,464	149,549
Guidance, social work, health, transportation	66,609	36,787
Health Services	46,270	21,736
Student (Pupil) Transportation	244,346	157,014
Food Services	306,458	194,170
Extracurricular activities	443,615	240,088
General administration	474,493	205,165
Facilities Maintenance and Security	734,276	626,355
Security and Monitoring Services	9,765	9,278
Data Processing	118,437	81,800
Debt Service-Interest on Long Term Debt	122,305	127,173
Debt Service-Bond Issuance Cost and Fees	450	450
Capital Outlay	-	14,518
Payments related to Shared Services Arrangement	150,709	120,622
Total Expenses	<u>6,136,501</u>	<u>3,753,373</u>
Increase (Decrease) in Net Position	43,104	860,865
Net Position at Beginning	1,529,595	3,965,191
Prior Period Adjustment	-	(3,296,461)
Net Position at Ending	<u>\$ 1,572,699</u>	<u>\$ 1,529,595</u>

The District's total revenues increased 33.92% (\$1,565,367), an increase from \$4,614,238 last year to \$6,179,605 in the current year.

ERA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

The total cost of all programs and services increased 63.5% (\$2,383,128), an increase from \$3,753,373 last year to \$6,136,501. However, as shown in the Statement of Activities on pages 16, the amount that our taxpayers ultimately financed for these activities through District taxes was \$2,059,438 because some of the costs were paid by those who directly benefited from the programs (\$290,119) or by other governments and organizations that subsidized certain programs with grants and contributions (\$654,584), and by State formula funding (\$3,104,773).

Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As the District completed the year, its governmental funds (as presented in the balance sheet on pages 17) reported a combined fund balance of \$2,012,906 which is .06 percent (\$1,199) less than last year's total of \$2,014,105. Included in this year's total change in fund balance is an increase of \$6,779 in the District's General Fund. The detail for the General Fund's increase is evident from the governmental activities analysis as highlighted on page 19. The Other Uses total of \$235,776 is attributable to tax refunds paid of \$114,438 due as a result of oilfield compressor court judgement and \$121,338 refund to TEA due to maintenance of effort assessment relating to prior years.

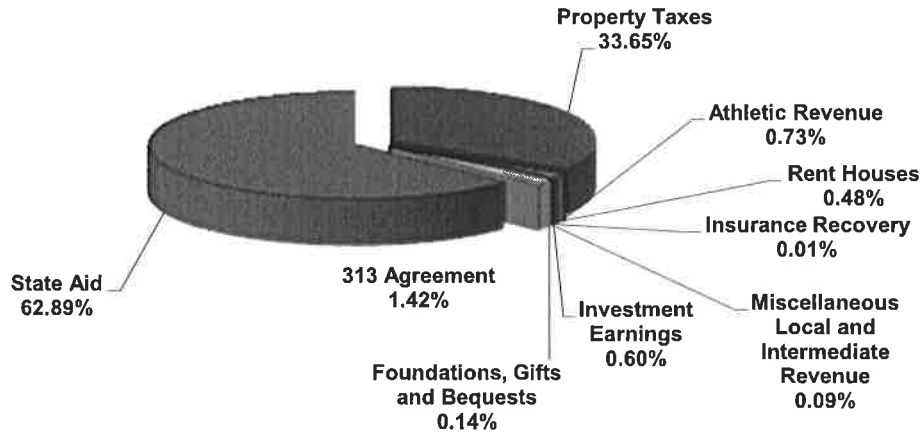
Approximately 33.65% of the District's total General Fund financial resources are derived from property taxes. State funding is based upon a combination of weighted average daily student attendance and property values. The State funding formula has been modified continually through the years and state funding represents approximately 62.88% of the District's revenues. The current maintenance and operating tax rate of \$1.04 per \$100 of property tax is the maximum allowed under state law. The District property tax rates remained at \$1.04 for M&O and decreased from \$.205 to \$.170 for Debt Service. The total assessed valuation increased from \$144,831,566 to \$171,516,860 in the current year, resulting in a levy of \$2,075,354 increased from \$1,803,153 in the prior year.

Over 48% of General Fund expenditures were dedicated for instructional effort. When combined with student support services such as counseling, nursing, extracurricular and transportation, 68.68 percent of General Fund expenditures were dedicated to direct student services.

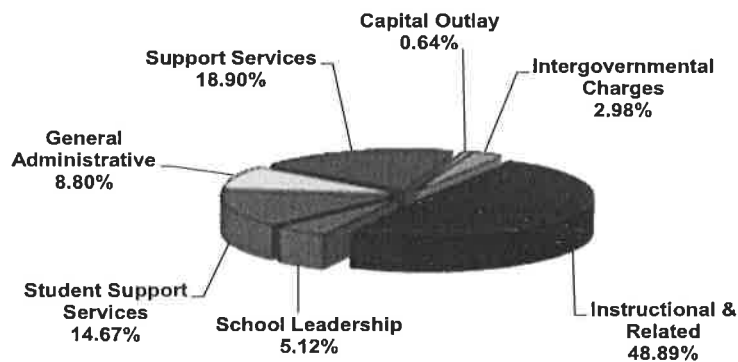
Other changes in fund balances should also be noted. The District's capital outlay total of \$294,201 includes the Campus fencing project, a 2019 24' trailer, a 71 passenger bus, a phone system, an intercom system and the removal of an house for future parking. Although these and other capital expenditures reduce available fund balances, they create new assets for the District as reported in the Statement of Net Position and as discussed in Note IV-F to the financial statements.

ERA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

General Fund- Operating Revenue



General Fund-Operating Expenditure



ERA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in June 2018). The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of \$1,517,567 reported on pages 19 differs from the General Fund's budgetary fund balance of \$1,214,073 reported in the budgetary comparison schedule in Exhibit G-1 on page 54. This is principally due to increased revenues and decreased expenditures over budgeted amounts for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019 the District had \$15,285,202 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$239,448 or 1.6 percent, above last year.

This year's major additions included:

Campus fencing	\$ 129,923
2019 Exiss 24' Trailer	18,371
Phone System	17,586
71 Passenger Blue Bird Bus	94,095
Intercom System	14,564
2018 Kawasaki	7,162
Parking Lot Construction in Progress-Removal of House	<u>12,500</u>
Totaling	<u>\$ 294,201</u>

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Land	\$ 104,072	\$ 104,072
Buildings, Net of Depreciation	6,935,081	7,069,827
Furniture and Equipment, Net of Depreciation	585,871	527,102
Construction in Progress	<u>12,500</u>	<u>-</u>
Total Capital Assets, net of Depreciation	<u>\$ 7,637,524</u>	<u>\$ 7,701,001</u>

More detailed information about the District's capital assets is presented in Note IV-F to the financial statements.

ERA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

Debt

At year-end, the District had \$4,355,000 in bonds outstanding versus \$4,539,254 last year—a decrease of \$184,254 which includes current year accretion of \$746 and bond payments of \$185,000. More detailed information about the District's long-term liabilities is presented in Notes IV-G and IV-H to the financial statements.

Era Independent School District
General Obligation Bonds

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
General Obligation Bonds	\$ 4,355,000	\$ 4,390,000
Capital Appreciation Bonds	-	149,254
Total Long Term Debt	<u>\$ 4,355,000</u>	<u>\$ 4,539,254</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's elected and appointed officials considered many factors when setting the fiscal-year 2019-2020 budget and tax rates, including the current economy and student attendance. The District's refined average daily attendance increased from 460 students in 2017-2018 to 467 students in 2018-2019 school year. Budgeted revenues are expected to increase \$569,544. Budgeted expenditures are expected to increase \$368,830. These indicators were taken into account when adopting the General Fund budget for 2019-2020. Total projected revenues for 2019-2020 are \$5,595,692 and total projected expenditures are \$5,573,692. If these estimates are realized, the District's budgetary General Fund balance is expected to remain virtually the same by the close of 2019-2020. The Maintenance and Operations tax rate will decrease from \$1.04 to \$.97 and the Debt Service tax rate will be maintained at \$.17 per \$100 valuation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Era Independent School District, 108 Hargrove, Era, Texas 76238.

BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

Data Control Codes	Primary Government <hr/> Governmental Activities <hr/>
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,419,615
1220 Property Taxes - Delinquent	98,542
1230 Allowance for Uncollectible Taxes	(20,026)
1240 Due from Other Governments	1,105,942
1290 Other Receivables, Net	140
Capital Assets:	
1510 Land	104,072
1520 Buildings, Net	6,935,081
1530 Furniture and Equipment, Net	585,871
1580 Construction in Progress	12,500
1800 Restricted Assets	8,548
1000 Total Assets	<hr/> 10,250,285 <hr/>
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Related to TRS Pension	660,307
1706 Deferred Related to TRS OPEB	169,936
1700 Total Deferred Outflows of Resources	<hr/> 830,243 <hr/>
LIABILITIES	
2110 Accounts Payable	4,750
2140 Interest Payable	55,844
2150 Payroll Deductions and Withholdings	3,282
2160 Accrued Wages Payable	246,757
2180 Due to Other Governments	235,776
2200 Accrued Expenses	14,020
2400 Payable from Restricted Assets	16,754
Noncurrent Liabilities:	
2501 Due Within One Year	185,000
2502 Due in More Than One Year	4,678,859
2540 Net Pension Liability (District's Share)	1,183,330
2545 Net OPEB Liability (District's Share)	2,066,772
2000 Total Liabilities	<hr/> 8,691,144 <hr/>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	64,845
2606 Deferred Inflow Related to TRS OPEB	751,840
2600 Total Deferred Inflows of Resources	<hr/> 816,685 <hr/>
NET POSITION	
3200 Net Investment in Capital Assets	2,717,821
3820 Restricted for Federal and State Programs	11,313
3850 Restricted for Debt Service	475,930
3860 Restricted for Capital Projects	500,000
3890 Restricted for Other Purposes	8,096
3900 Unrestricted	(2,140,461)
3000 Total Net Position	<hr/> \$ 1,572,699 <hr/>

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

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

EXHIBIT B-1

Data Control Codes	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	1	3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	
				6 Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 3,070,721	\$ 79,727	\$ 359,179	\$ (2,631,815)
12 Instructional Resources and Media Services	62,667	-	4,978	(57,689)
13 Curriculum and Instructional Staff Development	8,916	-	-	(8,916)
23 School Leadership	276,464	-	23,323	(253,141)
31 Guidance, Counseling and Evaluation Services	66,609	-	5,937	(60,672)
33 Health Services	46,270	-	4,508	(41,762)
34 Student (Pupil) Transportation	244,346	-	13,027	(231,319)
35 Food Services	306,458	136,250	142,498	(27,710)
36 Extracurricular Activities	443,615	38,607	18,538	(386,470)
41 General Administration	474,493	-	17,233	(457,260)
51 Facilities Maintenance and Operations	734,276	35,535	12,249	(686,492)
52 Security and Monitoring Services	9,765	-	258	(9,507)
53 Data Processing Services	118,437	-	7,941	(110,496)
72 Debt Service - Interest on Long-Term Debt	122,305	-	44,916	(77,389)
73 Debt Service - Bond Issuance Cost and Fees	450	-	-	(450)
93 Payments Related to Shared Services Arrangements	150,709	-	-	(150,709)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 6,136,501	\$ 290,119	\$ 654,584	(5,191,799)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	1,770,073
DT	Property Taxes, Levied for Debt Service	289,366
SF	State Aid - Formula Grants	3,104,773
IE	Investment Earnings	34,693
MI	Miscellaneous Local and Intermediate Revenue	35,998
TR	Total General Revenues	5,234,903
CN	Change in Net Position	43,104
NB	Net Position - Beginning	1,529,595
NE	Net Position--Ending	\$ 1,572,699

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 895,963	\$ 478,181	\$ 37,265	\$ 1,411,409
1220 Property Taxes - Delinquent	84,570	13,972	-	98,542
1230 Allowance for Uncollectible Taxes	(17,372)	(2,654)	-	(20,026)
1240 Due from Other Governments	1,094,666	10,926	350	1,105,942
1290 Other Receivables	-	-	140	140
1000 Total Assets	<u>\$ 2,057,827</u>	<u>\$ 500,425</u>	<u>\$ 37,755</u>	<u>\$ 2,596,007</u>
LIABILITIES				
2110 Accounts Payable	\$ 4,383	\$ -	\$ 367	\$ 4,750
2150 Payroll Deductions and Withholdings Payable	3,282	-	-	3,282
2160 Accrued Wages Payable	230,758	-	15,999	246,757
2180 Due to Other Governments	222,599	13,177	-	235,776
2200 Accrued Expenditures	12,040	-	1,980	14,020
2000 Total Liabilities	<u>473,062</u>	<u>13,177</u>	<u>18,346</u>	<u>504,585</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	67,198	11,318	-	78,516
2600 Total Deferred Inflows of Resources	<u>67,198</u>	<u>11,318</u>	<u>-</u>	<u>78,516</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	11,313	11,313
3480 Retirement of Long-Term Debt	-	475,930	-	475,930
3490 Other Restricted Fund Balance	-	-	8,096	8,096
Committed Fund Balance:				
3510 Construction	250,000	-	-	250,000
3530 Capital Expenditures for Equipment	250,000	-	-	250,000
3600 Unassigned Fund Balance	1,017,567	-	-	1,017,567
3000 Total Fund Balances	<u>1,517,567</u>	<u>475,930</u>	<u>19,409</u>	<u>2,012,906</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 2,057,827</u>	<u>\$ 500,425</u>	<u>\$ 37,755</u>	<u>\$ 2,596,007</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 2,012,906
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$15,045,754 and the accumulated depreciation was \$7,344,753. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation), long-term debt and accrued interest totaling \$5,134,147 in the governmental activities is to increase (decrease) net position.	2,566,854
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2019 capital outlays (\$294,201) and debt principal payments (\$185,000) is to increase (decrease) net position.	479,201
Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$660,307, a deferred resource inflow in the amount of \$64,845 and a net pension liability in the amount of \$1,183,330. This resulted in a decrease in net position.	(587,868)
Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$169,936, a deferred resource inflow in the amount of \$751,840, and a net OPEB liability in the amount of \$2,066,772. This resulted in a decrease in net position.	(2,648,676)
The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(357,678)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	107,960
Net Position of Governmental Activities	\$ 1,572,699

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,959,945	\$ 294,428	\$ 150,635	\$ 2,405,008
5800 State Program Revenues	3,321,047	44,916	2,804	3,368,767
5900 Federal Program Revenues	-	-	255,002	255,002
5020 Total Revenues	5,280,992	339,344	408,441	6,028,777
EXPENDITURES:				
Current:				
0011 Instruction	2,401,954	-	130,281	2,532,235
0012 Instructional Resources and Media Services	58,636	-	-	58,636
0013 Curriculum and Instructional Staff Development	8,916	-	-	8,916
0023 School Leadership	258,875	-	-	258,875
0031 Guidance, Counseling and Evaluation Services	61,563	-	-	61,563
0033 Health Services	43,507	-	-	43,507
0034 Student (Pupil) Transportation	281,328	-	-	281,328
0035 Food Services	9,418	-	275,105	284,523
0036 Extracurricular Activities	345,337	-	-	345,337
0041 General Administration	444,522	-	-	444,522
0051 Facilities Maintenance and Operations	831,205	-	-	831,205
0052 Security and Monitoring Services	9,615	-	-	9,615
0053 Data Processing Services	113,879	-	-	113,879
Debt Service:				
0071 Principal on Long-Term Debt	-	90,000	-	90,000
0072 Interest on Long-Term Debt	-	246,750	-	246,750
0073 Bond Issuance Cost and Fees	-	450	-	450
Capital Outlay:				
0081 Facilities Acquisition and Construction	32,150	-	-	32,150
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	150,709	-	-	150,709
6030 Total Expenditures	5,051,614	337,200	405,386	5,794,200
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	229,378	2,144	3,055	234,577
OTHER FINANCING SOURCES (USES):				
8949 Other (Uses)	(222,599)	(13,177)	-	(235,776)
1200 Net Change in Fund Balances	6,779	(11,033)	3,055	(1,199)
0100 Fund Balance - July 1 (Beginning)	1,510,788	486,963	16,354	2,014,105
3000 Fund Balance - June 30 (Ending)	\$ 1,517,567	\$ 475,930	\$ 19,409	\$ 2,012,906

