

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Annual Financial Report
Year Ended August 31, 2020

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CERTIFICATE OF THE BOARD

BUENA VISTA INDEPENDENT SCHOOL DISTRICT

Name of School District

PECOS

County

186-901

County -
District
Number

We, the undersigned, certify that the attached annual financial report of the above-named School District was reviewed and

X approved ___ disapproved for the year ended August 31, 2020, at a meeting of the Board of Trustees of such School District
(Check One)

on the 21st day of January, 2021.

DeAnn Crawford
Signature of Board Secretary

Veronica Mandujano
Signature of Board President

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

FINANCIAL SECTION



A Limited Liability Partnership

Michael E. Oliphant, CPA
Wayne Barr, CPA
Cathryn A. Pitcock, CPA
Megan Solsbery, CPA

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Texas Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Buena Vista Independent School District
P.O. Box 310
Imperial, TX 79743-0310

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 Buena Vista Independent School District as of and for the year ended August 31, 2020, 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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 Buena Vista Independent School District as of August 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 net pension liability and contributions information and net OPEB liability and contributions information for the Teacher Retirement System of Texas on pages 4 through 8, 43, and 44 through 50, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Buena Vista Independent School District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020, on our consideration of the Buena Vista Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Buena Vista Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Buena Vista Independent School District's internal control over financial reporting and compliance.

Eckert & Company, LLP

December 7, 2020

Buena Vista Independent School District

P.O. Box 310 * Imperial, TX 79743

(432) 536-2225 * FAX (432) 536-2469

Mr. Mark Dominguez, Superintendent

Mr. Julian Castillo, Business Manager

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Buena Vista Independent School District's financial performance provides an overview of the District's financial activities for the year ended August 31, 2020. It should be read in conjunction with the District's basic financial statements and independent auditor's report.

Financial Highlights

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the current year by \$11,238,374 (net position). Of this amount, \$5,196,726 (unrestricted) may be used to meet the District's ongoing obligations.

The District's total net position increased by \$1,579,890 or 16%. This amount consists of a \$1,636,861 increase attributable to current year operations and a \$56,971 decrease attributable to prior period adjustments described in Note IV., M. to the financial statements. The District's statement of activities shows total revenues of \$10,198,952 and total expenses of \$8,562,091.

The total fund balance of the General Fund is \$6,326,156 which is an increase of \$203,820 or 3% compared to the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

The statement of activities presents information showing how the District's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Overview of the Financial Statements - Continued

The governmental activities of the District include all activities related to public elementary and secondary education within the jurisdiction of the District.

The District has no component units.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the current year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund and Food Service Special Revenue Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with the budget for each fund. A budget comparison statement for the Debt Service Fund is not included because the District has no outstanding debt.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis

Net Position - A summary of the District's net position is presented below:

NET POSITION

	Governmental Activities	
	August 31,	
	2020	2019
Current and Other Assets	\$ 6,793,931	\$ 6,554,776
Capital Assets	<u>6,000,787</u>	<u>4,601,434</u>
Total Assets	<u>\$ 12,794,718</u>	<u>\$ 11,156,210</u>
Deferred Outflows of Resources	<u>\$ 553,803</u>	<u>\$ 390,423</u>
Long-Term Liabilities Outstanding	\$ 1,360,254	\$ 1,264,910
Other Liabilities	<u>311,746</u>	<u>354,008</u>
Total Liabilities	<u>\$ 1,672,000</u>	<u>\$ 1,618,918</u>
Deferred Inflows of Resources	<u>\$ 438,147</u>	<u>\$ 269,231</u>
Net Position		
Net Investment in Capital Assets	\$ 6,000,787	\$ 4,601,434
Restricted	40,861	0
Unrestricted	<u>5,196,726</u>	<u>5,057,050</u>
Total Net Position	<u><u>\$ 11,238,374</u></u>	<u><u>\$ 9,658,484</u></u>

A large portion of the District's net position (\$6,000,787) reflects the District's investment in capital assets. These capital assets are used to provide public elementary and secondary education within the jurisdiction of the District; consequently, these assets are not available for future spending. An additional portion of the District's net position (\$40,861) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$5,196,726) may be used to meet the District's ongoing obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis - Continued

Governmental Activities - Governmental activities increased the District's net position by \$1,636,861 and \$1,256,081 for the fiscal years ended August 31, 2020 and 2019, respectively. Key elements of these increases are as follows:

CHANGES IN NET POSITION

	Governmental Activities	
	Year Ended August 31,	
	2020	2019
Revenues		
Program Revenues		
Charges for Services	\$ 74,150	\$ 142,895
Operating Grants and Contributions	382,246	444,670
General Revenues		
Maintenance and Operations Taxes	7,388,481	3,738,568
Debt Service Taxes	83	2,286
State Aid - Formula Grants	2,120,362	528,775
Investment Earnings	102,266	153,005
Other	131,364	11,156
Total Revenues	<u>\$ 10,198,952</u>	<u>\$ 5,021,355</u>
Expenses		
Instruction and Instructional-Related Services	\$ 1,854,522	\$ 1,460,340
Instructional and School Leadership	190,180	139,951
Support Services - Student (Pupil)	616,338	641,990
Administrative Support Services	440,348	420,166
Support Services - Nonstudent Based	612,189	435,227
Ancillary Services	0	753
Intergovernmental Charges	4,848,514	821,828
Total Expenses	<u>\$ 8,562,091</u>	<u>\$ 3,920,255</u>
Change in Net Position Before Special Item	\$ 1,636,861	\$ 1,101,100
Special Item	<u>0</u>	<u>154,981</u>
Change in Net Position	\$ 1,636,861	\$ 1,256,081
Net Position - Beginning	9,658,484	8,402,403
Prior Period Adjustments	<u>(56,971)</u>	<u>0</u>
Net Position - Ending	<u><u>\$ 11,238,374</u></u>	<u><u>\$ 9,658,484</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The District's governmental funds reported combined ending fund balances of \$6,365,002, an increase of \$203,430 or 3% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$6,326,156. Of this balance \$22,502 is nonspendable for prepaid expenditures.

Debt Service Fund \$38,846. This balance is restricted for payment of long-term debt principal and interest.

General Fund Budget

The original budget for the General Fund was \$9,233,973, and the final amended budget was \$10,233,973 which represents a \$1,000,000 increase in appropriations. Variances between the original budget and the final amended budget are reflected in Exhibit E-1 in the required supplementary information section of the audit report.

The District has adopted a budget for the General Fund in the amount of \$7,875,795 for the fiscal year 2021, which is a decrease of \$2,358,178 from the fiscal year 2020.

Capital Assets and Debt

Capital Assets - Financial statement footnote III., D. discloses the District's capital asset activity for the year ended August 31, 2020.

