

**LA PRYOR
INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
AUGUST 31, 2019**

LA PRYOR ISD
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2019

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LA PRYOR ISD
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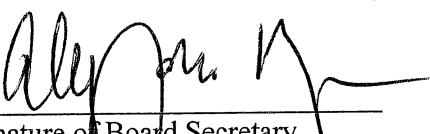
CERTIFICATE OF BOARD

La Pryor Independent School District
Name of School District

Zavala
County

254902
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved _____ disapproved for the year ended August 31, 2019 at a meeting of the Board of Trustees of such school district on the 22 day of January, 2020.



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)

LEAL & CARTER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Frank J. Leal, CPA
Roberto Carter, CPA

16011 University Oak
San Antonio, Texas 78249-1409
Telephone : (210) 696-6206
Facsimile : (210) 492-6209

Independent Auditor's Report

To the Board of Trustees
La Pryor ISD (the District)
La Pryor, 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 District, as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 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, budgetary comparison information and Texas Retirement System Information on pages 7 through 12, page 19 and pages 22 through 27, respectively 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.

Prior Period Financial Statements

The financial statements as of and for the year ended August 31, 2018 were audited by a predecessor auditor. An unmodified opinion was expressed in the Independent Auditor's Report that was dated January 20, 2019.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards (Exhibit K-1) is presented for purposes of additional analysis as required by Title 2. U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards and required Texas Education Agency schedules (Exhibits J-1 thru J-3) 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory, section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Seal & Carter, P.C.

San Antonio, Texas
January 15, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The annual financial report of La Pryor Independent School District (the District) is presented in three sections, management's discussion and analysis (this part), basic financial statements, and required supplementary information. This section of the District's annual financial report presents our discussion and analysis of the financial performance during the fiscal year ending August 31, 2019. Please read it in conjunction with the District's financial section, which follows.

Overview of the Basic Financial Statements

The basic financial statements include two kinds of statements that present different views of the District:

- * The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- * The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the government-wide statements.
- * The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- * *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets-the difference between the District's assets and liabilities is one way to measure the District's financial health or position.

Government-wide Statements (cont.)

- * Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- * To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- * Some funds are required by State law and by bond covenants.
- * The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has two kinds of funds:

- * *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, then explain the relationship (or differences) between them.
- * *Fiduciary funds*-The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that because of a trust agreement-can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Financial Highlights

- * The District's combined net position was \$ 1,778,892 at August 31, 2019.
- * During the year, the District's revenues were \$ 8,091,597 as reflected below:

	Governmental Activities	
	Current Year	Prior Year
a) Taxes	\$ 1,517,393	\$ 1,246,088
b) State Aid	5,473,304	3,657,846
c) Federal Aid	908,996	933,770
d) Investment Earnings	50,634	33,833
e) Charges for Services	83,548	50,756
f) Other	57,722	71,096
Total	<u>\$ 8,091,597</u>	<u>\$ 5,993,389</u>

- * During the year, the District's expenses were \$7,392,376 as reflected below:

	Governmental Activities	
	Current Year	Prior Year
a) Instruction and instructional related	\$ 3,835,248	\$ 2,390,182
b) Instructional leadership/school administration	679,302	329,052
c) Guidance, social work, health, transportation	368,067	220,511
d) Food services	444,078	288,872
e) Extracurricular activities	527,050	371,516
f) General administration	488,669	312,586
g) Plant maintenance and security	795,658	626,923
h) Data processing services	129,260	104,691
i) Community services	479	2,893
j) Debt services	92,954	102,378
k) Capital Outlay	-	-
l) Payments to fiscal agent/member districts - shared	-	-
m) Other Intergovernmental charges	31,611	40,398
Total Expenses	<u>\$ 7,392,376</u>	<u>\$ 4,790,002</u>

- * The general fund reported a fund balance this year of \$3,283,224 an increase of \$666,863 from the prior year.

- * The District's combined net position was \$ 1,778,892 at August 31, 2019, as reflected below:

	Governmental Activities	
	Current Year	Prior Year
Current and other assets	\$ 4,333,735	\$ 3,351,309
Capital and non-current assets	<u>6,075,766</u>	<u>6,371,880</u>
Total Assets	<u>\$ 10,409,501</u>	<u>\$ 9,723,189</u>
Deferred Outflows of Resources	<u>\$ 1,234,392</u>	<u>\$ 382,179</u>
Current liabilities	\$ 549,822	\$ 280,998
Long term liabilities	<u>7,734,937</u>	<u>7,288,161</u>
Total Liabilities	<u>\$ 8,284,759</u>	<u>\$ 7,569,159</u>
Deferred Inflows of Resources	<u>\$ 1,580,242</u>	<u>\$ 1,435,824</u>
Net Position:		
Invested in capital assets net of	\$ 3,364,871	\$ 3,282,002
Restricted	350,382	335,032
Unrestricted	<u>(1,936,361)</u>	<u>(2,516,649)</u>
Total Net Position	<u>\$ 1,778,892</u>	<u>\$ 1,100,385</u>

- * The Property tax base increased during the past year by \$17,685,502. The tax levy increased \$223,414.
- * State aid increased for the year by \$589,060.
- * Federal aid decreased for the year by \$24,774.
- * Deferred Outflows of Resources increased for the year by \$852,213 (per GASB 68 & 75 implementation and reduction of bond refunding deferred charge).
- * Deferred Inflows of Resources increased for the year by \$144,418 (Per GASB 68 & 75 implementation).
- * Long Term Liabilities increased for the year by \$446,776 (per GASB 68 & 75 implementation).
- * Total Net Position increased \$678,507 from the prior year (per GASB 68 & 75 implementation).
- * Operating transfers between all fund types netted to \$0.

