

VAN VLECK INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2018



Van Vleck Independent School District

Van Vleck Independent School District
Annual Financial Report
For The Year Ended August 31, 2018

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Introductory Section



Van Vleck Independent School District

CERTIFICATE OF BOARD

Van Vleck Independent School District
Name of School District

Matagorda
County

158-906
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2018, at a meeting of the board of trustees of such school district on the 19 day of November, 2018


Signature of Board Secretary


Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)



Van Vleck Independent School District

Financial Section



Van Vleck Independent School District

Harry Afadapa & Associates, PC

Certified Public Accountants
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Stafford, Texas 77477
(346) 219-2665~www.afadapa.com

Independent Auditor's Report

To the Board of Trustees
Van Vleck Independent School District
142 S Fourth Street
Van Vleck, Texas 77482

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 Van Vleck Independent School District ("the District") as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2018, Van Vleck Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

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 Van Vleck Independent School District as of August 31, 2018, 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, schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions identified as Required Supplementary Information in the table of contents 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 Van Vleck Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2018 on our consideration of Van Vleck 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 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 Van Vleck Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Harry Afadapa & Associates, PC
Stafford, Texas
October 19, 2018



Van Vleck Independent School District

VAN VLECK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2018

This discussion and analysis of the Van Vleck Independent School District's financial statements provides a narrative overview of the District's financial activities for the fiscal year ended August 31, 2018. The information presented here should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Van Vleck Independent School District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District as well as all liabilities. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of Van Vleck Independent School District is improving or deteriorating.

The *statement of activities* presents information showing how the district's net position changed during the most recent fiscal year using full accrual basis of accounting. 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 fiscal periods.

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. Van Vleck Independent School 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 *current sources and uses of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Such information may be useful in evaluating a district's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-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 funds 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*.

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 district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

VAN VLECK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2018

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

District-wide Financial Analysis

The District's net position at August 31, 2018 and 2017 are summarized as follows:

	Governmental Activities		
	8/31/2018	8/31/2017	Variance
Current and other assets	\$ 58,623,159	\$ 3,959,612	\$ 54,663,547
Capital assets	6,862,613	3,535,240	3,327,373
Total assets	<u>65,485,772</u>	<u>7,494,852</u>	<u>57,990,920</u>
Deferred outflow of resources	<u>859,508</u>	<u>1,021,553</u>	<u>(162,045)</u>
Debt obligation(current) & Other liab.	3,476,971	575,855	2,901,116
Long-term liabilities outstanding	53,384,358	2,377,692	51,006,666
Total liabilities	<u>56,861,329</u>	<u>2,953,547</u>	<u>53,907,782</u>
Deferred inflow of resources	<u>1,765,857</u>	<u>129,114</u>	<u>1,636,743</u>
Net position:			
Net Investment in capital assets	3,537,644	3,264,632	273,012
Restricted	28,475	18,454	10,021
Unrestricted	4,151,975	2,150,271	2,001,704
Total net position	<u>\$ 7,718,094</u>	<u>\$ 5,433,357</u>	<u>\$ 2,284,737</u>

Net position may serve over time as a useful indicator of a district's financial position. In the case of Van Vleck Independent School District, assets exceeded liabilities by \$7,718,094 at the close of the most recent fiscal year, August 31, 2018.

Current assets increased by \$55,663,547, and the increase were attributed to net increase in cash from the bond proceeds, and increase cash from Tenaris USA payment of over \$8 million. The capital assets increased by \$3,327,373 of which \$3,324,969 was construction in progress (CIP). The deferred outflow of resource decreased by \$162,045 in aggregate as a result of GASB 68 and 75. Current liabilities increased by \$2,901,116 of which \$2,435,000 was the current portion of the debt obligation. The noncurrent liability consist of the newly approved bond obligation of \$45,250,000, net the current portion of \$2,435,000 discussed above. Other increase in the noncurrent liabilities includes \$3,518,000 in Net OPEB liability from the effect of GASB Statement 75 Accounting and Financial Reporting for Benefits Other than Pension. Net Pension Liability stemming from GASB 68 decreased by \$317,208, and the deferred inflows of resources related to pension increased by \$164,896 to include the effects of GASB 68 "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27", and the deferred inflows of resources related to OPEB increased by \$1,471,847.

A large portion of the District's net position (45.8 percent) reflects its investment in capital assets less any debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services to students; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must

VAN VLECK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2018

be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position (less than 1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (53.8 percent) may be used to meet the District's ongoing obligations to educate the school-age children of Van Vleck.

The District's governmental activities as of August 31, 2018 and 2017 are summarized as follows:

	Governmental Activities		
	<u>8/31/2018</u>	<u>8/31/2017</u>	<u>Variance</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 807,918	\$ 313,163	\$ 494,755
Operating grants & contributions	(504,838)	1,027,779	(1,532,617)
General Revenues:			
Property taxes	6,054,058	9,444,747	(3,390,689)
Investment earnings	111,020	14,498	96,522
Grants & contributions not restricted for specific purpose	3,613,328	2,366,597	1,246,731
Miscellaneous	8,859,017	542,981	8,316,036
Total revenues	<u>18,940,503</u>	<u>13,709,765</u>	<u>5,230,738</u>
Expenses:			
Instruction	4,728,589	6,424,289	(1,695,700)
Instructional resources and media	83,485	114,890	(31,405)
Curriculum and staff development	54,044	56,576	(2,532)
Instructional leadership	98,021	122,038	(24,017)
School leadership	484,687	705,683	(220,996)
Guidance and counseling	176,801	261,183	(84,382)
Health services	109,140	155,736	(46,596)
Student transportation	262,163	357,169	(95,006)
Food service	603,252	680,713	(77,461)
Extracurricular activities	582,094	662,138	(80,044)
General administration	596,236	644,511	(48,275)
Plant maintenance and operations	1,354,580	1,480,097	(125,517)
Security and monitoring services	96,121	98,821	(2,700)
Data processing services	150,170	252,174	(102,004)
Community services	18,054	3,651	14,403
Interest on long-term debt	525,529	14,387	511,142
Bond Issuance costs and fees	341,354	-	341,354
Shared Service Payments	213,516	200,674	12,842
Other Intergovernmental Charge	114,136	120,018	(5,882)
Total expenses	<u>10,591,972</u>	<u>12,354,748</u>	<u>(1,762,776)</u>
Increase in net position	<u>8,348,531</u>	<u>1,355,017</u>	<u>6,993,514</u>
Net position, beginning	5,433,357	4,078,340	1,355,017
Prior Period Adjustments	<u>(6,063,794)</u>	-	<u>(6,063,794)</u>
Net Position, as Restated	<u>(630,437)</u>	-	<u>(630,437)</u>
Net position ending	<u>\$ 7,718,094</u>	<u>\$ 5,433,357</u>	<u>\$ 2,284,737</u>

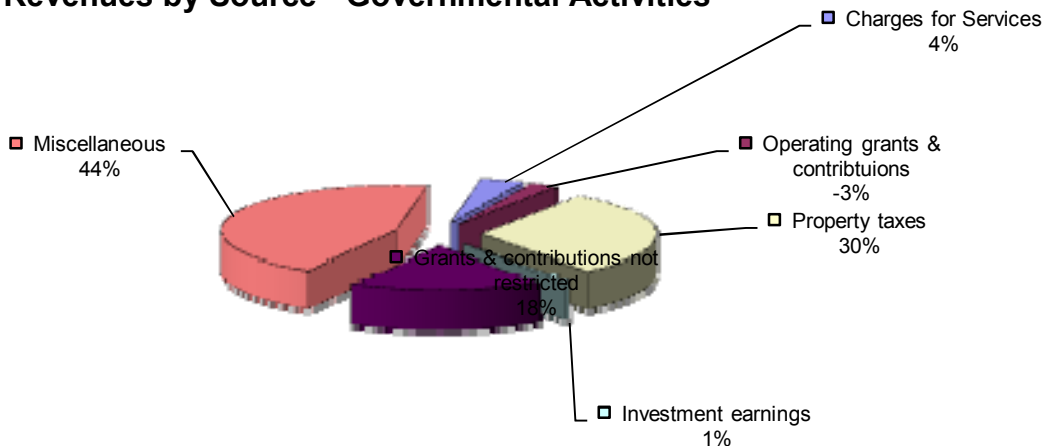
VAN VLECK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2018

Governmental activities. Governmental activities increased the District’s net position by \$8,348,531 compared to the 2017 increase of \$1,355,017. Revenue increased by \$5,230,738 and expenditures decreased by \$1,762,776.

Key elements comparing current to prior year are as follows:

- Operating grants decreased by over \$1,532,617 in recognition of the District’s proportionate share of TRS On-behalf payments as required by GASB 75 “Accounting and Financial Reporting for Other Post-Employment Benefits Other Than Pensions(OPEB)—an Amendment of GASB Statement No. 45”
- Property taxes decreased due to decrease in overall property values as the district now experiences the effect Tenaris USA taxable basis adjustment.
- Grant & contribution increased by \$1,246,731 due to the increase in federal & state funding.
- Other miscellaneous revenue increased as a result from the collections from Tenaris USA
- Overall, instructional salaries and benefits decreased by over \$1.695 million due to the reduction in charges attributed to GASB 68.
- School leadership, Guidance and Counseling, Student transportation, Food Services, Extracurricular activities, Plant maintenance and operations, and Data Processing services all had significant reduction in expenditure when to compare to 2017.
- Interest on long term debt and bond issuance cost increased as a result of the two issued bond obligation totaling \$47,685,000.

Revenues by Source - Governmental Activities



Financial Analysis of the District’s Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls has been the framework of the District’s strong fiscal management and accountability.

Governmental funds. The general government functions are reported in the General and Special Revenue Funds. The focus of the District’s *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. Such information is useful in determining the District’s financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the District’s governmental funds reported combined ending fund balances of \$57,377,465 an increase of \$54,098,330 over the prior year fund balance. \$10,950,589 of this total constitutes unassigned fund balance, while \$186,382 represents non-spendable prepaid expenditures, \$46,182,541 is restricted by outside sources and \$57,953 has been committed by the Board of Directors for campus activities.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,950,589. As a measure of the general fund’s liquidity, it may be useful to

VAN VLECK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2018

compare unreserved fund balance to total fund expenditures. Unassigned fund balance represents 94.8 percent of general fund current expenditures.

The fund balance of the general fund increased by \$7,779,225 compared to the prior year increase of \$1,454,700. Revenue increased by \$6,663,872 and expenditures increased \$339,347. Key elements comparing current year to prior year are the same as those noted above under the district-wide analysis.

General Fund Budgetary Highlights. The Board of Trustees approved budget amendments throughout the year. Instruction and Instructional Related Services, Support Services (Student-Pupil), and Support Services (Non-student Based) were all under budget.

Actual Revenue exceeded estimates by \$3,283,488 while actual expenditures were under appropriations by \$519,814.