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

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (1,199)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2019 capital outlays and debt principal payments is to increase net position.	479,201
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(357,678)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	40,138
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$66,849. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$60,743. Finally the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$114,015. The net result is a decrease in the change in net position.	(107,909)
GASB 75 required that certain TRS OPEB plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$25,404. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$23,876. Finally the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$10,977. The net result is an decrease in the change in net position.	(9,449)
Change in Net Position of Governmental Activities	\$ 43,104

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

ERA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Governmental Activities -
	Internal Service Fund
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 8,206
Total Current Assets	8,206
Noncurrent Assets:	
Restricted Assets	8,548
Total Noncurrent Assets	8,548
Total Assets	16,754
LIABILITIES	
Current Liabilities:	
Payable from Restricted Assets	16,754
Total Liabilities	16,754

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

ERA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 4,293
Total Operating Revenues	4,293
OPERATING EXPENSES:	
Payroll Costs	4,547
Total Operating Expenses	4,547
Operating Income (Loss)	(254)
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	254
Total Nonoperating Revenues (Expenses)	254

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

ERA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 4,293
Cash Payments for Insurance Claims	(5,467)
Net Cash Used for Operating Activities	(1,174)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	254
Net Decrease in Cash and Cash Equivalents	(920)
Cash and Cash Equivalents at Beginning of Year	17,674
Cash and Cash Equivalents at End of Year	\$ 16,754
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (254)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	(920)
Net Cash Used for Operating Activities	\$ (1,174)

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

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

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 121,085	\$ 41,006
Total Assets	<u>121,085</u>	<u>\$ 41,006</u>
LIABILITIES		
Due to Student Groups	-	\$ 41,006
Total Liabilities	<u>-</u>	<u>\$ 41,006</u>
NET POSITION		
Restricted for Scholarships/Classroom Grants	<u>121,085</u>	
Total Net Position	<u>\$ 121,085</u>	

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

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

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 63,219
Total Additions	<u>63,219</u>
DEDUCTIONS:	
Professional and Contracted Services	32,500
Total Deductions	<u>32,500</u>
Change in Net Position	30,719
 Total Net Position - July 1 (Beginning)	 <u>90,366</u>
 Total Net Position - June 30 (Ending)	 <u>\$ 121,085</u>

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

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Era Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in **GASB Statement No. 76**, and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

Pensions. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's 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.

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

Era Independent School District applies Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The District's investments are accounted for using the cost amortization method.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity. There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Era Independent School nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The District has no *business-type activities*.

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. 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.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the Foundation School Program. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food services and debt services.
2. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Additionally, the District reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Proprietary Funds:

3. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Fund is a self-funded Worker's Compensation Insurance Fund.

Fiduciary Funds:

4. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are used to account for activities of student groups and other organizational activities requiring clearing accounts. Financial resources for the Agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for an appropriation utilization through a budgeted program.
5. **Private Purpose Trust Fund-** The District accounts for donations for which the donor has stipulated that both the principal and the income or in restricted donations, just the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund consists of scholarship funds

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District generally does not report inventories of supplies such as consumable maintenance, instructional, office, athletic and transportation items due to the value of these items on hand at any given date being deemed immaterial. The District had no material inventories at June 30, 2019.

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at time of bond issuance.

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

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the district. At June 30, 2019, the District had no material liability for accrued personal sick leave.
5. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Buildings	39
Building Improvements	39
Vehicles	4-7
Office Equipment	5
Computer Equipment	5
Other Equipment	5-15

6. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

7. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a State wide data base for policy development and funding plans.
8. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used. 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.
9. 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 2019, the District participated in the Texas Rural Education Association-Risk Management Cooperative (TREA-RMC) Fund's Property and Casualty Program with coverage in property, general liability and other liability. This program was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully fund those reserves.

For the year ended June 30, 2019, the Fund anticipates Era I.S.D. has no additional liability beyond the contractual obligations for payment of contributions.

The District also participates in a shared risk workmen's compensation pool. The District is liable for its own workmen's compensation claims up to a certain level. If claims exceed this level, the remaining liability is shared by the other members of the pool. The District is also liable for its own shared percentage of others districts that have exceeded their liability limit. The pool as a whole is also insured with a stop-loss policy should it incur claims above a certain level.

10. According to the District's fund balance policy, fund balance is comprised of the following components:

Non-spendable fund balance – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact, such as inventory and prepaid items. The District has no non-spendable funds.

Restricted fund balance – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulation of other governments. At June 30, 2019, the District had restricted fund balances as follows:

National School Breakfast and Lunch Program	\$ 6,602
State Textbook Fund	4,711
CoServ Teacher Grants	8,096
Retirement of Long Term Debt	<u>475,930</u>
Total Restricted Fund Balance	<u>\$495,339</u>

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Committed fund balance – Amounts that can be used only for specific purposes determined by a formal action by Board of Trustees policy or resolution. This includes the budget reserves account. At June 30, 2019, the District had committed fund balances as follows:

For capital expenditures for equipment	\$250,000
For construction	<u>\$250,000</u>
Total fund balance commitments	<u>\$500,000</u>

Assigned fund balance – Amounts that are designated by the District for a specific purpose but are not spendable until a budget ordinance is passed by the Board of Trustees. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.

Unassigned fund balance – All amounts not included in other spendable classifications. The District's financial goal is to have a sufficient balance in the operating fund with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. Additionally, the District shall strive to maintain a yearly fund balance in the general operating fund in which the total fund balance is at least equivalent to three times the District's average total monthly operating expenditures.

11. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows of resources consist of amounts paid to TRS pension retirement system and OPEB (TRS-Care) plan which has not yet expensed by the measurement date of August 31, 2018.
12. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. The District also reports as deferred inflows of resources amounts paid to TRS pension retirement system and OPEB (TRS-Care) plan which have not yet been realized by the measurement date of August 31, 2018.
13. Recently Issued Accounting Pronouncements

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessor is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that this statement will have on its financial statements for the year ended June 30, 2021.

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

In January 2017, the GASB issued GASB Statement No. 84, effective for fiscal years beginning after December 15, 2018. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported and to clarify whether and how a business-type activity should report their fiduciary activities. Management is evaluating the effects that this statement will have on its financial statements for the year ended June 30, 2020.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets</u> <u>at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value at the</u> <u>Beginning of the</u> <u>Year</u>	<u>Change in Net</u> <u>Assets</u>
Land	\$ 104,072	\$ -	\$ 104,072	
Buildings & Improvements	12,972,401	5,902,574	7,069,827	
Furniture & Equipment	1,969,281	1,442,179	527,102	
Construction in Progress	-	-	-	
Change in Net Position	<u>15,045,754</u>	<u>7,344,753</u>	<u>7,701,001</u>	<u>7,701,001</u>
<u>Long-term Liabilities</u> <u>at the Beginning of the year</u>			<u>Payable at the</u> <u>Beginning of the</u> <u>Year</u>	
Serial Bonds Payable			(4,390,000)	
Capital Appreciation Bonds			(149,254)	
Interest Payable			(56,102)	
Unamortized Bond Premium			(538,791)	
Change in Net Position				<u>(5,134,147)</u>
Net Adjustment to Net Position				<u>\$ 2,566,854</u>

Another element of the reconciliation on Exhibit C-2 relates to deferred inflows and outflows of resources relating to the recording of the District's proportionate share of TRS pension Liability (GASB 68) and TRS Care OPEB liability (GASB 75). These deferred inflows and outflows are not due and payable in the current period and, therefore, are not reported in the government fund statements. The adjustment to reflect these liabilities in the government-wide financial statements result in net adjustment to Net Position of \$587,868 for net pension liability required to be recorded by GASB 68 and \$2,648,676 for the net OPEB liability required to be recorded by GASB 75.