Capital Assets and Debt Administration

Capital Assets

Capital assets for the District at the end of the fiscal year August 31, 2019 amounted to \$6,075,766. It is the District's policy to charge off as a current expenditure any purchases less than \$5,000. The total capital assets recorded were land and its improvements, buildings, equipment and vehicles as reflected below:

	<u>Governmental Activities</u>	
	<u>Current</u>	<u>Prior</u>
	<u>Year</u>	<u>Year</u>
Land	\$ 97,095	\$ 97,095
Buildings and improvements	11,669,921	11,669,921
Furniture and equipment	1,533,546	1,504,818
Totals at historical cost	13,300,562	13,271,834
Total accumulated depreciation	<u>(7,224,796)</u>	<u>(6,899,954)</u>
Net capital assets	<u><u>\$ 6,075,766</u></u>	<u><u>\$ 6,371,880</u></u>

Debt Administration

Total Debt for the District at the end of fiscal year August 31, 2019 amounted to \$2,747,625. The District's Debt decreased by \$381,145 which was primarily attributable to bond payments in fiscal year 2019.

	<u>Governmental Activities</u>	
	<u>Current</u>	<u>Prior</u>
	<u>Year</u>	<u>Year</u>
Bonds payable	\$ 1,800,000	\$ 1,900,000
Notes payable	694,601	960,862
Unamortized bond premium/discount	<u>253,024</u>	<u>267,908</u>
Total	<u><u>\$ 2,747,625</u></u>	<u><u>\$ 3,128,770</u></u>

Economic Factors and Next Year's Budgets and Rates

- Appraised value used for the 2019 budget preparation are up 25% from 2019 values.
- Tax rates decreased for 2019 at \$1.186
- State funding is subject to legislative cuts.

These indicators were taken into account when adopting the general fund budget for 2019. Amounts available for appropriation in the general fund budget are approximately \$6.76 million.

Expenditures are budgeted remain constant at approximately \$9.5 million. The District continues to coordinate local funds with federal funds to optimize instructional programs.

If these estimates are realized, the District's budgetary general fund balance is expected to decrease by \$193.2 thousand by the close of 2020.

Contacting the District's Financial Management

This Financial Report is designed for customers, investors, and creditors with a general overview of the District's finances. Its purpose is to demonstrate the District's accountability for the funds it receives

If you have questions about this report or need additional financial information, you may contact the District's Business and Finance Department.

LA PRYOR ISD
STATEMENT OF NET POSITION
AUGUST 31, 2019

EXHIBIT A-1

Data	Primary Government
Control	Governmental
Codes	Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,276,740
1120 Current Investments	1,843,577
1220 Property Taxes - Delinquent	289,501
1230 Allowance for Uncollectible Taxes	(48,031)
1240 Due from Other Governments	964,611
1290 Other Receivables, Net	(1,030)
1300 Inventories	6,133
1410 Prepayments	2,234
Capital Assets:	
1510 Land	97,095
1520 Buildings, Net	5,681,311
1530 Furniture and Equipment, Net	297,360
1000 Total Assets	10,409,501
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	36,731
1705 Deferred Outflow Related to TRS Pension	954,166
1706 Deferred Outflow Related to TRS OPEB	243,495
1700 Total Deferred Outflows of Resources	1,234,392
LIABILITIES	
2110 Accounts Payable	268,250
2150 Payroll Deductions and Withholdings	33,739
2160 Accrued Wages Payable	242,056
2200 Accrued Expenses	5,777
Noncurrent Liabilities:	
2501 Due Within One Year	315,621
2502 Due in More Than One Year	2,432,005
2540 Net Pension Liability (District's Share)	2,007,917
2545 Net OPEB Liability (District's Share)	2,979,394
2000 Total Liabilities	8,284,759
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	110,056
2606 Deferred Inflow Related to TRS OPEB	1,470,186
2600 Total Deferred Inflows of Resources	1,580,242
NET POSITION	
3200 Net Investment in Capital Assets	3,364,871
3820 Restricted for Federal and State Programs	99,892
3850 Restricted for Debt Service	250,490
3900 Unrestricted	(1,936,361)
3000 Total Net Position	\$ 1,778,892

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

LA PRYOR ISD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

FOR THE YEAR ENDED AUGUST 31, 2019

Data		Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Control	1	3	4	6	
Codes			Operating	Primary Gov.	
	Expenses	Charges for	Grants and	Governmental	
		Services	Contributions	Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 3,768,387	\$ 12,404	\$ 585,459	\$ (3,170,524)
12	Instructional Resources and Media Services	30,661	-	2,857	(27,804)
13	Curriculum and Instructional Staff Development	36,200	-	34,568	(1,632)
21	Instructional Leadership	307,073	-	153,429	(153,644)
23	School Leadership	372,229	-	38,609	(333,620)
31	Guidance, Counseling and Evaluation Services	137,604	-	36,282	(101,322)
33	Health Services	45,905	-	3,265	(42,640)
34	Student (Pupil) Transportation	184,558	-	9,287	(175,271)
35	Food Services	444,078	19,474	427,200	2,596
36	Extracurricular Activities	527,050	51,670	50,927	(424,453)
41	General Administration	488,669	-	32,563	(456,106)
51	Facilities Maintenance and Operations	788,528	-	30,235	(758,293)
52	Security and Monitoring Services	7,130	-	50	(7,080)
53	Data Processing Services	129,260	-	9,236	(120,024)
61	Community Services	479	-	479	-
72	Debt Service - Interest on Long-Term Debt	92,204	-	-	(92,204)
73	Debt Service - Bond Issuance Cost and Fees	750	-	-	(750)
99	Other Intergovernmental Charges	31,611	-	-	(31,611)
[TP]	TOTAL PRIMARY GOVERNMENT:	\$ 7,392,376	\$ 83,548	\$ 1,414,446	(5,894,382)
Data					
Control					
Codes	General Revenues:				
MT	Property Taxes, Levied for General Purposes				1,454,845
DT	Property Taxes, Levied for Debt Service				62,548
GC	Grants and Contributions not Restricted				4,994,200
IE	Investment Earnings				50,634
MI	Miscellaneous Local and Intermediate Revenue				31,376
TR	Total General Revenues				6,593,603
CN	Change in Net Position				699,221
NB	Net Position - Beginning				1,100,385
PA	Prior Period Adjustment				(20,714)
NE	Net Position--Ending				\$ 1,778,892