Debt Administration

Debt administration events during the current fiscal year included scheduled principal payments of \$2,435,000 on the newly approved bond obligation and a net increase in the Net OPEB liability of \$3,518,623 due to the implementation of GASB 75 mentioned earlier.

	Governmental Activities		
	8/31/2018	8/31/2017	Variance
Maintenance Tax Notes	\$ -	\$ 270,608	\$ (270,608)
General Bond Obligations	47,685,000	-	47,685,000
Discount/Prem on Bond	2,693,453	-	2,693,453
Net OPEB Liability	3,518,623	-	3,518,623
Net Pension Liability	1,922,282	2,239,490	(317,208)
	<u>\$ 55,819,358</u>	<u>\$ 2,510,098</u>	<u>\$ 53,309,260</u>

Capital Assets

Capital asset events during the current fiscal year included the recognition of \$328,840 in depreciation expense and the purchase of some buses & trucks, starting the preliminary work on the construction of various structural assets (Construction in progress), and others purchases. As noted in the table below, the original cost of aging facilities and equipment has declined, consequently some items were retired during the school due natural disasters and aging.

	Governmental Activities		
	8/31/2018	8/31/2017	Variance
Land	\$ 423,398	\$ 423,398	\$ -
Buildings & Improvements	8,965,276	8,976,294	(11,018)
Equipment	891,014	918,697	(27,683)
Vehicles	1,647,891	1,376,960	270,931
Construction In Progress	3,324,969	-	3,324,969
Totals	<u>15,252,548</u>	<u>11,695,349</u>	<u>3,557,199</u>
Less accumulated depreciation	<u>(8,389,935)</u>	<u>(8,160,109)</u>	<u>(229,826)</u>
	<u>\$ 6,862,613</u>	<u>\$ 3,535,240</u>	<u>\$ 3,327,373</u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2018

Economic Factors and Next Year's Budgets and Rates

The annual budget is developed to provide efficient, effective and controlled use of the District's resources. Factors affecting the 2018 budget were as follows:

- The 2018 budget is based on the tax rate of \$1.0140.
- Certified Appraised values for budget preparation were \$580,839,879, a significant reduction from 2017 values of \$937,273,258.
- The District is in the 4th year of a Chapter 313 School Value Limitation Agreement with Tenaris USA. Tenaris USA will be taxed at full taxable value for I&S purposes, however, limited for M&O which will be capped at \$10million.
- Due to the aging of the facilities, voters approved bond issuance of \$88.2 million for building of structural facilities in November 2017, and with this bond issuance, it is anticipated that maintenance costs will continue to decline.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Van Vleck Independent School District, Attention: Superintendent, 142 S Fourth Street, Van Vleck, Tx 77482 or call 979-245-8518.

Basic Financial Statements



Van Vleck Independent School District

VAN VLECK INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2018

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 54,879,028
1120	<i>Current Investments</i>	14,423
1225	<i>Property Taxes Receivable (Net)</i>	286,126
1240	<i>Due from Other Governments</i>	3,237,739
1300	<i>Inventories</i>	12,441
1410	<i>Unrealized Expenses</i>	178,512
Capital Assets:		
1510	<i>Land</i>	423,398
1520	<i>Buildings and Improvements, Net</i>	2,469,332
1530	<i>Furniture and Equipment, Net</i>	644,914
1580	<i>Construction in Progress</i>	3,324,969
1000	Total Assets	<u>65,470,882</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	<i>Deferred Outflow Related to Pensions</i>	806,981
	<i>Deferred Outflow Related to OPEB</i>	52,527
1700	Total Deferred Outflows of Resources	<u>859,508</u>
LIABILITIES:		
2110	<i>Accounts Payable</i>	305,451
2140	<i>Interest Payable</i>	82,402
2165	<i>Accrued Liabilities</i>	550,260
2300	<i>Unearned Revenue</i>	88,483
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	2,435,000
2502	<i>Due in More Than One Year</i>	47,943,453
2540	<i>Net Pension Liability</i>	1,922,282
2545	<i>Net OPEB Liability</i>	3,518,623
2000	Total Liabilities	<u>56,845,954</u>
DEFERRED INFLOWS OF RESOURCES:		
	<i>Deferred Inflow Related to Pensions</i>	294,010
	<i>Deferred Inflow Related to OPEB</i>	1,471,847
2600	Total Deferred Inflows of Resources	<u>1,765,857</u>
NET POSITION:		
3200	Net Investment in Capital Assets	3,537,644
Restricted For:		
3890	Other Purposes	28,475
3900	Unrestricted	4,152,460
3000	Total Net Position	<u>\$ 7,718,579</u>