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current Year Capital Outlay</u>			
Land	\$ -	\$ -	\$ -
Buildings & Improvements	129,923	129,923	129,923
Furniture & Equipment	151,778	151,778	151,778
Construction in Progress	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>
Total Capital Outlay	<u>294,201</u>	<u>294,201</u>	<u>294,201</u>
<u>Debt Principal Payments</u>			
Bond Principal and Accreted Interest	<u>185,000</u>	<u>185,000</u>	<u>185,000</u>
Total Principal Payments	<u>185,000</u>	<u>185,000</u>	<u>185,000</u>
Total Adjustment to Net Position		<u>\$ 479,201</u>	<u>\$ 479,201</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	(\$ 24,557)	(\$ 24,557)	\$ -
Uncollected taxes(assumed collectible) from Current Year Levy	38,600	38,600	38,600
Uncollected Taxes (assumed collectible) from Prior Year Levy	39,916	(3,349)	39,916
<u>Reclassify Proceeds of Bonds, Loans & Capital Leases</u>			
Bond Interest Accretion	(746)	(746)	(746)
Amortization of Original Issue Premium	29,932	29,932	29,932
Accrued Interest from Prior Year	56,102	56,102	56,102
Accrued Interest from Current Year	<u>(55,844)</u>	<u>(55,844)</u>	<u>(55,844)</u>
Total		<u>\$ 40,138</u>	<u>\$ 107,960</u>

Another element of the reconciliation on Exhibit C-4 relates to the District's recognition of its proportionate share of the net pension liability required by to be reported by GASB 68 and net OPEB liability required to be reported by GASB 75. These deferred inflows and outflows of resources related to the net pension and OPEB liability do not require the use of current financial resources and, therefore, are not reported as expenditures in the government fund statements.

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-2 and J-3.

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

1. Prior to June 20th, the District prepares a budget for the next succeeding fiscal year beginning July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures in excess of appropriations at June 30, 2019 are as follows:

General Fund

Extracurricular Activities	<u>\$ 1,520</u>
Other Uses	<u>\$ 108,067</u>

The expenditures in excess of budget for Other Uses was attributable to a Maintenance of Effort repayment due to TEA of \$121,338 that was not anticipated.

The Extracurricular Activities over expenditure amount resulted from purchase of Kawasaki on June 25th with proceeds from Booster club donation.

C. DEFICIT FUND EQUITY

The District had no fund equity deficit at year end.

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The District's funds are required to be deposited and invested under the terms of a depository contract, contents of which are set out in the *Depository Contract Law*. The depository bank deposits for safekeeping and trust with its agent banks, 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").

Cash Deposits

At June 30, 2019, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$1,549,248 and the bank balance was \$1,717,577. The District's cash deposits at June 30, 2019 and during the year then ended were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

<u>Depository Institution</u>	<u>Month</u>	<u>Highest combined balances of cash, savings and time deposits</u>	<u>Market value of securities pledged</u>	<u>FDIC Coverage</u>
First State Bank of Gainesville, Texas	September 2018	<u>\$ 1,097,274</u>	<u>\$ 1,466,750</u>	<u>\$478,671</u>

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District does not make investments that have foreign currency risk.

As of June 30, 2019, the following are the District's cash and cash equivalents with respective maturities and credit rating:

<u>Type of Deposit</u>	<u>Fair Value</u>	<u>Percent</u>	<u>Maturity in Less than 1 year</u>	<u>Maturity in 1-10 Years</u>	<u>Maturity in Over 10 Years</u>	<u>Credit Rating</u>
Cash (FDIC Insured)	\$ 608,438	Various	\$ 608,438	\$ -	\$ -	N/A
Investment Pools:						
Texpool	<u>940,810</u>	2.5306%- 2.6603%	<u>940,810</u>			AAAm
Total Cash and Cash Equivalents	<u>\$ 1,549,248</u>		<u>\$ 1,549,248</u>	<u>\$ -</u>	<u>\$ -</u>	

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity 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, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Era Independent School District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for Era Independent School District are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in: obligations of the United States or its agencies and instrumentalities; direct obligations of the state of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the state of Texas, the United States, or their respective agencies and instrumentalities; including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or by the explicit full faith and credit of the United States; obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; and bonds issued, assumed, or guaranteed by the state of Israel as per Texas Statute Government Code 2256.009. Additionally, the District authorizes investments in: certificates of deposit; fully collateralized repurchase agreements; certain securities lending programs; certain banker's acceptances; certain commercial paper; certain no-load market mutual funds; certain no-load mutual funds; guaranteed investment contracts; and public funds investment pools. As of June 30, 2019, the District's investments in TexPool were rated AAAM local government investment pool as required by the Public Funds Investment Act.

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District shall diversify in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District shall use final and weighted-average-maturity limits and diversification. The District shall monitor interest rate risk using weighted average maturity and specific identification.

Foreign Currency Risk for Investments The District does not make investments that have foreign currency risk.

Era Independent School District has no investments measured at the Net Asset Value (NAV) per Share (or its equivalent).

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 located in the District 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 31 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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on 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.

D. INTERFUND BALANCES AND TRANSFERS

The District had no interfund balances at June 30, 2019.

Interfund transfers are defined as "flow of assets without equivalent flows of assets in return and without requirement of repayment." The District had no interfund transfers for the year ended June 30, 2019.

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2019, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	\$ 84,570	\$1,094,666	\$ -	\$ -	\$1,179,236
Debt Service Fund	13,972	10,926	-	-	24,898
Nonmajor Governmental Funds	-	350	-	140	490
Total - Governmental Activities	<u>\$ 98,542</u>	<u>\$1,105,942</u>	<u>-</u>	<u>\$ 140</u>	<u>\$1,204,624</u>
Allowance doubtful collections	<u>\$ 20,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,026</u>

Payables at June 30, 2019, were as follows:

	<u>Accounts Payable</u>	<u>Payroll Deductions & Withholdings</u>	<u>Salaries and Benefits</u>	<u>Accrued Expenditures</u>	<u>Other</u>	<u>Total Payables</u>
Governmental Activities:						
General Fund	\$ 4,383	\$ 3,282	\$ 230,758	\$ 12,040	\$ 222,599	\$ 473,062
Nonmajor Gov. Funds	367	-	15,999	1,980	-	18,346
Debt Service Fund	-	-	-	-	13,177	13,177
Internal Service Funds	-	-	-	-	16,754	16,754
Trust & Agency Fund Funds	-	-	-	-	41,006	41,006
Total - Gov. Activities	<u>\$ 4,750</u>	<u>\$ 3,282</u>	<u>\$ 246,757</u>	<u>\$ 14,020</u>	<u>\$ 293,536</u>	<u>\$ 562,345</u>

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2019, was as follows:

	Primary Government			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities:				
Land	\$ 104,072	\$ -	(\$ -)	\$ 104,072
Buildings and Improvements	12,972,401	129,923	(30,000)	13,072,324
Furniture and Equipment	1,969,281	151,778	(24,753)	2,096,306
Construction in Progress	-	12,500	(-)	12,500
Totals at Historic Cost	<u>15,045,754</u>	<u>294,201</u>	<u>(54,753)</u>	<u>15,285,202</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(5,902,574)	(264,669)	30,000	(6,137,243)
Furniture and Equipment	(1,442,179)	(93,009)	24,753	(1,510,435)
Total Accumulated Depreciation	<u>(7,344,753)</u>	<u>(357,678)</u>	<u>54,753</u>	<u>(7,647,678)</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,701,001</u>	<u>(\$ 63,477)</u>	<u>(\$ -)</u>	<u>\$ 7,637,524</u>