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

LA PRYOR ISD
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 944,006	\$ 319,669	\$ 13,065	\$ 1,276,740
1120 Investments - Current	1,821,449	22,128	-	1,843,577
1220 Property Taxes - Delinquent	263,446	26,055	-	289,501
1230 Allowance for Uncollectible Taxes	(43,809)	(4,222)	-	(48,031)
1240 Due from Other Governments	819,895	-	144,716	964,611
1260 Due from Other Funds	138,529	345	-	138,874
1290 Other Receivables	(2,236)	1,206	-	(1,030)
1300 Inventories	6,133	-	-	6,133
1410 Prepayments	2,234	-	-	2,234
1000 Total Assets	<u>\$ 3,949,647</u>	<u>\$ 365,181</u>	<u>\$ 157,781</u>	<u>\$ 4,472,609</u>
LIABILITIES				
2110 Accounts Payable	\$ 120,975	\$ -	\$ 147,275	\$ 268,250
2150 Payroll Deductions and Withholdings Payable	33,739	-	-	33,739
2160 Accrued Wages Payable	240,772	-	1,284	242,056
2170 Due to Other Funds	46,016	92,858	-	138,874
2200 Accrued Expenditures	5,281	-	496	5,777
2300 Unearned Revenue	219,640	21,833	-	241,473
2000 Total Liabilities	<u>666,423</u>	<u>114,691</u>	<u>149,055</u>	<u>930,169</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	99,892	-	-	99,892
3480 Retirement of Long-Term Debt	-	250,490	-	250,490
3600 Unassigned Fund Balance	3,183,332	-	8,726	3,192,058
3000 Total Fund Balances	<u>3,283,224</u>	<u>250,490</u>	<u>8,726</u>	<u>3,542,440</u>
4000 Total Liabilities and Fund Balances	<u>\$ 3,949,647</u>	<u>\$ 365,181</u>	<u>\$ 157,781</u>	<u>\$ 4,472,609</u>

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

LA PRYOR ISD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2019

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 3,542,440
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$13,271,834 and the accumulated depreciation was (\$6,899,954). 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) and long-term debt in the governmental activities is to decrease net position.	3,282,002
2 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 and debt principal payments is to decrease net position.	394,988
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS was a Deferred Resource Outflow in the amount of \$954,166, a Deferred Resource Inflow in the amount of \$110,056 and a net pension liability in the amount of \$2,007,917. This resulted in a (decrease) in net position .	(1,163,807)
4 The District participates in the TRS-Care plan for retirees through TRS. The District's share of the TRS plan resulted in a net OPEB liability of \$2,979,394, a deferred outflow of \$243,495 and a deferred inflow of \$1,470,186. This resulted in a decrease in net position..	(4,206,085)
5 The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(324,842)
6 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.	254,196
19 Net Position of Governmental Activities	\$ 1,778,892

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

LA PRYOR ISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,483,319	\$ 138,077	\$ 26,346	\$ 1,647,742
5800 State Program Revenues	5,135,838	53,891	94,134	5,283,863
5900 Federal Program Revenues	459,994	-	449,002	908,996
5020 Total Revenues	7,079,151	191,968	569,482	7,840,601
EXPENDITURES:				
Current:				
0011 Instruction	3,045,901	-	335,816	3,381,717
0012 Instructional Resources and Media Services	28,953	-	-	28,953
0013 Curriculum and Instructional Staff Development	1,633	-	34,567	36,200
0021 Instructional Leadership	140,460	-	143,822	284,282
0023 School Leadership	348,410	-	739	349,149
0031 Guidance, Counseling and Evaluation Services	103,751	-	27,412	131,163
0033 Health Services	41,186	-	-	41,186
0034 Student (Pupil) Transportation	167,804	-	-	167,804
0035 Food Services	412,436	-	4,619	417,055
0036 Extracurricular Activities	415,236	-	20,970	436,206
0041 General Administration	453,723	-	50	453,773
0051 Facilities Maintenance and Operations	767,294	-	-	767,294
0052 Security and Monitoring Services	7,080	-	50	7,130
0053 Data Processing Services	123,009	-	-	123,009
0061 Community Services	-	-	479	479
Debt Service:				
0071 Principal on Long-Term Debt	266,260	100,000	-	366,260
0072 Interest on Long-Term Debt	36,827	68,100	-	104,927
0073 Bond Issuance Cost and Fees	-	750	-	750
Intergovernmental:				
0099 Other Intergovernmental Charges	31,611	-	-	31,611
6030 Total Expenditures	6,391,574	168,850	568,524	7,128,948
1200 Net Change in Fund Balances	687,577	23,118	958	711,653
0100 Fund Balance - September 1 (Beginning)	2,616,361	227,372	7,768	2,851,501
1300 Prior Period Adjustment	(20,714)	-	-	(20,714)
3000 Fund Balance - August 31 (Ending)	\$ 3,283,224	\$ 250,490	\$ 8,726	\$ 3,542,440