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	<i>Instruction</i>	\$ 4,728,589	\$ 142,032	\$ (522,109)	\$ (5,108,666)	
12	<i>Instructional Resources and Media Services</i>	83,485	16,132	(11,418)	(78,771)	
13	<i>Curriculum and Staff Development</i>	54,044	561	17,394	(36,089)	
21	<i>Instructional Leadership</i>	98,021	2,502	(8,683)	(104,202)	
23	<i>School Leadership</i>	484,687	21,187	(104,853)	(568,353)	
31	<i>Guidance, Counseling, & Evaluation Services</i>	176,801	5,355	(40,429)	(211,875)	
33	<i>Health Services</i>	109,140	3,092	(21,527)	(127,575)	
34	<i>Student Transportation</i>	262,163	30,227	(42,371)	(274,307)	
35	<i>Food Service</i>	603,252	216,015	443,155	55,918	
36	<i>Cocurricular/Extracurricular Activities</i>	582,094	50,443	(32,793)	(564,444)	
41	<i>General Administration</i>	596,236	23,435	(72,373)	(645,174)	
51	<i>Facilities Maintenance and Operations</i>	1,354,580	282,993	(72,957)	(1,144,544)	
52	<i>Security and Monitoring Services</i>	96,121	1,988	(2,465)	(96,598)	
53	<i>Data Processing Services</i>	150,170	4,186	(33,409)	(179,393)	
61	<i>Community Services</i>	18,054	374	--	(17,680)	
72	<i>Interest on Long-term Debt</i>	525,529	3,070	--	(522,459)	
73	<i>Bond Issuance Costs and Fees</i>	341,354	--	--	(341,354)	
93	<i>Payments Related to Shared Services Arrangements</i>	213,516	4,326	--	(209,190)	
99	<i>Other Intergovernmental Charges</i>	114,136	--	--	(114,136)	
TG	Total Governmental Activities	<u>10,591,972</u>	<u>807,918</u>	<u>(504,838)</u>	<u>(10,288,892)</u>	
TP	Total Primary Government	<u>\$ 10,591,972</u>	<u>\$ 807,918</u>	<u>\$ (504,838)</u>	<u>(10,288,892)</u>	
	General Revenues:					
MT	<i>Property Taxes, Levied for General Purposes</i>				6,054,058	
IE	<i>Investment Earnings</i>				111,020	
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				3,613,328	
MI	<i>Miscellaneous</i>				8,859,115	
TR	Total General Revenues				<u>18,637,521</u>	
CN	Change in Net Position				<u>8,348,629</u>	
NB	Net Position - Beginning				<u>5,433,744</u>	
PA	Prior Period Adjustment				<u>(6,063,794)</u>	
	Net Position - Beginning, as Restated				<u>(630,050)</u>	
NE	Net Position - Ending				<u>\$ 7,718,579</u>	

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2018

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 10,878,150	\$ 43,898,688	\$ 102,191	\$ 54,879,029
1120	Current Investments	--	--	14,423	14,423
1225	Taxes Receivable, Net	286,126	--	--	286,126
1240	Due from Other Governments	3,135,436	--	102,303	3,237,739
1260	Due from Other Funds	--	2,558,070	1,573	2,559,643
1300	Inventories	--	--	12,441	12,441
1410	Unrealized Expenditures	172,612	--	5,900	178,512
1000	Total Assets	<u>14,472,324</u>	<u>46,456,758</u>	<u>238,831</u>	<u>61,167,913</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 2,126	\$ 303,325	\$ --	\$ 305,451
2160	Accrued Wages Payable	459,842	--	32,653	492,495
2170	Due to Other Funds	2,559,643	--	--	2,559,643
2200	Accrued Expenditures	55,643	--	2,122	57,765
2300	Unearned Revenue	(350)	--	88,833	88,483
2000	Total Liabilities	<u>3,076,904</u>	<u>303,325</u>	<u>123,608</u>	<u>3,503,837</u>
DEFERRED INFLOWS OF RESOURCES:					
	Deferred Revenue	286,126	--	--	286,126
2600	Total Deferred Inflows of Resources	<u>286,126</u>	<u>--</u>	<u>--</u>	<u>286,126</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3415	Long-Term Loans/Notes Receivable	--	--	13,770	13,770
3430	Prepaid Items	172,612	--	--	172,612
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	13,174	13,174
3490	Other Restrictions of Fund Balance	633	46,153,433	30,326	46,184,392
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	57,953	57,953
3600	Unassigned	10,936,049	--	--	10,936,049
3000	Total Fund Balances	<u>11,109,294</u>	<u>46,153,433</u>	<u>115,223</u>	<u>57,377,950</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 14,472,324</u>	<u>\$ 46,456,758</u>	<u>\$ 238,831</u>	<u>\$ 61,167,913</u>

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2018*

Total fund balances - governmental funds balance sheet	\$ 57,377,950
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	6,862,613
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	286,126
Payables for bond principal which are not due in the current period are not reported in the funds.	(50,378,453)
Payables for bond interest which are not due in the current period are not reported in the funds.	(82,402)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(5,440,905)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(1,765,857)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	859,508
Rounding difference	<u>(1)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 7,718,579</u>