Long-Term Debt - Financial statement footnote III., H. discloses the District's debt activity for the year ended August 31, 2020.

Requests for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Mark Dominguez, Superintendent, Buena Vista Independent School District, P.O. Box 310, Imperial, TX 79743-0310.

Basic Financial Statements

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2020

EXHIBIT A-1

Data		Primary Government
Control		Governmental
Codes		Activities
ASSETS		
1110	Cash and Cash Equivalents	\$ 6,447,954
1220	Property Taxes - Delinquent	291,648
1230	Allowance for Uncollectible Taxes	(174,465)
1240	Due from Other Governments	206,292
1410	Prepayments	22,502
	Capital Assets:	
1510	Land	11,140
1520	Buildings, Net	5,404,677
1530	Furniture and Equipment, Net	584,970
1000	Total Assets	12,794,718
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred Outflow Related to TRS Pension	349,065
1706	Deferred Outflow Related to TRS OPEB	204,738
1700	Total Deferred Outflows of Resources	553,803
LIABILITIES		
2110	Accounts Payable	54,048
2160	Accrued Wages Payable	77,482
2180	Due to Other Governments	179,124
2200	Accrued Expenses	1,092
	Noncurrent Liabilities:	
2540	Net Pension Liability (District's Share)	599,300
2545	Net OPEB Liability (District's Share)	760,954
2000	Total Liabilities	1,672,000
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflow Related to TRS Pension	108,947
2606	Deferred Inflow Related to TRS OPEB	329,200
2600	Total Deferred Inflows of Resources	438,147
NET POSITION		
3200	Net Investment in Capital Assets	6,000,787
3850	Restricted for Debt Service	40,861
3900	Unrestricted	5,196,726
3000	Total Net Position	\$ 11,238,374

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
		Charges for	Operating	Primary Gov.
	Expenses	Services	Grants and Contributions	Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 1,831,214	\$ 10,903	\$ 210,545	\$ (1,609,766)
12 Instructional Resources and Media Services	10,972	-	-	(10,972)
13 Curriculum and Instructional Staff Development	12,336	-	-	(12,336)
23 School Leadership	190,180	-	13,923	(176,257)
31 Guidance, Counseling, and Evaluation Services	66,783	-	5,144	(61,639)
33 Health Services	4,025	-	-	(4,025)
34 Student (Pupil) Transportation	109,752	-	1,966	(107,786)
35 Food Services	204,457	18,079	100,409	(85,969)
36 Extracurricular Activities	231,321	8,868	8,407	(214,046)
41 General Administration	440,348	-	23,257	(417,091)
51 Facilities Maintenance and Operations	556,792	36,300	16,036	(504,456)
52 Security and Monitoring Services	1,100	-	-	(1,100)
53 Data Processing Services	54,297	-	2,559	(51,738)
91 Contracted Instructional Services Between Schools	4,758,626	-	-	(4,758,626)
93 Payments Related to Shared Services Arrangements	21,998	-	-	(21,998)
99 Other Intergovernmental Charges	67,890	-	-	(67,890)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 8,562,091</u>	<u>\$ 74,150</u>	<u>\$ 382,246</u>	<u>(8,105,695)</u>
General Revenues:				
Taxes:				
MT	Property Taxes, Levied for General Purposes			7,388,481
DT	Property Taxes, Levied for Debt Service			83
SF	State Aid - Formula Grants			2,120,362
IE	Investment Earnings			102,266
MI	Miscellaneous Local and Intermediate Revenue			131,364
TR	Total General Revenues			<u>9,742,556</u>
CN	Change in Net Position			1,636,861
NB	Net Position - Beginning			9,658,484
PA	Prior Period Adjustments			(56,971)
NE	Net Position - Ending			<u>\$ 11,238,374</u>

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2020

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 6,423,337	\$ 24,617	\$ 6,447,954
1220 Property Taxes - Delinquent	286,634	5,014	291,648
1230 Allowance for Uncollectible Taxes	(171,466)	(2,999)	(174,465)
1240 Due from Other Governments	183,682	22,610	206,292
1260 Due from Other Funds	-	993	993
1410 Prepayments	22,502	-	22,502
1000 Total Assets	<u>\$ 6,744,689</u>	<u>\$ 50,235</u>	<u>\$ 6,794,924</u>
LIABILITIES			
2110 Accounts Payable	\$ 54,048	\$ -	\$ 54,048
2160 Accrued Wages Payable	68,647	8,835	77,482
2170 Due to Other Funds	993	-	993
2180 Due to Other Governments	179,124	-	179,124
2200 Accrued Expenditures	553	539	1,092
2000 Total Liabilities	<u>303,365</u>	<u>9,374</u>	<u>312,739</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	115,168	2,015	117,183
2600 Total Deferred Inflows of Resources	<u>115,168</u>	<u>2,015</u>	<u>117,183</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3430 Prepaid Items	22,502	-	22,502
Restricted Fund Balance:			
3480 Retirement of Long-Term Debt	-	38,846	38,846
3600 Unassigned Fund Balance	6,303,654	-	6,303,654
3000 Total Fund Balances	<u>6,326,156</u>	<u>38,846</u>	<u>6,365,002</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,744,689</u>	<u>\$ 50,235</u>	<u>\$ 6,794,924</u>

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2020

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 6,365,002
1 Capital assets net of accumulated depreciation used in governmental activities are not reported in governmental funds.	6,000,787
2 Deferred outflows of resources related to pensions are not reported in governmental funds.	349,065
3 Deferred outflows of resources related to other postemployment benefits are not reported in governmental funds.	204,738
4 Recognition of the District's proportionate share of the net pension liability is not reported in governmental funds.	(599,300)
5 Recognition of the District's proportionate share of the net other postemployment benefit liability is not reported in governmental funds.	(760,954)
6 Deferred inflows of resources related to pensions are not reported in governmental funds.	(108,947)
7 Deferred inflows of resources related to other postemployment benefits are not reported in governmental funds.	(329,200)
8 Property taxes unavailable to pay for current period expenditures are deferred in governmental funds.	117,183
19 Net Position of Governmental Activities	<u><u>\$ 11,238,374</u></u>