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

LA PRYOR ISD
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 711,653
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 decrease net position.	394,988
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.	(324,842)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	74,278
Current year changes due to GASB 68 increased revenues in the amount of \$120,439 but also increased expenditures in the amount of \$146,379. The net effect on the change in the ending net position was a decrease in the amount of \$101,323.	75,383
Current year changes due to GASB 75 increased revenues in the amount of \$35,140 but also increased expenditures in the amount of \$42,727. The net effect on the change in the ending net position was a decrease in the amount of \$224,652.	(232,239)
Change in Net Position of Governmental Activities	\$ 699,221

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

LA PRYOR ISD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 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	\$ 1,352,889	\$ 1,492,174	\$ 1,483,319	\$ (8,855)
5800 State Program Revenues	4,591,203	4,591,203	5,135,838	544,635
5900 Federal Program Revenues	320,000	458,509	459,994	1,485
5020 Total Revenues	6,264,092	6,541,886	7,079,151	537,265
EXPENDITURES:				
Current:				
0011 Instruction	3,158,664	3,219,431	3,045,901	173,530
0012 Instructional Resources and Media Services	27,885	33,385	28,953	4,432
0013 Curriculum and Instructional Staff Development	18,700	18,700	1,633	17,067
0021 Instructional Leadership	169,856	177,856	140,460	37,396
0023 School Leadership	346,334	352,084	348,410	3,674
0031 Guidance, Counseling and Evaluation Services	98,783	106,783	103,751	3,032
0033 Health Services	40,100	45,350	41,186	4,164
0034 Student (Pupil) Transportation	154,958	197,708	167,804	29,904
0035 Food Services	397,144	525,144	412,436	112,708
0036 Extracurricular Activities	544,501	559,501	415,236	144,265
0041 General Administration	548,291	553,326	453,723	99,603
0051 Facilities Maintenance and Operations	839,306	868,048	767,294	100,754
0052 Security and Monitoring Services	15,000	15,000	7,080	7,920
0053 Data Processing Services	165,238	165,238	123,009	42,229
0061 Community Services	500	500	-	500
Debt Service:				
0071 Principal on Long-Term Debt	303,141	266,261	266,260	1
0072 Interest on Long-Term Debt	-	36,880	36,827	53
Intergovernmental:				
0099 Other Intergovernmental Charges	31,612	31,612	31,611	1
6030 Total Expenditures	6,860,013	7,172,807	6,391,574	781,233
1100 Excess (Deficiency) of Revenues Over Expenditures	(595,921)	(630,921)	687,577	1,318,498
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	43,446	43,446	-	(43,446)
8911 Transfers Out (Use)	(43,446)	(43,446)	-	43,446
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balances	(595,921)	(630,921)	687,577	1,318,498
0100 Fund Balance - September 1 (Beginning)	2,616,361	2,616,361	2,616,361	-
1300 Prior Period Adjustment	-	-	(20,714)	(20,714)
3000 Fund Balance - August 31 (Ending)	\$ 2,020,440	\$ 1,985,440	\$ 3,283,224	\$ 1,297,784

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

LA PRYOR ISD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2019

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 2,444	\$ 36,560
Total Assets	<u>2,444</u>	<u>\$ 36,560</u>
LIABILITIES		
Due to Student Groups	-	\$ 36,560
Total Liabilities	<u>-</u>	<u>\$ 36,560</u>
NET POSITION		
Unrestricted Net Position	<u>2,444</u>	
Total Net Position	<u>\$ 2,444</u>	

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

LA PRYOR ISD
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

	Private Purpose Trust Fund
Change in Net Position	-
Total Net Position September 1 (Beginning)	<u>2,444</u>
Total Net Position August 31 (Ending)	<u>\$ 2,444</u>

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

LA PRYOR ISD
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 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)	0.003647944%	0.003584012%	0.003544414%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,007,917	\$ 1,145,974	\$ 1,339,381
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	3,122,257	1,968,505	2,166,213
Total	\$ 5,130,174	\$ 3,114,479	\$ 3,505,594
District's Covered Payroll	\$ 3,642,139	\$ 3,114,479	\$ 3,505,594
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	55.13%	31.30%	38.21%
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		FY 2015 Plan Year 2014	
0.0035694%		0.0030293%	
\$	1,261,735	\$	809,168
2,213,869		2,023,900	
\$	3,475,604	\$	2,833,068
\$	3,475,604	\$	2,833,068
36.30%		28.56%	
78.43%		83.25%	

LA PRYOR ISD
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2019

	2019	2018	2017
Contractually Required Contribution	\$ 120,439	\$ 127,066	\$ 97,964
Contribution in Relation to the Contractually Required Contribution	(120,439)	(127,066)	(97,964)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,642,894	\$ 3,642,139	\$ 3,661,733
Contributions as a Percentage of Covered Payroll	3.31%	3.49%	2.68%

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	
\$	94,464	\$	76,801
	(94,464)		(76,801)
\$	-	\$	-
\$	3,360,328	\$	3,581,435
	2.81%		2.14%

LA PRYOR ISD
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2019

	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.005967033%	0.006929587%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 2,979,394	\$ 3,013,417
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	3,031,526	2,792,648
Total	<u>\$ 6,010,920</u>	<u>\$ 5,806,065</u>
District's Covered Payroll	\$ 3,642,139	\$ 3,661,733
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	81.80%	82.29%
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. 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.

LA PRYOR ISD
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2019

	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 35,140	\$ 42,727
Contribution in Relation to the Contractually Required Contribution	(35,140)	(42,727)
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Payroll	\$ 3,642,893	\$ 3,642,139
Contributions as a Percentage of Covered Payroll	0.96%	1.17%

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.