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 167,804
Instructional Resources and Media Services	811
School Leadership	1,017
Guidance, Counseling and Evaluation Services	811
Student (Pupil) Transportation	49,424
Food Services	10,619
Cocurricular/Extracurricular Activities	92,835
General Administration	409
Plant Maintenance and Operations	<u>33,948</u>
Total Depreciation Expense	<u>\$ 357,678</u>

G. BONDS AND LONG-TERM LIABILITIES

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term liabilities for the year ended June 30, 2019 is as follows:

DESCRIPTION	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable Amounts Outstanding 7/1/18	Issued /additions	Accretion	Retirements	Outstanding 6/30/19
Unlimited Tax School Building and Refunding Bonds, Series 2016	2.00%- 4.00%	\$4,415,000	\$ 151,750	4,390,000	-	-	(35,000)	\$4,355,000
Capital Appreciation Bonds, Series 2016 \$150,000	3.76%- 4.68%	\$ 147,040	\$ -	149,254	-	746	(150,000)	-
Total Bonds			<u>\$ 151,750</u>	<u>\$4,539,254</u>	<u>\$ -</u>	<u>\$ 746</u>	<u>(\$ 185,000)</u>	<u>\$4,355,000</u>
Premium on Bonds				538,791			(29,932)	508,859
Total Long Term Debt				<u>\$5,078,045</u>	<u>-</u>	<u>\$ 746</u>	<u>(\$ 214,932)</u>	<u>\$4,863,859</u>
Other Long Term Liabilities								
Net Pension Liability				<u>\$ 681,508</u>	<u>\$ 574,245</u>		<u>(\$ 72,423)</u>	<u>\$ 1,183,330</u>
Net OPEB Liability				<u>\$1,877,876</u>	<u>\$ 217,451</u>		<u>(\$ 28,555)</u>	<u>\$ 2,066,772</u>

The Unlimited Tax School Building and Refunding Bonds, Series 2016 are comprised of \$4,415,000 of current interest bonds and \$55,000 of capital appreciation bonds (maturity of \$150,000). A portion of this issue was used to refund the balance of the serial bonds for the 2007 Series issue in the amount of \$1,250,000 in prior year. Additional proceeds advance refunded \$481,580 of capital appreciation bonds principal and accreted interest. The trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. In the current year, the remaining capital appreciation bonds were paid off.

The Other Long Term Liabilities reflected above relate to GASB68 accounting relative to TRS pension plan (Net Pension Liability) and GASB75 accounting relative to TRS-Care OPEB plan (Net OPEB Liability).

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

H. DEBT SERVICE REQUIREMENTS - BONDS

Debt service requirements for bonds are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>2016 Series Bond</u> <u>Principal</u>	<u>2016 Series</u> <u>Interest</u>	<u>Total</u> <u>Requirements</u>
2020	\$ 185,000	\$ 149,550	\$ 334,550
2021	190,000	145,800	335,800
2022	190,000	141,050	331,050
2023	200,000	135,200	335,200
2024	205,000	129,125	334,125
2025-2029	1,120,000	538,225	1,658,225
2030-2034	1,335,000	317,750	1,652,750
2035-2037	<u>930,000</u>	<u>56,600</u>	<u>986,600</u>
Total	<u>\$ 4,355,000</u>	<u>\$ 1,613,300</u>	<u>\$ 5,968,300</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2019

I. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of June 30, 2019, as follows:

<u>Year Ending</u> <u>June 30</u>	
2020	\$ 19,184
2021	19,184
2022	<u>17,585</u>
Total Minimum Rentals	<u>\$ 55,953</u>
Rental Expenditures in Fiscal Year 2019	<u>\$ 20,358</u>

J. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

A State minimum personal leave program consisting of five days per year of personal leave, with no limit on accumulation and no restriction on transfer among districts, is provided for District employees. All employees who are eligible for State personal leave also earn an additional five workdays of local sick leave per year. Local sick leave is cumulative subject to continuous employment with the District. The District has not recorded a liability for accumulated sick leave since the amount is not considered material.

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

K. DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

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

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

and 2019 would remain the same. Contribution Rates can be found in the TRS 2018 CAFR, Note 11, on page 76.

	<u>Contribution Rates</u>	
	<u>2018</u>	<u>2019</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2019 FY Employer Contributions		\$ 78,528
District's 2019 FY Member Contributions		\$ 226,790
2018 Measurement Year NECE On-Behalf Contributions		\$ 156,041

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

As the non-employer contributing entity for public education 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 (including public schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment
- When any part or all of an employee's salary is paid by federal funding sources or a privately sponsored source.

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

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

Actuarial Assumptions. The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions: (Actuarial Assumptions can be found in the 2018 TRS CAFR, Note 11, page 77.)

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2018	3.69% *
Inflation	2.30%
Salary Increases Including Inflation	3.50% to 9.50%
Ad hoc Post Employment Benefit Changes	None
* 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."	

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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

Discount Rate. The single discount rate used to measure the total pension liability was 6.907%. The Discount Rate can be found in the 2018 TRS CAFR on page 78. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 (see page 52 of the TRS CAFR) are summarized below:

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

* Target allocations are based on the FY2016 policy model.

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

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the Net Pension Liability. The discount rate can be found in the 2018 TRS CAFR, Note 11, page 78.

	<u>1% Decrease in Discount Rate (5.907%)</u>	<u>Discount Rate (6.907%)</u>	<u>1% Increase in Discount Rate (7.907%)</u>
District's proportionate share of the net pension liability:	<u>\$ 1,785,928</u>	<u>\$1,183,330</u>	<u>\$ 695,490</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, Era Independent School District reported a liability of \$1,183,330 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Era Independent School District. The amount recognized by Era Independent School 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 Era Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 1,183,330
State's proportionate share that is associated with the District	<u>2,551,171</u>
Total	<u>\$ 3,734,501</u>

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

At August 31, 2018 the employer's proportion of the collective net pension liability was .0021498498% which was an increase of 0.0000184453% from its proportion measured as of August 31, 2017.

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

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

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

For the year ended June 30, 2019, Era Independent School District recognized pension expense of \$427,256 and revenue of \$252,498 for support provided by the State.

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

At June 30, 2019, Era Independent School 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: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experience	\$ 7,376	\$ 29,034
Changes in actuarial assumptions	426,647	13,333
Net Difference between projected and actual investment earnings	-	22,453
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>159,435</u>	<u>25</u>
Total as of August 31, 2018 measurement date	\$ 593,458	\$ 64,845
Contributions paid to TRS subsequent to the measurement date	<u>66,849</u>	<u>-</u>
Total as of fiscal year end	<u>\$ 660,307</u>	<u>\$ 64,845</u>

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

Year ended June 30:	Pension Expense Amount
2020	\$ 145,108
2021	\$ 97,856
2022	\$ 83,505
2023	\$ 81,635
2024	\$ 73,116
Thereafter	\$ 47,393

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2018 are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 50,729,490,103
Less: plan fiduciary net position	(798,574,633)
Net OPEB liability	<u>\$ 49,930,915,470</u>

Net position as a percentage of total OPEB liability	1.57%
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ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

	<u>Medicare</u>	<u>Non-Medicare</u>
	<u>(January 1, 2018 thru December 31, 2018)</u>	
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999
*or surviving spouse		

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2018</u>	<u>2019</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding Remitted by Employers	1.25%	1.25%
2019 FY Employer Contributions		\$ 30,084
2019 FY Member Contributions		\$ 19,144
2018 NECE On-Behalf Contributions		\$ 33,231

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

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional \$212 million in one time, supplemental funding for the FY2018-19 biennium to continue to support the program. This was also received in fiscal year 2018 bringing the total appropriation received in fiscal year 2018 to \$394.6 million.