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 7,618,406	\$ 18,980	\$ 7,637,386
5800 State Program Revenues	2,244,315	5,226	2,249,541
5900 Federal Program Revenues	-	179,213	179,213
5020 Total Revenues	9,862,721	203,419	10,066,140
EXPENDITURES:			
Current:			
0011 Instruction	1,466,367	89,899	1,556,266
0012 Instructional Resources and Media Services	10,972	-	10,972
0013 Curriculum and Instructional Staff Development	12,336	-	12,336
0023 School Leadership	157,133	-	157,133
0031 Guidance, Counseling, and Evaluation Services	54,989	-	54,989
0033 Health Services	4,025	-	4,025
0034 Student (Pupil) Transportation	128,692	-	128,692
0035 Food Services	3,678	179,754	183,432
0036 Extracurricular Activities	205,142	-	205,142
0041 General Administration	389,489	-	389,489
0051 Facilities Maintenance and Operations	573,830	-	573,830
0052 Security and Monitoring Services	1,100	-	1,100
0053 Data Processing Services	49,794	-	49,794
Capital Outlay:			
0081 Facilities Acquisition and Construction	2,052,652	-	2,052,652
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	4,758,626	-	4,758,626
0093 Payments to Fiscal Agent/Member Districts of SSA	21,998	-	21,998
0099 Other Intergovernmental Charges	67,890	-	67,890
6030 Total Expenditures	9,958,713	269,653	10,228,366
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(95,992)	(66,234)	(162,226)
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	60,060	60,060
8911 Transfers Out (Use)	(60,060)	-	(60,060)
7080 Total Other Financing Sources (Uses)	(60,060)	60,060	-
1200 Net Change in Fund Balances	(156,052)	(6,174)	(162,226)
0100 Fund Balance - September 1 (Beginning)	6,122,336	39,236	6,161,572
1300 Increase (Decrease) in Fund Balance	359,872	5,784	365,656
3000 Fund Balance - August 31 (Ending)	\$ 6,326,156	\$ 38,846	\$ 6,365,002

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (162,226)
Capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements.	2,144,425
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources.	(305,702)
Disposal of capital assets is reported net of depreciation on the government-wide financial statements.	(16,743)
Changes in the net pension liability and related deferred outflows and inflows are recognized in the government-wide financial statements but are not reported in governmental funds.	(77,854)
Changes in the net other postemployment benefit liability and related deferred outflows and inflows are recognized in the government-wide financial statements but are not reported in governmental funds.	(20,740)
Revenues from property taxes are deferred in governmental funds until they are considered available to finance current expenditures. In the government-wide financial statements, revenues are recognized when assessed, net of an allowance for uncollectible taxes.	75,701
Change in Net Position of Governmental Activities	<u><u>\$ 1,636,861</u></u>

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2020

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 59,862
Restricted Assets	95,181	-
Total Assets	<u>95,181</u>	<u>\$ 59,862</u>
LIABILITIES		
Accounts Payable	-	\$ 2,396
Due to Student Groups	-	57,466
Total Liabilities	<u>-</u>	<u>\$ 59,862</u>
NET POSITION		
Restricted for Scholarships	<u>95,181</u>	
Total Net Position	<u>\$ 95,181</u>	

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

	Private Purpose Trust Fund
ADDITIONS:	
Earnings from Temporary Deposits	\$ 34
Total Additions	<u>34</u>
DEDUCTIONS:	
Scholarships Paid	<u>1,500</u>
Total Deductions	<u>1,500</u>
Change in Fiduciary Net Position	(1,466)
Total Net Position - September 1 (Beginning)	98,522
Prior Period Adjustment	<u>(1,875)</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 95,181</u></u>

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
August 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Buena Vista Independent School District is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America applicable to state and local governments. Additionally, the District complies with the requirements of the 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 District is governed by the Board of Trustees, a seven-member group, which is elected by the public and has governance responsibilities, including fiscal accountability, over all activities related to public elementary and secondary education within the jurisdiction of the Buena Vista Independent School District (the primary government). There are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the District and (2) grants and contributions - payments from organizations outside the District that are restricted to meeting the operational or capital requirements of a particular function or segment of the District. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide statement of net position.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using 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 in the balance sheet. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, revenues received from the state, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received they are recorded as unearned revenue until related and authorized expenditures have been made.

The government reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the government reports the following fund types:

The Private Purpose Trust Fund accounts for resources used to provide scholarships for former students. These scholarships are provided from earnings on investment of the corpus.

Agency Funds account for the activities of funds which are the property of student groups.

D. Interfund Receivables and Payables

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net position.

E. Receivables and Payables

Receivables are stated at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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

There are no significant receivables which are not scheduled for collection within one year.

F. Prepayments

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures in both government-wide and fund financial statements.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-40
Vehicles	5-10
Furniture and Equipment	5-10

H. Restricted Assets

Restricted assets consist of cash held to provide scholarships for former students.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

J. Pensions

In accordance with accounting guidance prescribed by GASB Statement No. 68, the fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Other Postemployment Benefits (OPEB)

In accordance with accounting guidance prescribed by GASB Statement No. 75, the fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment 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.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

L. Compensated Absences

The District's policy does not permit employees to accumulate unused vacation and sick leave to be paid to the employees upon separation from service.

M. Net Position on the Statement of Net Position

Net position on the statement of net position includes the following:

Net Investment in Capital Assets - This component of net position represents capital assets net of accumulated depreciation.

Restricted for Debt Service - This component of net position represents the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

Unrestricted - This is the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources that is not reported as Net Investment in Capital Assets and Restricted for Debt Service.

N. Fund Balances/Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because usage restraints have been imposed by external sources such as creditors (through a debt covenant), grantors, contributors, or laws or regulations of other governments.

Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

The details of the fund balances are included in the governmental funds balance sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

In the General Fund, the District strives to maintain a yearly fund balance in the general operating fund in which the total fund balance is three months of operating expenditures which includes unassigned fund balance of two months of operating expenditures.

O. Property Tax Revenues

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all 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 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

O. Property Tax Revenues - Continued

The District recognizes as tax revenues those taxes that are measurable and available. Measurable means the amount can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within the current period.

Allowances for uncollectibles are based upon historical experience. 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.

P. Interfund Transfers

Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget

Formal budgetary accounting is employed for all required governmental fund types and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles.

The official school budget is prepared for adoption for required governmental fund types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund, and the Food Service Special Revenue Fund. A budget comparison statement for the Debt Service Fund is not included because the District has no outstanding debt. The remaining Special Revenue Funds adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget was amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

B. Excess Expenditures Over Appropriations

Expenditures exceeded appropriations in eight functions as shown on Exhibit E-1.

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

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, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments - Continued

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, and (10) 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.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy.

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits and investments in certificates of deposit may not be returned to it. The District's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The District is not exposed to custodial credit risk for its deposits since they are covered by depository insurance and pledged securities held by a third party in the District's name.

Concentration of Credit Risk: The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. The District is not exposed to this risk as described in the preceding paragraph.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At August 31, 2020, the District was not significantly exposed to credit risk.