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

La Pryor 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 promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement of Auditing Standards No. 69* of the American Institute of Certified Public Accountants; 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.

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 Assets and the Statement of Activities are government-wide financial statements. They report information on all of the La Pryor Independent School District 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 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 appear as due to/due from on the Governmental Fund Balance Sheet and the Proprietary Fund Statement of Net Assets 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 Assets. 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 government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

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).

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 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. 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 deferred 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 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 Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

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.

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

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.
3. **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.

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

Fiduciary Funds:

1. **Agency Funds** – These Funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

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

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. Inventories of supplies on the balance sheet. Supplies such as consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. Deferred revenue accounted for on the balance sheet of the general fund relates to uncollected property taxes less the amount of doubtful accounts and the remainder relates to excess funds received from the Texas Education Agency over earned amounts.
4. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
5. In the government-wide financial statements, 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 bond using the straight-line method.

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and bond discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premium 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 expenditures.

6. Capital assets; which include land, buildings, furniture and equipment are reported in the applicable governmental column 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.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvemens	40
Vehicles	7
Office equipment	5
Computer Equipment	5

7. Risk Management- The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors, and omissions, injuries to employees, and natural disasters. During the fiscal year, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage for each of the past for fiscal years.
8. In the fund financial statements, governmental funds report designations for restrictions, commitments, assignments and non-spendable reserves of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance have been eliminated from the government-wide financial statements. The unassigned fund balance represents that portion of the fund balance that is available for budgeting in future periods. Commitments and assignments of fund balance amounts may only be done by a resolution of the Board of Trustees. Commitments and assignments may only be relieved by incurring expenditures for that purpose or by Board resolution. Fund balance amounts that are restricted, committed, or assigned are considered to have been spent when the expenditure is incurred for the purpose for which the fund balance was restricted, committed, or assigned. If an expenditure that meets the criteria in more than one fund balance category, then the District considers that the fund balance is relieved in the following order restricted, committed, assigned, and then unassigned.

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. OTHER ACCOUNTING POLICIES- continued

9. 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 resource 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.
10. 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 Statewide data base for policy development and funding plans.

II. 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 General Fund. 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 C-5 and the other two reports are in Exhibit J4 and J5.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. 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 September 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.

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

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 limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not participating in foreign currency transactions.

District Policies 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 the District 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 District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Compliance with the Depository Contract Law

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank pledges approved 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 dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. The Depository Contract Law recognizes a Letter of Credit as an approved security. The District agreed to accept a \$1,800,00 letter of credit to secure funds from the District's depository bank.

At August 31, 2019, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,120,317. The bank balance for these accounts was \$3,120,317. The District's cash deposits at August 31, 2019, and during the year ended August 31, 2019 were entirely covered by FDIC insurance and a letter of credit which names the District as beneficiary.

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In addition, as of August 31, 2019, the District has the following funds on deposit with fiscal agents but were not covered by the depository agreement. The funds were entirely covered by FDIC insurance at the fiscal agent's bank.

Both cash deposits and investments held at a financial institution can be categorized according to three levels of risk.

These three levels of risk are:

- Category 1 - Cash or Investments that are insured, registered or held by the District or by its agent in the District's name.
- Category 2 - Cash or Investments that are uninsured and unregistered held by the counter-party's trust department or agent in the District's name.
- Category 3 - Uninsured and unregistered investments held by the counterparty, its trust department, or its agent, but not in the District's name.

Based on these three levels of risk, all of the District's cash deposits are classified as Category 1.

The District's investments at August 31, 2019 consist of deposits into public funds investment pools. The funds in the investment pools are not subject to categorization.

As of August 31, 2019, La Pryor Independent School District had the following investments.

Name	Carrying Amount	Fair Value	Custodial Risk Category*	Credit Quality Rating
Public Funds Investment Pool -				
Lone Star Investment Pool	\$1,843,577	\$1,843,577	N/A	1

Additional policies and contractual provisions governing deposits and investments for La Pryor 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 to depository bank certificates of deposits and the state sponsored investment pools.

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. All of the securities are in the District's name and held by the District or its agent.

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – continued

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of the District's investment in a single issuer, the District investments in both depository bank certificates of deposits and state sponsored investment pools.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of an investment, the District required the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for Investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in foreign currencies.

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 RECEIVABLES AND PAYABLES

Interfund balances at August 31, 2019 consisted of the following amounts and are attributable to payroll and disbursement clearing activities.

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – continued

D. INTERFUND RECEIVABLES AND PAYABLES- continued

	Due from Other Funds	Due to Other Funds
General Fund		
Within Fund	11,185	11,185
Trust and Agency Fund	34,486	-
Special Revenue Fund	92,858	345
Total General Fund	<u>138,529</u>	<u>11,530</u>
Debt Service Fund		
General Fund	345	92,858
Trust and Agency Fund	-	-
Total Debt Service Fund	<u>345</u>	<u>92,858</u>
Trust and Agency Fund		
General Fund	-	34,486
Debt Service Fund	-	-
Total Trust and Agency Fund	<u>-</u>	<u>34,486</u>
TOTAL	<u>138,874</u>	<u>138,874</u>

The District had not cleared all interfund receivables and payables at the end of the year. All amounts are schedules to be repaid within one year.