The District's proportionate share of the \$53,000,000 received during the district's 2019 fiscal year is reported in the fund level financial statements as an on-behalf contribution as required by GASB 85 and GASB 24.

Actuarial Assumptions. The total OPEB liability in the August 31, 2017 was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions: (Actuarial Assumptions can be found in the 2018 TRS CAFR, Note 9, page 71).

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including the rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation, salary increases, and general payroll growth, used in this OPEB valuation were identical to those used in the respective TRS pension valuation.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.69% *
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% after age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases	3.50% - 9.50%, including inflation
Ad-hoc Post Employment Benefit Changes	None

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

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Discount Rate. A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of .27 percent in the discount rate since the previous year. The Discount Rate can be found in the 2018 TRS CAFR on page 71. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability:

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the Net OPEB Liability.

	<u>1% Decrease in Discount Rate (2.69%)</u>	<u>Current Single Discount Rate (3.69%)</u>	<u>1% Increase in Discount Rate (4.69%)</u>
District's proportionate share of the Net OPEB Liability:	\$ 2,460,169	\$ 2,066,772	\$ 1,755,570

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	<u>1% Decrease Healthcare Trend Rate (7.5%)</u>	<u>Current Healthcare Cost Trend Rate (8.5%)</u>	<u>1% Increase Healthcare Trend Rate (9.5%)</u>
District's proportionate share of the Net OPEB Liability:	\$ 1,716,488	\$ 2,066,772	\$ 2,528,104

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2019, Era Independent School District reported a liability of \$2,066,772 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with Era Independent School District were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 2,066,772
State's proportionate share that is associated with the District	<u>2,408,613</u>
Total	<u>\$ 4,475,385</u>

The Net OPEB Liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018 the employer's proportion of the collective Net OPEB Liability was .0041392632% which was a decrease of 0.0001790580% from its proportion measured as of August 31, 2017

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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

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

For the year ended June 30, 2019, Era Independent School District recognized OPEB expense of \$122,464 and revenue of \$87,611 for support provided by the State.

At June 30, 2019, Era Independent School 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experience	\$ 109,676	\$ 32,617
Changes in actuarial assumptions	34,489	620,946
Net Difference between projected and actual investment earnings	361	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>6</u>	<u>98,277</u>
Total as of August 31, 2018 measurement date	\$ 144,532	\$ 751,840
Contributions paid to TRS subsequent to the measurement date	<u>25,404</u>	<u>-</u>
Total as of fiscal year end	<u>\$ 169,936</u>	<u>\$ 751,840</u>

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>OPEB Expense Amount</u>
2020	(\$ 93,568)
2021	(\$ 93,568)
2022	(\$ 93,568)
2023	(\$ 93,637)
2024	(\$ 93,676)
Thereafter	(\$ 139,291)

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

M. HEALTH CARE COVERAGE - ACTIVE EMPLOYEES

Plan Description. The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

During the year ended June 30, 2019, the District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer.

N. UNAVAILABLE/UNEARNED REVENUE

Unavailable revenue at year end consisted of the following:

	<u>General</u> <u>Fund</u>	<u>Debt Service</u> <u>Fund</u>	<u>Total</u>
Property Taxes	\$ 67,198	\$ 11,318	\$ 78,516
Total Unavailable Revenue	<u>\$ 67,198</u>	<u>\$ 11,318</u>	<u>\$ 78,516</u>

O. DUE FROM STATE AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2019, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Receivables from Other Governments.

<u>FUND</u>	<u>STATE</u> <u>ENTITLEMENTS</u>	<u>OTHER</u> <u>GOVERNMENTS</u>	<u>TOTAL</u>
General Fund	\$1,029,808	\$ 64,858	\$1,094,666
Debt Service Fund		10,926	10,926
Nonmajor Fund	-	350	350
Total	<u>\$1,029,808</u>	<u>\$ 76,134</u>	<u>\$1,105,942</u>

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

P. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>	<u>Private</u> <u>Purpose</u> <u>Fund</u>	<u>Total</u>
Property Taxes	\$ 1,763,360	\$ -	\$ 289,285	\$ -	\$ -	\$ 2,052,645
Penalties, Interest and Other	13,497	-	2,423	-	-	15,920
Tax-related Income						
Investment Income	31,721	-	2,720	254	1,394	36,089
Rent	25,150	-	-	-	-	25,150
Donations	7,162	4,000	-	-	61,825	72,987
Insurance Recovery	721	-	-	-	-	721
Food Sales	-	122,055	-	-	-	122,055
Co-curricular Activities	38,608	-	-	-	-	38,608
313 Agreement	75,000	-	-	-	-	75,000
Other	4,726	24,580	-	4,292	-	33,598
Total	<u>\$ 1,959,945</u>	<u>\$ 150,635</u>	<u>\$ 294,428</u>	<u>\$ 4,546</u>	<u>\$ 63,219</u>	<u>\$ 2,472,773</u>

Q. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District participates in a Shared Services Arrangement (SSA) for Special Education services with six other districts. Although 13.363% of the activity of the shared services arrangement is attributable to the District's participation, 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 fixed assets purchased by the fiscal agent, Callisburg 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 Era Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. The District contributed \$154,059 of local and state funds to the cooperative for the year ended June 30, 2019. Presented below are the revenues and expenditures attributable to the District's participation.

	<u>State & Local</u>	<u>Federal</u>
Revenues	<u>\$154,059</u>	<u>\$ 72,032</u>
Expenditures	<u>\$190,031</u>	<u>\$ 72,032</u>

R. SELF INSURANCE-WORKMEN'S COMPENSATION

The District participates in a self-insured Worker's Compensation Pool administered through a third party. The District provides fixed cost payments to the pool and accumulates reserves to cover the District's loss fund maximum amount each year. Fixed costs for the year ended June 30, 2019, were \$9,271 and the District's loss fund maximum was \$17,942.

The accrued liability for Worker's Compensation self-insurance of \$16,754 includes incurred but not reported claims of \$6,659. This liability reported in the fund at June 30, 2019, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been insured as of the date of the financial statements, and the amount of the loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing the liability does not result necessarily in an exact amount. The liability booked was the undiscounted estimate of the actuary at June 30, 2019. The District's ultimate liability is the sum of the District's loss fund as determined by actuary.

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

S. SUBSEQUENT EVENTS

The District's management has evaluated the impact of all subsequent events through October 11, 2019, the date which the financial statements were available for issue, and has determined that the following subsequent event requires disclosure in the financial statements.

T. RELATED ORGANIZATIONS

The District has no material related organizations as defined by *Governmental Accounting Standards Board Statement Number 14*.

U. OTHER USES

During fiscal year 2019, the District received the following notices they were liable for and recorded the expenses accordingly:

- Letter from TEA informing the District they failed to comply with laws, regulations and grant requirements for federal grants awarded under the Individuals with Disabilities Education Act of 2004, Part B (IDEA-B). The review indicated that for the 2017-2018, 2016-2017 and 2015-2016 school years, the District did not comply with the federal maintenance of effort requirement and therefore disallowed costs totaling for the three years of \$121,338.
- Settlement of a pending lawsuit for refund of taxes assessed and paid previously in prior years by an out of state company that owned the compressors which were in the District during 2013-2018 in the amount of \$114,438.

V. CHAPTER 313 AGREEMENT

In January, 2019 Era Independent School District and BT Cooke Solar, LLC (with the approval of the Texas Comptroller of Public Accounts) agreed to limitations on appraised value of property for school district maintenance and operations taxes for the purpose of renewable electric generation pursuant to the Chapter 313 of the Texas Tax Code. BT Cooke Solar, LLC qualified for the valuation limitation agreement by meeting a series of requirements related to capital investment, job creation, and wages. The application, the agreements, and state reporting requirement documentation can be viewed at the Texas Comptroller's website:

<https://www.comptroller.texas.gov/economy/local/ch313/agreements-docs.php>

Taxes shall be abated through a reduction of assessed value of approximately \$63,528,720 for fiscal years 2021 through 2027.