Interest Rate Risk: Not applicable

Foreign Currency Risk: Not applicable

At August 31, 2020, the District's investments with respective maturities and credit ratings consisted of the following:

	<u>Fair Value</u>	<u>Percent</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
<u>Public Funds Investment Pools</u>				
Lone Star				
Corporate Overnight Fund	\$ 1,775,061	29%	54 Days	AAAm
Corporate Overnight Plus Fund	4,113,978	66%	65 Days	AAAf/S1+
Government Overnight Fund	<u>330,618</u>	<u>5%</u>	24 Days	AAAm
Total Public Funds Investment Pools	<u>\$ 6,219,657</u>	<u>100%</u>		

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

A. Deposits and Investments - Continued

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investment in Pools is reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940.

B. Due from Other Governments

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 other governments are summarized as follows:

	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 179,913	\$ 0	\$ 3,769	\$ 183,682
Special Revenue Funds	<u>0</u>	<u>22,610</u>	<u>0</u>	<u>22,610</u>
Totals	<u>\$ 179,913</u>	<u>\$ 22,610</u>	<u>\$ 3,769</u>	<u>\$ 206,292</u>

C. Interfund Balances and Transfers

1. The following is a summary of amounts due from and due to other funds:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund			
Nonmajor Governmental Funds	\$ 0	\$ 993	Operating Advance
Nonmajor Governmental Funds			
General Fund	<u>993</u>	<u>0</u>	Operating Advance
Totals	<u>\$ 993</u>	<u>\$ 993</u>	

All amounts due are expected to be repaid within one year.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

C. Interfund Balances and Transfers - Continued

2. Interfund transfers consist of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	<u>\$ 60,060</u>	Subsidize Food Services

D. Capital Assets

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital Assets					
Land	\$ 11,140	\$ 0	\$ 0	\$ 0	\$ 11,140
Buildings and Improvements	9,665,554	2,099,976	146,638	233,156	11,852,048
Furniture and Equipment	2,182,962	44,449	180,519	(648,260)	1,398,632
Total Capital Assets	<u>\$ 11,859,656</u>	<u>\$ 2,144,425</u>	<u>\$ 327,157</u>	<u>\$ (415,104)</u>	<u>\$ 13,261,820</u>
Less Accumulated Depreciation					
Buildings and Improvements	\$ (6,332,940)	\$ (215,143)	\$ (134,455)	\$ (33,743)	\$ (6,447,371)
Furniture and Equipment	(925,282)	(90,559)	(175,959)	26,220	(813,662)
Total Accumulated Depreciation	<u>\$ (7,258,222)</u>	<u>\$ (305,702)</u>	<u>\$ (310,414)</u>	<u>\$ (7,523)</u>	<u>\$ (7,261,033)</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,601,434</u>	<u>\$ 1,838,723</u>	<u>\$ 16,743</u>	<u>\$ (422,627) *</u>	<u>\$ 6,000,787</u>

*Reported as an adjustment to net position (See Note IV., M.)

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 179,905
School Leadership	20,821
Guidance, Counseling, and Evaluation Services	7,082
Student (Pupil) Transportation	5,001
Food Services	11,382
Extracurricular Activities	15,953
General Administration	32,310
Facilities Maintenance and Operations	30,356
Data Processing Services	2,892
Total	<u>\$ 305,702</u>

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

E. Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period.

A deferred inflow of resources is an acquisition of a government's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period

Deferred outflows and inflows of resources are reported as described below:

Deferred Outflows (Statement of Net Position)

District's proportionate share of Teacher Retirement System of Texas (TRS) pension plan deferred outflows as detailed in financial statement footnote IV., A.

District's proportionate share of Teacher Retirement System of Texas (TRS) OPEB plan deferred outflows as detailed in financial statement footnote IV., B.

Deferred Inflows (Statement of Net Position)

District's proportionate share of Teacher Retirement System of Texas (TRS) pension plan deferred inflows as detailed in financial statement footnote IV., A.

District's proportionate share of Teacher Retirement System of Texas (TRS) OPEB plan deferred inflows as detailed in financial statement footnote IV., B.

Deferred Inflows (Balance Sheet - Governmental Funds)

Unavailable revenue - property taxes.

F. Due to Other Governments

Amounts due to other governments are summarized as follows:

	<u>General Fund</u>
Due to State - Recapture	<u>\$ 179,124</u>

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

G. Commitments Under Noncapitalized Leases

Commitments under operating lease agreements for copier equipment provide for minimum future rental payments as of August 31, 2020, as follows:

<u>Year Ending August 31,</u>	
2021	\$ 6,306
2022	6,306
2023	<u>1,051</u>
Total Minimum Rentals	<u><u>\$ 13,663</u></u>

Rental expenditures during the year ended August 31, 2020, were \$6,305.

H. Long-Term Debt

The District's long-term liabilities consist of net pension liability and net other postemployment benefits liability. The current requirements for the net pension liability and net other postemployment benefits liability are accounted for in the General and Special Revenue Funds.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Net Pension Liability	\$ 543,946	\$ 177,403	\$ 122,049	\$ 599,300	\$ -
Net OPEB Liability	<u>720,964</u>	<u>165,254</u>	<u>125,264</u>	<u>760,954</u>	<u>-</u>
Totals	<u><u>\$ 1,264,910</u></u>	<u><u>\$ 342,657</u></u>	<u><u>\$ 247,313</u></u>	<u><u>\$ 1,360,254</u></u>	<u><u>\$ -</u></u>

I. Outstanding Encumbrances

There were no outstanding encumbrances that were provided for in the subsequent year's budget.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

J. Revenues from Local and Intermediate Sources

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Property Taxes	\$ 7,351,662	\$ 0	\$ 521	\$ 7,352,183
Other Local Sources	157,877	0	380	158,257
Cocurricular, Enterprising Services, or Activities	8,867	18,079	0	26,946
Intermediate Sources	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>100,000</u>
Totals	<u><u>\$ 7,618,406</u></u>	<u><u>\$ 18,079</u></u>	<u><u>\$ 901</u></u>	<u><u>\$ 7,637,386</u></u>

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description - The Buena Vista Independent School District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The Pension Trust Fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload 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.texas.gov>; by writing to TRS at 1000 Red River Street, Austin, Texas 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 benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits. State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same. Senate Bill 12 in the 86th Legislature set higher contribution rates for fiscal year 2020 and fiscal year 2021. Beginning September 1, 2019, all employers are required to pay the Public Education Employer contribution of 1.5%. This "surcharge" was previously only charged to employers not participating in social security.

Contribution Rates

	<u>2019</u>	<u>2020</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
District's 2020 Employer Contributions		\$ 54,491
District's 2020 Member Contributions		132,009
District's 2019 NECE On-Behalf Contributions		162,710

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:

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

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- Employers must contribute 1.5% of the member's salary ("the Public Education Employer Surcharge").