E. CAPITAL ASSET ACTIVITY

Capital asset activity for the year ended August 31, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 97,095	\$ -	\$ -	\$ 97,095
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>97,095</u>	<u>-</u>	<u>-</u>	<u>97,095</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	11,669,921	-	-	11,669,921
Furniture and Equipment	1,504,818	28,728	-	1,533,546
Total capital assets being depreciated	<u>13,174,739</u>	<u>28,728</u>	<u>-</u>	<u>13,203,467</u>
Less accumulated depreciation for:				
Buildings and Improvements	5,739,642	248,968	-	5,988,610
Furniture and Equipment	1,160,312	75,874	-	1,236,186
Total accumulated depreciation	<u>6,899,954</u>	<u>324,842</u>	<u>-</u>	<u>7,224,796</u>
Total capital assets being depreciated, net	<u>6,274,785</u>	<u>(296,114)</u>	<u>-</u>	<u>5,978,671</u>
Governmental activities capital assets, net	<u>\$ 6,371,880</u>	<u>\$ (296,114)</u>	<u>\$ -</u>	<u>\$ 6,075,766</u>

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - continued

Depreciation expense was charged to functions as follows:

Instruction	188,818
Health Services	1,704
Student (Pupil) Transportation	39,721
Food Services	7,040
Cocurricular/ Extracurricular Activities	69,524
General Administration	14,884
Plant Maintenance and Operations	3,149
	\$ 324,842

F. BONDS PAYABLE

Bonded indebtedness of the District is reflected in the General Long-Term Account Group and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. The bonds mature serially through the year 2036. Interest rates vary from 2.0% to 4.0%.

Changes in long-term obligations for the year ended August 31, 2019 is as follows:

	Interest Rates	Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>							
Bonds Payable							
Series 2016 - Refunding	2.0%-4.0%	2,130,000	1,900,000		100,000	1,800,000	105,000
Total Bonds Payable		2,130,000	1,900,000	-	100,000	1,800,000	105,000

Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2019, are as follows:

Year Ending	Bonds Payable	
	Principal	Interest
August 31		
2020	105,000	65,100
2021	110,000	61,950
2022	115,000	58,650
2023	120,000	55,200
2024	120,000	51,600
2025-2029	665,000	193,600
2030-2033	345,000	65,200
2034-2036	220,000	17,600
Totals	1,800,000	568,900

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – continued

G. LONG TERM LOANS PAYABLE

Changes in long-term loans payable for the year ended August 31, 2019 are as follows:

Purpose/Lawful Authority	Fund Payable From/ Interest Rate	Current Years Interest	Beginning Balance	Amount Issued	Amount Retired	Ending Balance	Amounts Due Within One Year
Building Improvements TEC 45.018	General Fund 4.93%	29,660	651,862	-	119,500	532,362	130,621
Maintenance Improvements TEC 45.018	General Fund 2.75%	946	69,000	-	69,000	-	-
Maintenance Improvements TEC 45.018	General Fund 1.99%	3,980	240,000	-	80,000	160,000	80,000
Total Notes Payable		34,586	960,862	-	268,500	692,362	210,621

Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2019, are as follows:

Year Ending August 31	Long Term Payable		
	Principal	Interest	Total
2020	204,937	26,610	231,547
2021	210,621	19,334	229,955
2022	136,565	12,595	149,160
2023	140,240	6,381	146,621
Totals	692,363	64,920	757,283

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - continued

H. DEFINED BENEFIT PENSION PLAN

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

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard 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.

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

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - continued

H. DEFINED BENEFIT PENSION PLAN(cont.)

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 2015 thru 2019. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2015 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2019.

Contribution Rates

	<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%
La Pryor ISD 2019 Employer Contributions		\$120,439
La Pryor ISD 2019 Member Contributions		\$280,503
La Pryor ISD 2019 NECE On-Behalf Contributions		\$190,972

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, 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:

LA PRYOR INDEPENDENT SCHOOL DISTRICT
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III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - continued

H. DEFINED BENEFIT PENSION PLAN - continued

- 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 source, a privately sponsored source, from non-educational and general, or local funds.

In addition to the employer contributions listed above, 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.

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

Valuation Date	August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation Rate	2.50%
Salary Increases Including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.50%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - continued

H. DEFINED BENEFIT PENSION PLAN - continued

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

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

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 2018 Net Pension Liability.

	1% Decrease in Discount Rate (5.9%)	Discount Rate (6.9%)	1% Increase in Discount Rate (7.9%)
LPISD's proportionate share of the net pension liability:	\$ 3,030,428	\$ 2,007,917	\$1,180,133

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2019, La Pryor ISD reported a liability of \$2,007,917 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to La Pryor ISD.

The amount recognized by La Pryor ISD 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 La Pryor ISD were as follows:

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - continued

H. DEFINED BENEFIT PENSION PLAN - continued

District's Proportionate share of the collective net pension liability	\$ 2,007,917
State's proportionate share that is associated with the District	<u>3,122,257</u>
Total	<u>\$ 5,130,174</u>

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

At August 31, 2018 the employer's proportion of the collective net pension liability was .0036479439% which was an increase of .0000639318% from its proportion measured as of August 31, 2017.

Changes Since the Prior Actuarial Valuation – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended August 31, 2019, La Pryor ISD recognized pension expense of \$354,076 and revenue of \$309,020 for support provided by the State.

At August 31, 2019, La Pryor ISD reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$12,516	\$49,266
Changes in actuarial assumptions	723,951	22,623
Difference between projected and actual investment earnings		38,099
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	97,260	68
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	120,439	
Total	\$954,166	\$ 110,056

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

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - continued

H. DEFINED BENEFIT PENSION PLAN - continued

Year ended August 31:	Pension Expense Amount
2020	\$ 60,879
2021	108,575
2022	88,869
2023	131,120
2024	124,811
Thereafter	\$ 88,547

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

Plan Description. La Pryor Independent School 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.