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 15,222,871	\$ 275,770	\$ 296,519	\$ 15,795,160
5800 State Program Revenues	3,812,861	--	64,947	3,877,808
5900 Federal Program Revenues	294,896	--	858,618	1,153,514
5020 Total Revenues	<u>19,330,628</u>	<u>275,770</u>	<u>1,220,084</u>	<u>20,826,482</u>
EXPENDITURES:				
Current:				
0011 Instruction	6,184,896	--	399,652	6,584,548
0012 Instructional Resources and Media Services	89,460	--	11,012	100,472
0013 Curriculum and Staff Development	27,949	--	17,399	45,348
0021 Instructional Leadership	124,013	--	5,790	129,803
0023 School Leadership	684,081	--	5,661	689,742
0031 Guidance, Counseling, & Evaluation Services	264,558	--	--	264,558
0033 Health Services	147,016	--	94	147,110
0034 Student Transportation	326,516	318,905	385	645,806
0035 Food Service	8,370	--	714,140	722,510
0036 Cocurricular/Extracurricular Activities	671,770	--	20,768	692,538
0041 General Administration	675,608	54,783	5,097	735,488
0051 Facilities Maintenance and Operations	1,421,953	3,348,649	18,344	4,788,946
0052 Security and Monitoring Services	97,741	--	--	97,741
0053 Data Processing Services	207,473	--	--	207,473
0061 Community Services	18,054	--	--	18,054
0071 Principal on Long-term Debt	270,608	--	--	270,608
0072 Interest on Long-term Debt	18,127	--	426,399	444,526
0073 Bond Issuance Costs and Fees	--	--	341,354	341,354
0093 Payments to Shared Service Arrangements	213,516	--	--	213,516
0099 Other Intergovernmental Charges	114,136	--	--	114,136
6030 Total Expenditures	<u>11,565,845</u>	<u>3,722,337</u>	<u>1,966,095</u>	<u>17,254,277</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>7,764,783</u>	<u>(3,446,567)</u>	<u>(746,011)</u>	<u>3,572,205</u>
Other Financing Sources and (Uses):				
7911 Capital-Related Debt Issued (Regular Bonds)	--	47,685,000	--	47,685,000
7916 Premium or Discount on Issuance of Bonds	--	1,915,000	778,453	2,693,453
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>49,600,000</u>	<u>778,453</u>	<u>50,378,453</u>
1200 Net Change in Fund Balances	<u>7,764,783</u>	<u>46,153,433</u>	<u>32,442</u>	<u>53,950,658</u>
0100 Fund Balances - Beginning	3,196,354	--	82,781	3,279,135
1300 Prior Period Adjustment	148,157	--	--	148,157
Fund Balances - Beginning, as Restated	3,344,511	--	82,781	3,427,292
3000 Fund Balances - Ending	<u>\$ 11,109,294</u>	<u>\$ 46,153,433</u>	<u>\$ 115,223</u>	<u>\$ 57,377,950</u>

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2018*

Net change in fund balances - total governmental funds	\$ 53,950,658
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	3,656,213
The depreciation of capital assets used in governmental activities is not reported in the funds.	(328,840)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	47,698
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	(49,600,000)
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	270,608
(Increase) decrease in accrued interest from beginning of period to end of period.	(81,003)
Bond premiums are reported in the funds but not in the SOA.	(778,453)
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(1,933,579)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	<u>3,145,327</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 8,348,629</u>

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2018

Data Control Codes	Private-purpose Trust Fund	Agency Fund
<u>ASSETS:</u>	<u>Scholarship Fund</u>	<u>Student Activity</u>
1110 <i>Cash and Cash Equivalents</i>	\$ 3,866	\$ 48,614
1000 Total Assets	<u>3,866</u>	<u>48,614</u>
 LIABILITIES:		
Current Liabilities:		
2190 <i>Due to Student Groups</i>	\$ --	\$ 48,614
2000 Total Liabilities	<u>--</u>	<u>48,614</u>
 NET POSITION:		
3800 <i>Held in Trust</i>	3,866	--
3000 Total Net Position	<u>\$ 3,866</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	Private- Purpose Trusts
	<u> </u>
Additions:	
Investment Income	\$ --
Gifts & Bequests	<u> 37</u>
Total Additions	<u> 37</u>
Deductions:	
Scholarship Awards	<u> --</u>
Total Deductions	<u> --</u>
Change in Net Position	37
Net Position-Beginning of the Year	<u> 3,828</u>
Net Position-End of the Year	<u><u> \$ 3,865</u></u>

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. All fiduciary activities are reported only in the fund financial statements.

Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board.

The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity," as revised by GASB Statement No.39, and there are no component units included within the reporting entity.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category governmental and fiduciary are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds

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

Additionally, the District reports the following fund types:

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

Private-Purpose Trust Funds: These funds are used to report trust arrangements for scholarships under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Capital Project Fund: A governmental fund that must be used to account, on a project basis, for projects financed by proceeds from bond issues, or for capital projects otherwise mandated to be accounted for in this fund.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

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

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 District considers revenues to be available if they are collected 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The private purpose trust fund is reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, food service fund and debt service fund. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

The appropriated budget is prepared at the fund and function level. The department heads may make transfers of appropriations within a function; however, transfers of appropriations between functions require the approval of the Board of Trustees. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the functional level.

Appropriations in all budgeted funds lapse at the end of the fiscal year. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Assets, Liabilities, Deferred Outflows/inflows of Resources, and Net Position/fund Balance

Cash and cash equivalents:

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments:

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in Government Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

Inventories and Prepaid Items:

Inventories of purchased food and supplies on the balance sheet are stated at average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital assets:

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used. Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	30-50
Building Improvements	20-30
Vehicles	2-15
Equipment	3-15
Equipment	5-10

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has one item that qualifies for reporting in this category. The deferred outflows of resources calculated in the actuarial pension study required by GASB 68 and the current year pension payments are reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The item "unavailable" revenue is reported in the governmental funds balance sheet. The "unavailable" source represents the uncollected delinquent taxes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available for governmental funds. The deferred inflows of resources calculated in the actuarial pension study required by GASB 68 and 75 are reported in the government-wide statement of net position.

Net position flow assumption:

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund balance flow assumptions:

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies:

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Trustees has not delegated the authority to assign fund balance. When it is appropriate to assign fund balance this is accomplished in the same manner as committed funds that is through the adoption of a resolution. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

Revenues and Expenditures/expenses

Program revenues:

Amounts reported as program revenues include 1) fees, fines, and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes:

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Compensated absences:

Vacation days shall be used during the year in which they are earned and shall not accumulate. Unused vacation days shall not be reimbursed upon the employee's resignation, retirement or any other termination of employment.