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Actuarial Assumptions -

Roll Forward - A change was made in the measurement date of the total pension liability for the 2019 measurement year. The actuarial valuation was performed as of August 31, 2018. Update procedures were used to roll forward the total pension liability to August 31, 2019.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2018, and were adopted in July 2018.

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

The following table discloses the assumptions that were applied to this measurement period:

Valuation Date	August 31, 2018 Rolled Forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-Term Expected Rate	7.25%
Municipal Bond Rate as of August 2019	2.63%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index.
Last Year Ending August 31 in Projection Period (100 Years)	2116
Inflation	2.30%
Salary Increases	3.05% to 9.05% Including Inflation
Ad hoc Postemployment Benefit Changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018. For a full description of these assumptions please see the TRS actuarial valuation report dated November 9, 2018.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Discount Rate - The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the statutorily required rates set by the Legislature during the 2019 legislative session. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

<u>Asset Class</u>	<u>FY 2019 Target Allocation¹</u>	<u>New Target Allocation²</u>	<u>Long-Term Expected Geometric Real Rate of Return³</u>
Global Equity			
USA	18.00%	18.00%	6.40%
Non-U.S. Developed	13.00%	13.00%	6.30%
Emerging Markets	9.00%	9.00%	7.30%
Directional Hedge Funds	4.00%	0.00%	0.00%
Private Equity	13.00%	14.00%	8.40%
Stable Value			
U.S. Treasuries ⁴	11.00%	16.00%	3.10%
Stable Value Hedge Funds	4.00%	5.00%	4.50%
Absolute Return (Including Credit Sensitive Investments)	0.00%	0.00%	0.00%
Real Return			
Global Inflation-Linked Bonds ⁴	3.00%	0.00%	0.00%
Real Estate	14.00%	15.00%	8.50%
Energy, Natural Resources, and Infrastructure	5.00%	6.00%	7.30%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	8.00%	5.8/6.5% ⁵
Asset Allocation Leverage Cash	1.00%	2.00%	2.50%
Asset Allocation Leverage	0.00%	-6.00%	2.70%
Expected Return		7.23%	

¹ FY 2019 Target Allocation based on the Strategic Asset Allocation dated October 1, 2018.

² New Target Allocation based on the Strategic Asset Allocation dated October 1, 2019.

³ 10-year annualized geometric nominal returns include the real rate of return and inflation of 2.1%.

⁴ New Target Allocation groups Government Bonds within the Stable Value Allocation. This includes global sovereign nominal and inflation-linked bonds.

⁵ 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

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 (7.25%) in measuring the 2019 net pension liability:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's Proportionate Share of the Net Pension Liability	<u>\$ 921,212</u>	<u>\$ 599,300</u>	<u>\$ 338,490</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At August 31, 2020, the Buena Vista Independent School District reported a net pension liability of \$599,300 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 599,300
State's Proportionate Share that is Associated with the District	<u>1,035,804</u>
Total	<u>\$ 1,635,104</u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018 rolled forward to August 31, 2019. 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, 2018 through August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net pension liability was 0.0011528746% which was an increase of 0.0011429923% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation - Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2019, was developed using a roll-forward method from the August 31, 2018 valuation.
- The single discount rate as of August 31, 2018, was a blended rate of 6.907%, and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of Senate Bill 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

For the year ended August 31, 2020, the Buena Vista Independent School District recognized pension expense of \$162,710 and revenue of \$162,710 for support provided by the State in the government-wide statement of activities.

At August 31, 2020, the Buena Vista Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 2,518	\$ 20,809
Changes in Actuarial Assumptions	185,932	76,836
Net Difference Between Projected and Actual Investment Earnings	6,018	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	100,106	11,302
Contributions Paid to TRS Subsequent to the Measurement Date	<u>54,491</u>	<u>-</u>
Totals	<u>\$ 349,065</u>	<u>\$ 108,947</u>

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

Year Ending August 31,	Pension Expense Amount
2021	\$ 44,960
2022	38,273
2023	46,292
2024	39,999
2025	18,073
Thereafter	(1,970)

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans

Plan Description - The Buena Vista 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 postemployment 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 - Detailed 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.texas.gov>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided - TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers, and other educational districts who are members of the TRS pension plan. Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plans. Eligible Medicare retirees and their dependents may enroll in TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th Legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

The premium rates for retirees are presented in the following table:

TRS-Care Monthly Premium Rates

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

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 participating employers based on active employee compensation. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2019. The following table shows contributions to the TRS-Care plan by type of contributor:

Contribution Rates		
	<u>2019</u>	<u>2020</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 2020 Employer Contributions		\$ 13,926
District's 2020 Member Contributions		11,144
District's 2019 NECE On-Behalf Contributions		26,649

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 hiring a TRS retiree, employers are required to pay to TRS-Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$73.6 million in fiscal year 2019.

Actuarial Assumptions - The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions.

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 that was rolled forward to August 31, 2019:

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018 Rolled Forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05% Including Inflation
Ad hoc Postemployment Benefit Changes	None

The impact of the Cadillac Tax that is returning in fiscal year 2023 has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.3%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

Discount Rate - A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Sensitivity of the Net OPEB Liability

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the net OPEB liability:

	<u>1% Decrease in Discount Rate (1.63%)</u>	<u>Discount Rate (2.63%)</u>	<u>1% Increase in Discount Rate (3.63%)</u>
District's Proportionate Share of the Net OPEB Liability	<u>\$ 918,714</u>	<u>\$ 760,954</u>	<u>\$ 637,536</u>

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	<u>\$ 620,759</u>	<u>\$ 760,954</u>	<u>\$ 948,749</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At August 31, 2020, the Buena Vista Independent School District reported a liability of \$760,954 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net OPEB Liability	\$ 760,954
State's Proportionate Share that is Associated with the District	<u>1,011,136</u>
Total	<u>\$ 1,772,090</u>

The net OPEB liability was measured as of August 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.0016090780% which was an increase of 0.0001651557% from its proportion measured as of August 31, 2018.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation - The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 3.69% as August 31, 2018, to 2.63% as of August 31, 2019. This change increased the total OPEB liability.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

Changes of Benefit Terms - There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, the Buena Vista Independent School District recognized OPEB expense of \$26,649 and revenue of \$26,649 for support provided by the State.