If BT Cooke Solar, LLC fails to comply with terms of the agreement, Era Independent School District shall be entitled to recapture all of the ad valorem tax revenue lost as a result of this agreement together with penalty and interest.

Other commitments of BT Cooke Solar, LLC and Era Independent School District are disclosed in the documentation at Era Independent School District or the Texas Comptroller's web site.

Era ISD received payments totaling \$75,000 this fiscal year as an advance payment to cover legal and consulting fees relating to this agreement.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,827,457	\$ 1,902,457	\$ 1,959,945	\$ 57,488
5800 State Program Revenues	3,123,691	3,123,691	3,321,047	197,356
5020 Total Revenues	4,951,148	5,026,148	5,280,992	254,844
EXPENDITURES:				
Current:				
0011 Instruction	2,420,919	2,433,584	2,401,954	31,630
0012 Instructional Resources and Media Services	63,851	61,851	58,636	3,215
0013 Curriculum and Instructional Staff Development	15,750	13,750	8,916	4,834
0023 School Leadership	251,245	263,144	258,875	4,269
0031 Guidance, Counseling and Evaluation Services	64,768	64,768	61,563	3,205
0033 Health Services	45,356	45,356	43,507	1,849
0034 Student (Pupil) Transportation	316,975	319,926	281,328	38,598
0035 Food Services	8,624	10,124	9,418	706
0036 Extracurricular Activities	325,817	343,817	345,337	(1,520)
0041 General Administration	410,400	487,400	444,522	42,878
0051 Facilities Maintenance and Operations	716,872	836,797	831,205	5,592
0052 Security and Monitoring Services	9,262	11,762	9,615	2,147
0053 Data Processing Services	132,071	124,071	113,879	10,192
Capital Outlay:				
0081 Facilities Acquisition and Construction	16,000	32,975	32,150	825
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of	148,537	155,537	150,709	4,828
6030 Total Expenditures	4,946,447	5,204,862	5,051,614	153,248
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	4,701	(178,714)	229,378	408,092
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	(3,469)	(3,469)	-	3,469
8949 Other (Uses)	-	(114,532)	(222,599)	(108,067)
7080 Total Other Financing Sources (Uses)	(3,469)	(118,001)	(222,599)	(104,598)
1200 Net Change in Fund Balances	1,232	(296,715)	6,779	303,494
0100 Fund Balance - July 1 (Beginning)	1,510,788	1,510,788	1,510,788	-
3000 Fund Balance - June 30 (Ending)	\$ 1,512,020	\$ 1,214,073	\$ 1,517,567	\$ 303,494

ERA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016
District's Proportion of the Net Pension Liability (Asset)	0.00214985%	0.002131405%	0.002093475%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,183,330	\$ 681,508	\$ 791,093
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	2,551,171	1,548,274	1,967,784
Total	<u>\$ 3,734,501</u>	<u>\$ 2,229,782</u>	<u>\$ 2,758,877</u>
District's Covered Payroll	\$ 2,767,371	\$ 2,717,183	\$ 2,742,896
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	42.76%	25.08%	28.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	78.00%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

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

FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.0020815%		0.0010361%	
\$	735,783	\$	276,756
1,969,328		1,686,788	
\$	2,705,111	\$	1,963,544
\$	2,738,789	\$	2,711,447
26.87%		10.21%	
78.43%		83.25%	

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

	2019	2018	2017
Contractually Required Contribution	\$ 78,528	\$ 71,668	\$ 69,369
Contribution in Relation to the Contractually Required Contribution	(78,528)	(71,668)	(69,369)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,945,322	\$ 2,747,913	\$ 2,711,751
Contributions as a Percentage of Covered Payroll	2.67%	2.61%	2.56%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding years.

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

2016		2015	
\$	66,137	\$	54,753
	(66,137)		(54,753)
\$	-	\$	-
\$	2,740,078	\$	2,749,079
	2.41%		1.99%

ERA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.004139263%	0.004318321%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 2,066,772	\$ 1,877,876
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	2,408,613	2,169,973
Total	<u>\$ 4,475,385</u>	<u>\$ 4,047,849</u>
District's Covered Payroll	\$ 2,767,371	\$ 2,717,183
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	74.68%	69.11%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.57%	0.91%

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

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

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

	2019	2018
Contractually Required Contribution	\$ 30,084	\$ 27,493
Contribution in Relation to the Contractually Required Contribution	(30,084)	(27,493)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered Payroll	\$ 2,945,322	\$ 2,747,913
Contributions as a Percentage of Covered Payroll	1.02%	1.00%

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

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

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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

Changes of Assumptions.

Assumptions, method, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long term assumed rate of return changed from 8.00 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefit.

The 85th Legislature, Regular Session passed the following statutory changes which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the net enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums

ERA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

Changes in Assumptions.

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

- Adjustments were made for retirees that were known to have discontinued their health care cover in fiscal year 2018.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB liability.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.

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

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

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

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

COMBINING AND OTHER SCHEDULES

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

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	289 Small Rural School Achiev Title IV Pt.A
ASSETS				
1110 Cash and Cash Equivalents	\$ 10,239	\$ 7,259	\$ -	\$ 6,960
1240 Due from Other Governments	-	-	-	-
1290 Other Receivables	-	140	-	-
1000 Total Assets	<u>\$ 10,239</u>	<u>\$ 7,399</u>	<u>\$ -</u>	<u>\$ 6,960</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 17	\$ -	\$ -
2160 Accrued Wages Payable	8,864	763	-	6,372
2200 Accrued Expenditures	1,375	17	-	588
2000 Total Liabilities	<u>10,239</u>	<u>797</u>	<u>-</u>	<u>6,960</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	6,602	-	-
3490 Other Restricted Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>6,602</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 10,239</u>	<u>\$ 7,399</u>	<u>\$ -</u>	<u>\$ 6,960</u>

410 State Instructional Materials	427 TXVSN Grants to Rural Schools	480 CoServ Teachers Grant	Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 4,711	\$ -	\$ 8,096	\$ 37,265	\$ -	\$ 37,265
-	350	-	350	-	350
-	-	-	140	-	140
<u>\$ 4,711</u>	<u>\$ 350</u>	<u>\$ 8,096</u>	<u>\$ 37,755</u>	<u>\$ -</u>	<u>\$ 37,755</u>
\$ -	\$ 350	\$ -	\$ 367	\$ -	\$ 367
-	-	-	15,999	-	15,999
-	-	-	1,980	-	1,980
<u>-</u>	<u>350</u>	<u>-</u>	<u>18,346</u>	<u>-</u>	<u>18,346</u>
4,711	-	-	11,313	-	11,313
-	-	8,096	8,096	-	8,096
<u>4,711</u>	<u>-</u>	<u>8,096</u>	<u>19,409</u>	<u>-</u>	<u>19,409</u>
<u>\$ 4,711</u>	<u>\$ 350</u>	<u>\$ 8,096</u>	<u>\$ 37,755</u>	<u>\$ -</u>	<u>\$ 37,755</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	289 Small Rural School Achiev Title IV Pt.A
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 146,635	\$ -	\$ -
5800 State Program Revenues	-	1,152	-	-
5900 Federal Program Revenues	67,212	126,857	12,876	48,057
5020 Total Revenues	67,212	274,644	12,876	48,057
EXPENDITURES:				
Current:				
0011 Instruction	67,212	-	12,876	48,057
0035 Food Services	-	275,105	-	-
6030 Total Expenditures	67,212	275,105	12,876	48,057
1200 Net Change in Fund Balance	-	(461)	-	-
0100 Fund Balance - July 1 (Beginning)	-	7,063	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 6,602	\$ -	\$ -