Employees earn five days per year of state personal leave, with no limit on accumulation and no restrictions on transfer among districts. Employees earn five local leave days per school year in accordance with administrative regulations with no limit on accumulation. Unused sick leave days shall not be reimbursed upon the employee's resignation, retirement or any other termination of employment.

Data control codes:

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

B. Deposits and Investments

Cash Deposits

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 may not be returned to it. The District's funds are required to be deposited and invested under the terms of a depository contract. At August 31, 2018, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$54,908,341 and the bank balance was \$55,165,752. The District's cash deposits at August 31, 2017 and during the year ended August 31, 2018, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments

All investments made by the District shall comply with the Public Funds Investment Act (Texas Government Code Chapter 2256, Subchapter A) and all federal, state, and local statutes, rules or regulations. The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the

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U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper. The State Treasurer's Investment Pool (Pool) has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. The Pool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

The government utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

As of August 31, 2018 the District had the following investments:

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Fair Value</u>
Logic, included in cash	N/A	Aaa	\$ 1,212,728
First Public, included in cash	N/A	Aaa	52,379,810
Certificate of Deposit	12/29/18	N/A	14,423
Total Investments			<u>\$ 53,606,961</u>

C. Disaggregated Receivables

Receivables as of the year end for the District's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Real Property Taxes	\$ 979,243	\$ --	\$ 924,110
Less allowance on taxes	(637,984)	--	(637,984)
	<u>\$ 286,126</u>	<u>\$ --</u>	<u>\$ 286,126</u>
Due from Other Governments:			
TEA	\$ 3,135,436	\$ 102,303	\$ 3,237,739
Other Governments	--	--	--
	<u>\$ 3,135,436</u>	<u>\$ 102,303</u>	<u>\$ 3,237,739</u>

There are no significant receivables that are not scheduled for collection within one year of year end.

D. Capital Assets

Capital asset activity for the year ended August 31, 2018, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 423,398	\$ --	\$ --	\$ 423,398
Construction in progress	--	3,324,969	--	3,324,969
Total capital assets not being depreciated	<u>423,398</u>	<u>3,324,969</u>	<u>--</u>	<u>3,748,367</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	8,976,294	5,282	(16,300)	8,965,276
Equipment	1,376,960	325,962	(55,031)	1,647,891
Vehicles	918,697	--	(27,683)	891,014
Total capital assets being depreciated	<u>11,271,951</u>	<u>331,244</u>	<u>(99,014)</u>	<u>11,504,181</u>

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Less accumulated depreciation for:

Buildings and improvements	(6,263,361)	(248,884)	16,300	(6,495,945)
Equipment	(1,064,176)	(23,038)	55,031	(1,032,183)
Vehicles	(832,572)	(56,918)	27,683	(861,807)
Specify another category here if needed	--	--	--	--
Total accumulated depreciation	<u>(8,160,109)</u>	<u>(328,840)</u>	<u>99,014</u>	<u>(8,389,935)</u>
Total capital assets being depreciated, net	3,111,842	2,404	--	3,114,246
Governmental activities capital assets, net	<u>\$ 3,535,240</u>	<u>\$ 3,327,373</u>	<u>\$ --</u>	<u>\$ 6,862,613</u>

Depreciation expense of \$328,840- was charged to functions as follows:

Instruction	\$ 175,759
Instructional Resources and Media Services	3,143
Curriculum and Staff Development	1,548
Instructional Leadership	3,339
School Leadership	19,306
Guidance, Counseling, & Evaluation Services	7,146
Health Services	4,261
Student Transportation	9,772
Food Services	18,623
Extracurricular Activities	18,115
General Administration	17,633
Plant Maintenance and Operations	40,493
Security and Monitoring Services	2,704
Data Processing Services	6,899
Community Services	100
	<u>\$ 328,840</u>

E. Interfund Balances and Activities

Balances due to and due from other funds at August 31, 2018, are schedule to be repaid within one year and consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Capital Project Fund	\$ 2,558,070	Short-term loans
Food Service	General Fund	1,223	Misc. charges
Special Revenue Fund	General Fund	350	Misc. charges
Total		<u>2,559,643</u>	

F. Long-Term Obligations

Changes in long-term obligations for the year ended August 31, 2018, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Long Term Obligation	\$ --	\$ 47,685,000	\$ --	\$ 47,685,000	\$ 2,435,000
Premuim/Discount on Bonds	--	2,693,453	--	2,693,453	--
Net OPEB liability*	6,211,951	(2,651,261)	42,067	3,518,623	--
Net pension liability	2,239,490	(120,173)	197,035	1,922,282	--
	<u>\$ 8,451,441</u>	<u>\$ 47,607,019</u>	<u>\$ 239,102</u>	<u>\$ 55,819,358</u>	<u>\$ 2,435,000</u>

* The general fund is typically used to liquidate these liabilities. The beginning net pension liability has been restated for the effects of GASB 75.

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Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 2,435,000	\$ 1,901,938	\$ 4,336,938
2020	2,655,000	1,777,113	4,432,113
2021	2,655,000	1,646,913	4,301,913
2022	2,610,000	1,517,963	4,127,963
2023	2,580,000	1,391,038	3,971,038
2024 - 2028	11,035,000	5,230,669	16,265,669
2029 - 2033	9,550,000	3,060,472	12,610,472
2034 - 2038	9,530,000	1,535,569	11,065,569
2039 - 2043	4,255,000	1,168,515	5,423,515
2044 - 2048	380,000	6,650	386,650
Totals	\$ 47,685,000	\$ 19,236,840	\$ 66,921,840

G. Risk Management

Self-Insured Workers Compensation

During the year ended August 31, 2018, the District met its statutory workers' compensation obligations through participation in a workers compensation pool administered by Claims Administrative Services, Inc. All members participating in the fund execute interlocal agreements that define the responsibilities of the parties. The estimated liability will not exceed the District's loss fund and the District is not responsible for claims and claims allocation expense beyond its individual loss fund. The amounts for IBNR are projected estimates, based on the experience history of the association.