At August 31, 2020, the Buena Vista Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Actuarial Experience	\$ 37,331	\$ 124,522
Changes in Actuarial Assumptions	42,265	204,678
Net Difference Between Projected and Actual Investment Earnings	82	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	111,134	-
Contributions Paid to TRS Subsequent to the Measurement Date	<u>13,926</u>	<u>-</u>
Totals	<u>\$ 204,738</u>	<u>\$ 329,200</u>

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

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

<u>Year Ending August 31,</u>	<u>OPEB Expense Amount</u>
2021	\$ (27,805)
2022	(27,805)
2023	(27,832)
2024	(27,847)
2025	(27,843)
Thereafter	744

C. IRC 457(b) PLAN

The District has had an IRC 457(b) Plan since April 2005 when it was adopted. During the 2008-2009 school year, the District approved beginning a District employer matching contribution for the IRC 457(b) Plan. The intent of this is to assist in recruiting and retaining quality employees and to encourage participation in the retirement plan. The District established a matching formula and a vesting schedule for the District's matching contributions.

D. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2020, August 31, 2019, and August 31, 2018, the subsidy payments received by TRS-Care on behalf of the District were \$8,430, \$4,768, and \$3,815, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements.

E. Health Care Coverage

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

IV. OTHER INFORMATION - Continued

F. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

G. Property and Liability Programs

Property Casualty Alliance of Texas (PCAT) is a self-funded risk pool created for Texas public school districts and junior colleges through the Interlocal Cooperation Act, Chapter 791, Title 7, Texas Government Code. All governmental entities participation in PCAT execute Interlocal Agreements that define the responsibilities of the parties.

PCAT is not intended to operate as an insurance company but as a contractual mechanism by which non-profit political subdivisions cooperatively provide a plan to efficiently and effectively administer a property/casualty program.

PCAT has an elected Board of Trustees who serve as the official and legal representatives of all PCAT members. Each PCAT member is individually rated to determine its annual contribution (premium). Deductibles and coverage limits vary by member.

PCAT uses the services of an independent actuary to determine reserve adequacy. The program engages the services of an independent auditor to conduct an independent financial audit after the close of each plan year.

H. Unemployment Compensation Coverage

During the year ended August 31, 2020, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2020, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2019, are available on the TASB Risk Management Fund website.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

IV. OTHER INFORMATION - Continued

I. Workers' Compensation Insurance

During the year ended August 31, 2020, the District met its statutory workers' compensation obligations through participation in the Deep East Texas Self Insurance Fund (the Fund), a public entity risk pool, which is self-sustained through member premiums. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, of the Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The Fund and its members are protected against higher than expected claim costs through the purchase of stop-loss coverage for any claims in excess of the Fund's self-insured retention of \$1,000,000. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2019, the Fund carries a discounted reserve of \$6,536,556 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2020, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on June 30. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of June 30, 2019, are available at the Fund's offices.

J. 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, refunds of any money received may be required, and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

K. Shared Services Arrangement

The District participates in a shared services arrangement for special education with four other school districts. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has joint ownership interest in any fixed assets purchased by the fiscal agent nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The McCamey Independent School District is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement. The District expended \$21,998 to the shared services arrangement during the current year.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

IV. OTHER INFORMATION - Continued

L. Tax Abatements

The Buena Vista Independent School District's Board of Trustees approved Agreements with Sherbino II Wind Farm and Concho Bluff, LLC, for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. These entities qualified for tax limitation agreements under the Texas Tax Code §313.024(b)(5), as renewable energy electric generation projects.

Value limitation agreements are a part of a state program originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) under the Chapter 313 agreement must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 of the Texas Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation, and Texas Priority projects.

In order to qualify for a value limitation agreement, each applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the applications' approval, the Agreements were found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the projects. The applications, the Agreements, and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>. The Agreements and all supporting documentation were assigned Texas Comptroller Application No. 174 and 1329, respectively.

After approval, the applicant company must maintain a viable presence in the District for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that either company terminates its Agreement without the consent of the District, or in the event that either company or its successor-in-interest fails to comply in any material respect with the terms of the Agreement or to meet any material obligations under the Agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of the Agreement, together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute. Each Agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

	A	B	C	D	E	F	G
			Amount of	Amount of	Company	Company	Net Benefit
		Project's Value	Applicant's	Applicant's	Revenue Loss	Supplemental	(Loss) to
	Project	Limitation	M&O Taxes	M&O Taxes	Payment	Payment to	the School
Project Name	Value 2019	Amount 2019	Paid 2019	Reduced 2019	to School	School	District 2019
					District 2019	District 2019	(C+E+F)
Sherbino II Wind Farm	\$ 4,230,000	\$ 10,000,000	\$ 41,031	\$ 0	\$ 0	\$ 8,206	\$ 49,237
Concho Bluff, LLC	0	30,000,000	0	0	0	0	0

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2020

IV. OTHER INFORMATION - Continued

M. Adjustments to Net Position/Fund Balances

The financial statements reflect the following prior period adjustments:

	Net Position <u>Exhibit B-1</u>	Fund Balances <u>Exhibit C-3</u>	Net Position <u>Exhibit D-2</u>
General Fund			
Foundation Settle Up	\$ 41,141	\$ 41,141	\$ 0
Foundation Revenue Accrual	124,881	124,881	0
Recapture Adjustment	134,527	134,527	0
Workers' Compensation Adjustment	7,868	7,868	0
Other Receivables Adjustment	(110,833)	(110,833)	0
Special Revenue Fund Reimbursements	91,830	91,830	0
Accrued Wages Payable Adjustment	71,995	71,995	0
Miscellaneous Adjustments	<u>(1,537)</u>	<u>(1,537)</u>	<u>(1,875)</u>
Total General Fund	\$ 359,872	\$ 359,872	\$ (1,875)
Nonmajor Funds			
Special Revenue Fund Adjustments	5,784	5,784	0
Capital Assets			
Capital Assets Adjustments (See Note III., D.)	<u>(422,627)</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ (56,971)</u>	<u>\$ 365,656</u>	<u>\$ (1,875)</u>

N. Subsequent Events

The District's management has evaluated subsequent events through December 7, 2020, the date which the financial statements were available for issue.