410 State Instructional Materials	427 TXVSN Grants to Rural Schools	480 CoServ Teachers Grant	Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 4,000	\$ 150,635	\$ -	\$ 150,635
1,302	350	-	2,804	-	2,804
-	-	-	255,002	-	255,002
1,302	350	4,000	408,441	-	408,441
1,786	350	-	130,281	-	130,281
-	-	-	275,105	-	275,105
1,786	350	-	405,386	-	405,386
(484)	-	4,000	3,055	-	3,055
5,195	-	4,096	16,354	-	16,354
\$ 4,711	\$ -	\$ 8,096	\$ 19,409	\$ -	\$ 19,409

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

	809 Local Expendable Trust	810 CoServ Student Grant	Total Private Purpose Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 87,260	\$ 33,825	\$ 121,085
Total Assets	<u>87,260</u>	<u>33,825</u>	<u>121,085</u>
NET POSITION			
Restricted for Scholarships/Classroom Grants	87,260	33,825	121,085
Total Net Position	<u>\$ 87,260</u>	<u>\$ 33,825</u>	<u>\$ 121,085</u>

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

	809 Local Expendable Trust	810 CoServ Student Grant	Total Private Purpose Trust Funds
ADDITIONS:			
Local and Intermediate Sources	\$ 1,394	\$ 61,825	\$ 63,219
Total Additions	1,394	61,825	63,219
DEDUCTIONS:			
Professional and Contracted Services	-	32,500	32,500
Total Deductions	-	32,500	32,500
Change in Net Position	1,394	29,325	30,719
Total Net Position - July 1 (Beginning)	85,866	4,500	90,366
Total Net Position - June 30 (Ending)	\$ 87,260	\$ 33,825	\$ 121,085

REQUIRED T.E.A. SCHEDULES

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

Last 10 Years	(1)	(2)	(3)	
	Tax Rates		Assessed/Appraised	
	Maintenance	Debt Service	Value for School Tax Purposes	
2010 and prior years	Various	Various	\$	Various
2011	1.040000	0.140000		108,328,933
2012	1.040000	0.140000		135,923,015
2013	1.040000	0.115000		180,795,494
2014	1.040000	0.115000		183,962,597
2015	1.040000	0.105000		210,171,616
2016	1.040000	0.110000		189,059,826
2017	1.040000	0.268000		136,886,391
2018	1.040000	0.205000		144,831,566
2019 (School year under audit)	1.040000	0.170000		171,516,860
1000 TOTALS				

Tax refund compressor settlement- ERA ISD has recorded an Other Use expenditure of \$114,438 relative to compressor taxes assessed and required to be refunded this fiscal year for years 2014 through 2018. Of this amount \$101,261 was attributable to M&O taxes previously collected and \$13,177 of I&S taxes previously collected. The original tax assessment values above have not been restated for the related value loss due to this court settlement for the respective years included in this settlement repayment.

(10) Beginning Balance 7/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2019
\$ 6,963	\$ -	\$ 122	\$ 16	\$ (1,520)	\$ 5,305
1,182	-	24	3	(71)	1,084
1,763	-	111	15	(136)	1,500
3,304	-	21	2	(104)	3,177
3,258	-	11	1	123	3,369
3,879	-	91	9	(4)	3,774
8,981	-	731	77	119	8,291
15,259	-	3,308	852	(691)	10,408
40,376	-	16,006	3,155	(2,470)	18,745
-	2,075,354	1,739,798	284,390	(8,277)	42,889
<u>\$ 84,965</u>	<u>\$ 2,075,354</u>	<u>\$ 1,760,223</u>	<u>\$ 288,522</u>	<u>\$ (13,032)</u>	<u>\$ 98,542</u>

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

Data Control Codes			Actual Amounts	Variance With
	Budgeted Amounts		(GAAP BASIS)	Final Budget
	Original	Final		Positive or (Negative)
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 155,989	\$ 155,989	\$ 146,635	\$ (9,354)
5800 State Program Revenues	1,500	1,500	1,152	(348)
5900 Federal Program Revenues	107,877	112,962	126,857	13,895
5020 Total Revenues	265,366	270,451	274,644	4,193
EXPENDITURES:				
Current:				
0035 Food Services	268,835	277,220	275,105	2,115
6030 Total Expenditures	268,835	277,220	275,105	2,115
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,469)	(6,769)	(461)	6,308
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	3,469	3,469	-	(3,469)
1200 Net Change in Fund Balances	-	(3,300)	(461)	2,839
0100 Fund Balance - July 1 (Beginning)	7,063	7,063	7,063	-
3000 Fund Balance - June 30 (Ending)	\$ 7,063	\$ 3,763	\$ 6,602	\$ 2,839

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 288,171	\$ 288,171	\$ 294,428	\$ 6,257
5800 State Program Revenues	55,180	55,180	44,916	(10,264)
5020 Total Revenues	343,351	343,351	339,344	(4,007)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	338,400	90,000	90,000	-
0072 Interest on Long-Term Debt	-	246,750	246,750	-
0073 Bond Issuance Cost and Fees	-	1,650	450	1,200
6030 Total Expenditures	338,400	338,400	337,200	1,200
1100 Excess of Revenues Over Expenditures	4,951	4,951	2,144	(2,807)
OTHER FINANCING SOURCES (USES):				
8949 Other (Uses)	-	-	(13,177)	(13,177)
1200 Net Change in Fund Balances	4,951	4,951	(11,033)	(15,984)
0100 Fund Balance - July 1 (Beginning)	486,963	486,963	486,963	-
3000 Fund Balance - June 30 (Ending)	\$ 491,914	\$ 491,914	\$ 475,930	\$ (15,984)

**REPORTS ON
COMPLIANCE, INTERNAL CONTROLS
AND
FEDERAL AWARDS**

FREEMON, SHAPARD & STORY

Certified Public Accountants

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*

Independent Auditor's Report

To the Board of Trustees
Era Independent School District
Era, Texas

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 Era Independent School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Era Independent School District's basic financial statements, and have issued our report thereon dated October 11, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Era Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-1.

Era Independent School District's Response to Finding

Era Independent School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Era Independent School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Freemon, Shapard & Story

A handwritten signature in cursive script that reads "Freeman, Shapard & Story".

Windthorst, Texas

October 11, 2019

ERA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

I. Summary of the Auditor's Results:

- The type of report issued on the financial statements of the Era Independent School District was an unmodified opinion.
- With respect to internal control over financial reporting we identified no material weaknesses and we reported no significant deficiencies.
- We noted no noncompliance material to the financial statements.
- With respect to internal control over major federal programs we identified no material weaknesses and we reported no significant deficiencies.
- We disclosed no audit findings which the auditor is required to report in accordance with 2 CFR 200.516(a).

• **Financial Statement Findings**

Finding 2019-1

Criteria

The budget should be amended as required in advance of funds being spent for all functional level categories each year.

Condition

The District's expenditures exceeded the final amended budget in two categories for the year as per Exhibit G-1.

Effect

The District's expenditures exceeded the final amended budget in two categories without board approval.

Cause

The District went over budget in two categories primarily due to two unanticipated year-end expenditures as explained in Note III B..

Recommendation

The budget should be amended as required in advance of funds being spent for all functional level categories each year including potential year-end adjustments.

• **Federal Award Findings and Questioned Costs**

None

ERA INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

The prior year audit disclosed no audit findings.

ERA INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019

<u>Finding Number</u>	<u>Contact Person</u>	<u>Corrective Action Plan</u>	<u>Anticipated Date Corrected</u>
2019-1	Jeremy Thompson Phone Number: (940)665-2007	The District will continue to monitor the budget closely and approve required amendments, anticipating year-end adjustments in advance of funds being spent.	2019-2020 Fiscal Year

SCHOOLS FIRST QUESTIONNAIRE

Era Independent School District

Fiscal Year 2019

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	
SF11	Net Pension Assets (1920) at fiscal year-end.	
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 1,183,330
SF13	Pension Expense (6147) at fiscal year-end.	