Claims activity as of August 31, 2017 and the prior two years are as follows:

	8/31/18	8/31/17	8/31/16
Unpaid claims, beginning	\$ 41,014	\$ 36,533	\$ 46,515
Incurred claims	38,058	11,936	11,908
Change in IBNR	2	(1)	(15,642)
Paid claims	(24,647)	(7,454)	(6,248)
Unpaid claims, ending	\$ 54,427	\$ 41,014	\$ 36,533

Property Casualty

During the year ended August 31, 2018, Van Vleck ISD met its statutory property casualty obligations through participation in the Property Casualty and Coastal Property Alliance of Texas (the Fund). The Fund was created pursuant to the provisions of the Interlocal Cooperation Act, Chapter 791, Title 7 of the Texas Government Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides property and casualty coverage and services to its members. The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any covered claim in excess of the Fund's self-insured retentions. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year ended February 28, 2018, 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 plan year on the last day of February. The audit is approved by the Fund's Board of Trustees by July of the same year. The Fund's audited financial statement as of February 28, 2018 are available for inspection at the Property Casualty Alliance of Texas office.

Unemployment Compensation Pool

During the year ended August 31, 2017, Van Vleck ISD 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 obligations to the Texas Workforce Commission. Expenses are

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accrued each month 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 unemployment compensation pool members. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2017 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

H. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

Detail 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 https://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf; by writing to TRS at 1000 Red River Street, Austin, TX 78701 or call (512)542-6592

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description in (1.) above.

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% 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.

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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 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	<u>Contribution Rates</u>	
	2017	2018
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2018 Employer Contributions	\$	239,619
District's 2018 Member Contributions	\$	562,446
NECE 2017 On-Behalf Contributions to District	\$	374,514

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

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

5. Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial evaluation was determined using the following actuarial assumptions:

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Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
Long-term expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

Teacher Retirement System of Texas				
Asset Allocation and Long-Term Expected Real Rate of Return				
As of August 31, 2016				
Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return	Expected Contribution to Long-term Portfolio Returns *	
Global Equity				
U.S.	18%	4.6%	1.0%	
Non-U.S. Developed	13%	5.1%	0.8%	
Emerging Markets	9%	5.9%	0.7%	
Directional Hedge Funds	4%	3.2%	0.1%	
Private Equity	13%	7.0%	1.1%	
Stable Value				
U.S. Treasuries	11%	0.7%	0.1%	
Absolute Return	0%	1.8%	0.0%	
Stable Value Hedge Funds	4%	3.0%	0.1%	
Cash	1%	-0.2%	0.0%	
Real Return				
Global Inflation Linked Bonds	3%	0.9%	0.0%	
Real Assets	16%	5.1%	1.1%	

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Energy & Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100%		8.7%

* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

7. 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 (8%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate 7%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ 3,240,587	\$ 1,922,282	\$ 824,578

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

At August 31, 2018, the District reported a liability of for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. T 1,922,282 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	\$ 1,922,282
State's proportionate share that is associated with District	3,661,459
Total	<u>\$ 5,583,741</u>

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0060119%. which was an increase (decrease) of 0.0060119% from its proportion measured as of August 31, 2016.

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

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

For the year ended August 31, 2018, the District recognized pension expense of \$ 581,161 and revenue of \$279,282 for support provided by the state.

At August 31, 2018, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 28,124	\$ 103,666
Changes in actuarial assumptions	87,563	50,128
Difference between projected and actual investment earnings	--	140,091
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	451,675	125
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	239,619	--
Total	<u>\$ 806,981</u>	<u>\$ 294,010</u>

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

Year Ended August 31	Pension Expense Amount
2019	\$ 45,983
2020	\$ 168,688
2021	\$ 36,557
2022	\$ (618)
2023	\$ 21,318
Thereafter	\$ 1,424

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The 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.

2. OPEB Plan Fiduciary Net Position

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2017 are as follows:

<u>Net OPEB Liability:</u>	<u>Total</u>
Total OPEB liability	\$ 43,885,784,621
Less: plan fiduciary net position	<u>399,535,986</u>
Net OPEB liability	<u>\$ 43,486,248,635</u>
Net position as a percentage of total OPEB liability	0.91%

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3. Benefits Provided

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

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

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

Monthly TRS-Care Plan Premium Rates			
Effective September 1, 2016 - December 31, 2017			
	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ --	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82

* or surviving spouse

4. Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2017	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (NECE) - State	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding Remitted by Employers	1.00%	1.25%

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Current fiscal year District contributions	\$ 51,978
Current fiscal year Member contributions	\$ 562,446
2017 measurement year NECE contributions	\$ 67,517

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to, regardless of whether they participate in the TRS-Care OPEB program. When employers hire a TRS retiree, they 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 NECE in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

5. Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate *	3.42% *
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases **	3.50% to 9.50% **
Healthcare Trend Rates ***	4.50% to 12.00% ***
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad Hoc Post-Employment Benefit Changes	None

*Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

**Includes inflation at 2.50%

***Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

6. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, there are no investments and 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 not to be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact on the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of net OPEB liability	\$ 4,152,849	\$ 3,518,623	\$ 3,008,849

8. 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% less than and 1% greater than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 2,929,605	\$ 3,518,623	\$ 4,291,489

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

At August 31, 2018, the District reported a liability of \$3,518,623 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	\$ 3,518,623
State's proportionate share that is associated with the District	\$ <u>5,647,383</u>
Total	\$ <u><u>9,166,006</u></u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

The net OPEB liability was measured as of August 31, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to their OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017 the District's proportion of the collective net OPEB liability was 0.0080913.