Required Supplementary Information

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2020

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	\$ 7,310,471	\$ 7,310,471	\$ 7,618,406	\$ 307,935
5800 State Program Revenues	2,223,225	2,040,948	2,244,315	203,367
5900 Federal Program Revenues	2,200	2,200	-	(2,200)
5020 Total Revenues	9,535,896	9,353,619	9,862,721	509,102
EXPENDITURES:				
Current:				
0011 Instruction	1,339,431	1,339,431	1,466,367	(126,936)
0012 Instructional Resources and Media Services	13,900	13,900	10,972	2,928
0013 Curriculum and Instructional Staff Development	8,400	13,400	12,336	1,064
0023 School Leadership	154,330	154,330	157,133	(2,803)
0031 Guidance, Counseling, and Evaluation Services	93,081	88,081	54,989	33,092
0033 Health Services	500	500	4,025	(3,525)
0034 Student (Pupil) Transportation	246,433	246,433	128,692	117,741
0035 Food Services	78,674	78,674	3,678	74,996
0036 Extracurricular Activities	196,939	196,939	205,142	(8,203)
0041 General Administration	498,592	498,592	389,489	109,103
0051 Facilities Maintenance and Operations	473,993	473,993	573,830	(99,837)
0052 Security and Monitoring Services	1,100	1,100	1,100	-
0053 Data Processing Services	48,003	48,003	49,794	(1,791)
Debt Service:				
0071 Principal on Long-Term Debt	37,036	37,036	-	37,036
0072 Interest on Long-Term Debt	1,887	1,887	-	1,887
Capital Outlay:				
0081 Facilities Acquisition and Construction	1,050,000	2,050,000	2,052,652	(2,652)
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	4,750,000	4,750,000	4,758,626	(8,626)
0093 Payments to Fiscal Agent/Member Districts of SSA	33,000	33,000	21,998	11,002
0097 Payments to Tax Increment Fund	60,000	60,000	-	60,000
0099 Other Intergovernmental Charges	70,000	70,000	67,890	2,110
6030 Total Expenditures	9,155,299	10,155,299	9,958,713	196,586
1100 Excess (Deficiency) of Revenues Over (Under)	380,597	(801,680)	(95,992)	705,688
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	(78,674)	(78,674)	(60,060)	18,614
1200 Net Change in Fund Balances	301,923	(880,354)	(156,052)	724,302
0100 Fund Balance - September 1 (Beginning)	6,122,336	6,122,336	6,122,336	-
1300 Increase (Decrease) in Fund Balance	-	-	359,872	359,872
3000 Fund Balance - August 31 (Ending)	\$ 6,424,259	\$ 5,241,982	\$ 6,326,156	\$ 1,084,174

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Pension Liability (Asset)	0.001152875%	0.000988231%	0.001033924%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 599,300	\$ 543,946	\$ 330,593
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	1,035,804	1,060,207	633,029
Total	<u>\$ 1,635,104</u>	<u>\$ 1,604,153</u>	<u>\$ 963,622</u>
District's Covered Payroll	\$ 1,388,582	\$ 1,231,729	\$ 1,219,214
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	43.16%	44.16%	27.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.24%	73.74%	82.17%

Note: GASB Codification, Vol. 2, P20.183 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, 2019 for year 2020, 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 year 2015.

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.

FY 2017			FY 2016			FY 2015		
Plan Year 2016			Plan Year 2015			Plan Year 2014		
0.000979116%			0.0009047%			0.000613%		
\$	369,993		\$	319,799		\$	163,741	
814,777			731,493			563,011		
\$	1,184,770		\$	1,051,292		\$	726,752	
\$	1,213,672		\$	1,080,087		\$	756,752	
30.49%			29.61%			21.64%		
78.00%			78.43%			83.25%		

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2020

	2020	2019	2018
Contractually Required Contribution	\$ 54,491	\$ 39,387	\$ 32,544
Contribution in Relation to the Contractually Required Contribution	(54,491)	(39,387)	(32,544)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,714,402	\$ 1,388,582	\$ 1,231,729
Contributions as a Percentage of Covered Payroll	3.18%	2.84%	2.64%

Note: GASB Codification, Vol. 2, P20.183 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.

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.

2017			2016		
2015					
\$	33,659	\$	31,105	\$	26,783
	(33,659)		(31,105)		(26,783)
\$	-	\$	-	\$	-
\$	1,219,214	\$	1,213,672	\$	1,080,087
	2.76%		2.56%		2.48%

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.001609078%	0.001443922%	0.001402767%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 760,954	\$ 720,964	\$ 610,011
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	1,011,136	1,064,072	965,445
Total	<u>\$ 1,772,090</u>	<u>\$ 1,785,036</u>	<u>\$ 1,575,456</u>
District's Covered Payroll	\$ 1,388,582	\$ 1,231,729	\$ 1,219,214
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	54.80%	58.53%	50.03%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.66%	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 2020 are for the measurement date of August 31, 2019. The amounts 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.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2020

	2020	2019	2018
Contractually Required Contribution	\$ 13,926	\$ 11,307	\$ 9,823
Contribution in Relation to the Contractually Required Contribution	(13,926)	(11,307)	(9,823)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,714,402	\$ 1,388,582	\$ 1,231,729
Contributions as a Percentage of Covered Payroll	0.81%	0.81%	0.80%

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.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Notes to the Required Supplementary Information
August 31, 2020

Note A - TRS Pension Plan

Changes of Benefit Terms

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

Changes of Assumptions

There were no changes in the actuarial assumptions used in the determination of the total pension liability during the measurement period.

The single discount rate as of August 31, 2018, was a blended rate of 6.907%, and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.

With the enactment of Senate Bill 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries.

Note B - TRS OPEB Plan

Changes of Benefit Terms

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

Changes of Assumptions

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

- The discount rate changed from 3.69% as August 31, 2018, to 2.63% as of August 31, 2019. This change increased the total OPEB liability.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

Other Supplementary Information

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2020

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2011 and prior years	Various	Various	\$ Various
2012	1.040000	0.039070	224,258,132
2013	1.040000	0.018600	482,926,696
2014	1.040000	0.020200	228,708,923
2015	1.040000	0.020000	235,558,585
2016	1.040000	0.020000	210,079,622
2017	1.040000	0.020000	204,606,509
2018	1.040000	0.020000	261,541,698
2019	1.060000	0.000000	234,457,533
2020 (School year under audit)	0.970000	0.000000	759,618,791
1000 TOTALS			

(10) Beginning Balance 9/1/2019	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2020
\$ 96,049	\$ -	\$ 1,350	\$ 8	\$ (5,522)	\$ 89,169
12,435	-	306	12	(7)	12,110
12,727	-	551	12	(2,838)	9,326
14,830	-	635	13	(1,381)	12,801
12,797	-	997	19	(1,729)	10,052
13,536	-	895	18	(1,358)	11,265
18,022	-	4,053	134	(2,436)	11,399
24,259	-	5,867	138	(5,118)	13,136
51,949	-	23,234	-	(7)	28,708
-	7,368,302	7,274,620	-	-	93,682
<u>\$ 256,604</u>	<u>\$ 7,368,302</u>	<u>\$ 7,312,508</u>	<u>\$ 354</u>	<u>\$ (20,396)</u>	<u>\$ 291,648</u>

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2020

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	\$ 16,000	\$ 16,000	\$ 18,079	\$ 2,079
5800 State Program Revenues	1,000	1,000	707	(293)
5900 Federal Program Revenues	95,000	95,000	93,832	(1,168)
5020 Total Revenues	112,000	112,000	112,618	618
EXPENDITURES:				
Current:				
0035 Food Services	190,674	190,674	179,754	10,920
6030 Total Expenditures	190,674	190,674	179,754	10,920
1100 Excess (Deficiency) of Revenues Over (Under)	(78,674)	(78,674)	(67,136)	11,538
Expenditures				
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	78,674	78,674	60,060	(18,614)
1200 Net Change in Fund Balances	-	-	(7,076)	(7,076)
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
1300 Increase (Decrease) in Fund Balance	-	-	7,076	7,076
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

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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***

Board of Trustees
Buena Vista Independent School District
P.O. Box 310
Imperial, TX 79743-0310

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 Buena Vista Independent School District as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Buena Vista Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Buena Vista Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Buena Vista Independent School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the 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 Buena Vista Independent School District's financial statements are free of 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 financial statements. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2020-001.