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

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

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

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – continued

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

TRS-Care Plan Premium Rates

Effective Sept. 1, 2016 - Dec. 31, 2018

	TRS Care-1	TRS Care-2	TRS Care-3
	<u>Basic Plan</u>	<u>Optional Plan</u>	<u>Optional Plan</u>
Retiree*	\$ 0	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82

*or surviving spouse

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 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 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.

Contribution Rates

	<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%
District's 2019 FY Employer Contributions	\$	35,140
District's 2019 FY Member Contributions	\$	23,679
Measurement Year NECE On-Behalf Contributions	\$	41,825

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.

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

Actuarial Assumptions. The total OPEB liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions: [Actuarial Assumptions can be found in the 2018 TRS CAFR, Note 10, page 82].

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date:	August 31, 2018
Actuarial Cost Method:	Individual Entry Age Normal
Inflation:	2.30%
Discount Rate:	3.69%
Aging Factors:	Based on Plan Specific Experience
Expenses:	Third-party administrative expenses related to the
delivery of	health care benefits are included in the age-adjusted claims
costs.	
Payroll Growth Rate:	2.50%
Projected Salary Increases:	3.50% - 9.50%
Healthcare Trend Rates:	4.50% - 12.00%
Election Rates: Normal Retirement:	70% participation prior to age 65 and 75% participation after age 65.
Ad-hoc Post Employment Benefit Changes:	None

Discount Rate. A single discount rate of 3.69% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. The Discount Rate can be found in the 2018 TRS CAFR on page 83. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2018.

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – continued

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the 2018 Net OPEB Liability.

	1% Decrease in Discount Rate (2.7%)	Discount Rate (3.7%)	1% Increase in Discount Rate (4.7%)
LPISD's proportionate share of the net OPEB liability:	\$ 3,546,503	\$ 2,979,394	\$2,530,775

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
LPISD's proportionate share of the net OPEB liability:	\$ 2,474,435	\$ 2,979,394	\$3,644,436

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – continued

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

OPEB Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2019, La Pryor ISD reported a liability of \$2,979,394 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State pension support provided to La Pryor ISD.

The amount recognized by La Pryor ISD as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net pension liability that was associated with La Pryor ISD were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 2,979,394
State's proportionate share that is associated with the District	<u>3,031,526</u>
Total	<u>\$ 6,010,920</u>

The net OPEB liability was measured as of August 31, 2018 and the total pension 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 .0059670332% which was an increase of -.0009625538% from its proportion measured as of August 31, 2017.

Changes Since the Prior Actuarial Valuation – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period.

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

For the year ended August 31, 2019, La Pryor ISD recognized OPEB expense of \$377,648 and revenue of \$110,269 for support provided by the State.

At August 31, 2019, La Pryor ISD reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – continued

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$158,105	\$47,019
Changes in actuarial assumptions	49,718	895,137
Difference between projected and actual investment earnings	521	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	11	528,030
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	35,140	-
Total	\$243,495	\$ 1,470,186

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

Year ended August 31:	Pension Amount	Expense
2020	\$	(182,947)
2021		(182,947)
2022		(182,947)
2023		(183,046)
2024		(183,102)
Thereafter	\$	(346,842)

J. MEDICARE PART D - ON BEHALF PAYMENTS

The Medicare Prescription Drug, Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Payments made on behalf to La Pryor Independent School District for fiscal years 2017, 2018 and 2019 were \$10,947, \$11,457 and \$14,092 respectively.

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – continued

N. 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 August 31, 2019, are summarized below. All federal grants are passed through the TEA.

M. DUE FROM STATE AGENCIES

FUND	STATE ENTITLEMENT	FEDERAL GRANT	TOTAL
General	819,895	-	\$ 819,895
Debt Service	-	-	-
Special Revenue	77,845	66,872	144,717
Total	<u>\$ 897,740</u>	<u>\$ 66,872</u>	<u>\$ 964,612</u>

O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Property Taxes	\$ 1,416,338	\$ -	\$ 58,832	\$ 1,475,170
Penalties, Interest and Other Tax Related Income	38,507	-	3,716	42,223
Investment Income	49,461	-	1,173	50,634
Food Sales	19,474	-	-	19,474
Co-curricular Income	18,162	-	-	18,162
Other	<u>35,348</u>	<u>26,266</u>	<u>-</u>	<u>61,614</u>
	<u>\$ 1,577,290</u>	<u>\$ 26,266</u>	<u>\$ 63,721</u>	<u>\$ 1,667,277</u>

P. SUBSEQUENT EVENTS

On September 25, 2019 the La Pryor ISD Board approved a motion to issue \$1,000,000 in maintenance tax notes series 2019.

LA PRYOR INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – continued

Q. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The District participates in numerous State and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2019 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements of such contingencies.

LA PRYOR ISD
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2019

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2010 and prior years	Various	Various	\$ Various
2011	1.170000	0.11000	43,728,172
2012	1.170000	0.11000	48,171,685
2013	1.170000	0.10000	53,312,720
2014	1.170000	0.10000	61,915,155
2015	1.133200	0.10000	79,454,750
2016	1.133200	0.10000	88,790,332
2017	1.170000	0.11800	101,606,861
2018	1.170000	0.11800	100,375,240
2019 (School year under audit)	1.170000	0.11800	118,060,742
100 TOTALS			

