

FREEMON, SHAPARD & STORY

Certified Public Accountants

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 11, 2019

Board of Trustees
Era Independent School District
108 Hargrove St
Era, Texas 76238

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Era Independent School District for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 22, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Era Independent School District are described in Note (I) to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during 2018-19. We noted no transactions entered into by Era Independent School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- Management's estimate of the allowance for uncollectible property taxes is based on historical collection percentages.
- Management's estimate of useful lives of capital assets used for recording depreciation expense is based on the general knowledge and history of the individual capital assets.

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For all of the above estimates we evaluated the key factors and assumptions used to develop them in determining that they are reasonable in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note I- Summary of Significant Accounting Policies
- Note IV.F- Capital Assets
- Note IV.G- Bonds Payable
- Note IV.K- Defined Benefit Pension Plan
- Note IV. L- Defined Other Post-Employment Benefit Plan

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 11, 2019.

Management Consultations with Other independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Era Independent School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Era Independent School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We assisted the District in preparing year-end adjustments relative to: reversals and deferrals, workers compensation, State revenue and grants, and adjusting accounts payable.

As noted in Exhibit G-1 of the financial statements, the District exceeded final amended budget amounts in two categories for the year. We encourage the District to monitor expenditures and anticipate year-end adjustments in order to ensure that expenditures do not exceed the Board approved/amended budget.

We noted during our audit field work that the Appraisal District wasn't making payments of tax collections to school on a timely manner. The May and June tax collections totaling \$75,783 weren't paid to the school by the Appraisal District until July 2019. This issue needs to be discussed and resolved with Appraisal District, as tax collections should be remitted to the school promptly.

No other issues were detected during the course of our audit that have not been previously discussed.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedule-General Fund, Schedule of the District's Proportionate share of the Net Pension Liability (TRS), Schedule of District Contributions to TRS Pension Plan, Schedule of The District's Proportionate Share of the Net OPEB Liability (TRS) and Schedule of District Contributions to the TRS OPEB Plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, which accompany the financial statements but are not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and method of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, that the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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We were engaged to report on the Texas Education Agency required schedules, which accompany the financial statements but are not RSI. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements.

Restriction on Use

This information is intended solely for the information and use of the board of trustees and management of Era Independent School District and is not intended to be and should not be used by anyone other than these specified parties.

Freemon, Shapard & Story

A handwritten signature in cursive script that reads "Freeman, Shapard & Story". The signature is written in dark ink and is positioned above the printed name of the firm.

Windthorst, Texas 76389

October 11, 2019