District's Response to Findings

The Buena Vista Independent School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly we express no opinion on the response.

Purpose of This Report

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

Eckert & Company, LLP

December 7, 2020

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended August 31, 2020

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<u>Unmodified</u>		
Internal Control Over Financial Reporting			
Material weaknesses identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported	
Noncompliance material to financial statements noted?	<u> X </u> Yes	<u> </u> No	

B. Findings - Financial Statements Audit

None

C. Findings - State Compliance

Reference Number: 2020-001

Criteria:

Section 44.006 of the Texas Education Code states that public funds of the District may not be spent in any manner other than as provided for in the budget, as amended by the Board of Trustees.

Condition:

Expenditures exceeded appropriations in the following functions:

General Fund	
Function 11 - Instruction	\$ 126,936
Function 23 - School Leadership	2,803
Function 33 - Health Services	3,525
Function 36 - Extracurricular Activities	8,203
Function 51 - Facilities Maintenance and Operations	99,837
Function 53 - Data Processing Services	1,791
Function 81 - Facilities Acquisition and Construction	2,652
Function 91 - Contracted Instructional Services Between Schools	8,626

Cause:

Amendments to the budget were not adequate to ensure that expenditures did not exceed appropriations during the year.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Continued
Year Ended August 31, 2020

C. Findings - State Compliance - Continued

Reference Number: 2020-001 - Continued

Effect:

Public funds of the District were spent that were not provided for in the budget.

Auditor's Recommendation:

The budget should be monitored closely to see that amendments are made as necessary.

Management's Response:

The District will place more emphasis on the budget and see that the amounts appropriated are adequate to cover all expenditures.

Buena Vista Independent School District

P.O. Box 310 * Imperial, TX 79743
(432) 536-2225 * FAX (432) 536-2469
Mr. Mark Dominguez, Superintendent
Mr. Julian Castillo, Business Manager

**Schedule of Status of Prior Findings
Year Ended August 31, 2020**

(Prepared by the District's Management)

Prior Year Finding:

2019-001 Actual expenditures exceeded the budget.

Status of Prior Year Finding:

Actual expenditures exceeded the budget in the prior year and also exceeded the budget in the current year.

Buena Vista Independent School District

P.O. Box 310 * Imperial, TX 79743
(432) 536-2225 * FAX (432) 536-2469
Mr. Mark Dominguez, Superintendent
Mr. Julian Castillo, Business Manager

**Corrective Action Plan
Year Ended August 31, 2020**

(Prepared by the District's Management)

The Buena Vista Independent School District submits the following corrective action plan for the year ended August 31, 2020:

Findings - State Compliance

2020-001 Budget Overexpenditure

Recommendation:

The budget should be monitored closely to see that amendments are made as necessary.

Action Taken:

The District will place more emphasis on the budget and see that the amounts appropriated are adequate to cover all expenditures.

Anticipated Completion Date: Throughout Fiscal Year Ending August 31, 2021

Contact Person

Mark Dominguez, Superintendent
432/536-2225/

SCHOOLS FIRST QUESTIONNAIRE

BUENA VISTA INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2020

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	Yes
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	

Eckert & Company

CERTIFIED PUBLIC ACCOUNTANTS

A Limited Liability Partnership

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December 7, 2020

Board of Trustees and
Mark Dominguez, Superintendent
Buena Vista Independent School District
P.O. Box 310
Imperial, TX 79743-0310

In planning and performing our audit of the basic financial statements of the Buena Vista Independent School District for the year ended August 31, 2020, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we noted the following items which we feel should be brought to your attention:

Budgeting - As noted in the audit report, expenditures exceeded budget appropriations in the General Fund in eight functions during the year. The budget should be carefully monitored throughout the year by comparing year-to-date expenditures with budgeted amounts. Budget amendments should be approved prior to expending the funds.

Journal Entries - A member of management should review and initial all journal entries proposed by the District's business office personnel to ensure that all adjustments proposed to the District's general ledger appear to be reasonable as to amount and accounts adjusted. This is an important part of the District's internal control and helps to ensure that transactions are accounted for properly on the District's general ledger.

Bank Reconciliations and Accounts Payable - Bank reconciliations were prepared which reported outstanding checks dated in the subsequent month. These items should have been recorded as accounts payable. After the end of the fiscal year, invoices that are to be paid related to expenditures for the previous fiscal year, should be reported as accounts payable. Proper cutoff is an important part of the District's internal control and helps to ensure that transactions are accounted for properly on the District's general ledger.

Monitoring of Financial Records - We noticed several account balances that had been carried on the general ledger for several years that had to be cleared and/or reclassified. Review of general ledgers and journals on a monthly basis will help ensure that account balances and related transactions are reasonable as to amount and classification.

On-Behalf Payments - The journal entry for TRS On-Behalf revenue and expenditures was incorrectly recorded utilizing the amount from the prior fiscal year and had to be corrected to utilize the amount from the current fiscal year. Failure to properly record these transactions can result in the budget being overexpended. Procedures need to be implemented to ensure that these entries are recorded correctly each year in the books and records utilizing the correct amounts as provided by TRS.

Debt Service Fund - The District currently has a Debt Service Fund designed to account for transactions related to outstanding debt. The District currently has no outstanding debt. We recommend that the District take steps to close the Debt Service Fund bank account and transfer any remaining funds over to the General Fund, and if possible, use these funds for capital expenditures.

Board of Trustees and
Mark Dominguez, Superintendent
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December 7, 2020

This letter does not affect our report dated December 7, 2020, on the basic financial statements of the Buena Vista Independent School District.

We appreciate the cooperation and assistance provided to us during the audit. Please contact us if you have any questions concerning the audit report or this letter or if you need our assistance during the year.

Eckert & Company, LLP