(10) Beginning Balance 9/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2019
\$ 39,953	\$ -	\$ 697	\$ 68	\$ -	\$ 39,188
3,870	-	282	26	-	3,562
4,915	-	415	39	(229)	4,232
7,094	-	1,360	116	-	5,618
11,565	-	2,420	214	-	8,931
31,602	-	3,970	350	-	27,282
37,280	-	7,759	685	(374)	28,462
51,015	-	12,153	1,226	(508)	37,128
79,545	-	25,851	2,607	(895)	50,192
-	1,516,247	1,294,751	130,582	(6,008)	84,906
<u>\$ 266,839</u>	<u>\$ 1,516,247</u>	<u>\$ 1,349,658</u>	<u>\$ 135,913</u>	<u>\$ (8,014)</u>	<u>\$ 289,501</u>

LA PRYOR ISD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2019

Data			Actual Amounts	Variance With
Control	Budgeted Amounts		(GAAP BASIS)	Final Budget
Codes	Original	Final		Positive or
				(Negative)
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 23,100	\$ 23,100	\$ 19,394	\$ (3,706)
5800 State Program Revenues	10,598	10,598	10,509	(89)
5900 Federal Program Revenues	320,000	413,000	405,868	(7,132)
5020 Total Revenues	353,698	446,698	435,771	(10,927)
EXPENDITURES:				
Current:				
0035 Food Services	397,144	525,144	412,436	112,708
6030 Total Expenditures	397,144	525,144	412,436	112,708
1100 Excess (Deficiency) of Revenues Over Expenditures	(43,446)	(78,446)	23,335	101,781
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	43,446	43,446	-	(43,446)
1200 Net Change in Fund Balances	-	(35,000)	23,335	58,335
0100 Fund Balance - September 1 (Beginning)	99,892	99,892	99,892	-
3000 Fund Balance - August 31 (Ending)	\$ 99,892	\$ 64,892	\$ 123,227	\$ 58,335

LA PRYOR ISD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 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	\$ 130,028	\$ 139,728	\$ 138,077	\$ (1,651)
5800 State Program Revenues	41,676	53,891	53,891	-
5020 Total Revenues	171,704	193,619	191,968	(1,651)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	100,000	100,000	100,000	-
0072 Interest on Long-Term Debt	68,100	68,100	68,100	-
0073 Bond Issuance Cost and Fees	3,604	25,519	750	24,769
6030 Total Expenditures	171,704	193,619	168,850	24,769
1200 Net Change in Fund Balances	-	-	23,118	23,118
0100 Fund Balance - September 1 (Beginning)	227,372	227,372	227,372	-
3000 Fund Balance - August 31 (Ending)	\$ 227,372	\$ 227,372	\$ 250,490	\$ 23,118

LEAL & CARTER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
La Pryor ISD (the District)
La Pryor, 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 the District, as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 15, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Seal & Carter, P.C.

San Antonio, Texas
January 15, 2020

LEAL & CARTER, P.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To Board of Trustees
La Pryor ISD
La Pryor, Texas

Report on Compliance for each Major Federal Program

We have audited the compliance of La Pryor ISD's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended August 31, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the type of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Seal & Carter, P.C.

San Antonio, Texas
January 15, 2020

LA PRYOR ISD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019

SECTION I -SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: *unmodified*

Internal control over financial reporting:

Material weakness identified? *No*

Significant deficiencies identified? *No*

Noncompliance material to financial statements noted? *No*

Federal Awards

Internal control over major programs:

Material weakness (es) identified? *No*

Significant deficiencies identified? *No*

Type of auditor's report issued on compliance
for major programs:

unmodified

Any audit findings disclosed that are required to
be reported in accordance with
2 CFR section 200.516 (a)?

No

Federal major programs:

10.553	School Breakfast Program- Clustered Program
10.555	National School Lunch Program-Clustered Program
10.559	Summer Feeding Program- Clustered Program

Dollar threshold used to distinguish between type A and type B programs: *\$750,000*

Auditee qualified as low-risk auditee? *Yes*

LA PRYOR ISD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019

SECTION II – FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

***SECTION III – FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAMS
AUDIT***

NONE

LA PYROR ISD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019

There were no prior audit findings reported in 2018.

LA PRYOR ISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101254902	\$ 315,791
ESEA, Title I, Part C - Migratory Children	84.011A	19615001254902	2,097
*IDEA - Part B, Formula	84.027A	19660001254902	77,201
*IDEA - Part B, Preschool	84.173A	18661001254902	579
*IDEA - Part B, Preschool	84.173	19661001254902	3,530
Total Special Education Cluster (IDEA)			81,310
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	19696001254902	7,983
ESEA, Title II, Part A, Teacher Principal Training	84.367A	19694501254902	19,773
	84.424A	19680101254902	18,034
Total Passed Through State Department of Education			444,988
TOTAL U.S. DEPARTMENT OF EDUCATION			444,988
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
**School Breakfast Program	10.553		103,709
**National School Lunch Program - Cash Assistance	10.555		239,246
*National School Lunch Prog. - Non-Cash Assistance	10.555		23,646
Total CFDA Number 10.555			262,892
**Summer Feeding Program - Cash Assistance	10.559		4,014
Total Child Nutrition Cluster			370,615
Child & Adult Care Food Program - Cash Assistance	10.558		39,268
Total Passed Through the State Department of Agriculture			409,883
TOTAL U.S. DEPARTMENT OF AGRICULTURE			409,883
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 854,871

*Clustered Programs - IDEA Special Education Cluster

** Clustered Programs- Child Nutrition Cluster

LA PRYOR ISD

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2019. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's ***Financial Accountability System Resource Guide***. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. All federal grant funds with the exception of the Impact Aid and indirect cost revenues were accounted for in a Special Revenue Fund, which is a Governmental Fund type.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The District has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

SCHOOLS FIRST QUESTIONNAIRE

La Pryor ISD

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.	2,007,917
SF13	Pension Expense (6147) at fiscal year-end.	