10. Changes Since the Prior Actuarial Valuation.

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

- a. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
- b. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- c. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered total OPEB liability.

The Affordable Care Act includes a 40% excise tax on high-cost health plans known as the "Cadillac tax." In this valuation the impact of this tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

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

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

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

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

For the year ended August 31, 2018, the District recognized OPEB expense of \$(3,111,794) and revenue of \$(1,889,764) for support provided by the State.

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

VAN VLECK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ --	\$ 73,454
Changes in actuarial assumptions	--	1,398,393
Differences between projected and actual investment earnings	534	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	15	--
Contributions paid to TRS subsequent to the measurement date	51,978	--
	<u>\$ 52,527</u>	<u>1,471,847</u>

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

Year ended August 31,	Amount
2019	\$ (194,139)
2020	\$ (194,139)
2021	\$ (194,139)
2022	\$ (194,139)
2023	\$ (194,273)
Thereafter	\$ (500,467)

J. Employee Health Care Coverage

During the year ended August 31, 2018, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of per pay period per employee and dependents to the Plan. All premiums were paid to a self-funded pool. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable , and terms of coverage and premium costs are included in the contractual provisions.

K. Commitments and Contingencies

Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the 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 basic financial statements for such contingencies.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

L. Shared Services Arrangements

Membership

The District participates in a shared services arrangement ("SSA") for federally funded special education with the following school districts:

Member Districts

Bay City ISD
Matagorda ISD
Palacios ISD
Tidehaven ISD
Van Vleck ISD

The District accounts for a very small portion of the revenues and expenditures in this program in a federal special revenue fund; however, the District does not account for the majority of the revenues and expenditures and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Bay City Independent School District nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA. The financial report for this SSA may be obtained by writing Bay City ISD, 520 7th Street, Bay City, Tx 77414 or by calling (979) 245-5766.

The District participates in a shared services arrangement ("SSA") for state funded special education with the following school districts:

Member Districts

Bay City ISD
Matagorda ISD
Palacios ISD
Tidehaven ISD
Van Vleck ISD

The District does not account for the revenues and expenditures and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Bay City Independent School District nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA. The financial report for this SSA may be obtained by writing Bay City ISD, 520 7th Street, Bay City, Tx 77414 or by calling (979) 245-5766.

M. Fund Balance

Minimum Fund Balance Policy

In order to preserve financial stability, the District must be prepared to respond to cash flow shortages, large or unexpected one-time expenditures, changes in the economy, and changes in state funding. The District shall, therefore, target for its fund balance between 17 percent (60 days) and 25 percent (90 days) of total operating expenditures, excluding debt and capital outlay. At August 31, 2018, the District was in compliance with this minimum fund balance policy.

Committed Fund Balances

The Board of Trustees committed funds in the campus activities special revenue fund for use at the campus level.

Restricted Fund Balances

Restricted fund balances in the special revenue funds represent amounts restricted for state and federal grants as well as amounts restricted by donors. Fund balance in the debt service fund is restricted for the retirement of long-term debt.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

N. Disaggregated Revenue

During the current year, revenues reported in the fund financial statements from local sources consisted of the following:

	General Fund	Capital Projects Fund	Other Governmental Fund	Totals
Property taxes	\$ 5,875,992	\$ --	\$ --	\$ 5,875,992
Penalties & interest	131,001	--	--	131,001
Investment earnings	110,357	275,770	3,733	389,860
Insurance proceed	213,035	--	--	213,035
Food service fees	--	--	221,205	221,205
Enterprise receipts	--	--	39,984	39,984
Athletic receipts	33,372	--	--	33,372
Extra curricular activities	--	--	--	--
Other	8,859,016	--	--	8,859,016
Gifts & Bequests	--	--	31,597	31,597
	<u>\$ 15,222,773</u>	<u>\$ 275,770</u>	<u>\$ 296,519</u>	<u>\$ 15,795,062</u>

O. Negative Operating Grants and Contributions

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in a reduced revenue for operating grants and contributions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (excluding on-behalf accruals)
11 - Instruction	\$ (522,109)	\$ (1,195,957)	\$ 673,848
12 - Instructional Resources and Media Services	(11,418)	(14,987)	3,569
13 - Curriculum and Instructional Staff Development	17,394	--	17,394
21 - Instructional Leadership	(8,683)	(18,964)	10,281
23 - School Leadership	(104,853)	(137,374)	32,521
31 - Guidance, Counseling and Evaluation Services	(40,429)	(52,963)	12,534
33 - Health Services	(21,527)	(28,201)	6,674
34 - Student (Pupil) Transportation	(42,371)	(55,929)	13,558
35 - Food Services	443,155	(66,864)	510,019
36 - Extracurricular Activities	(32,793)	(64,161)	31,368
41 - General Administration	(72,373)	(95,737)	23,364
51 - Facilities Maintenance and Operations	(72,957)	(111,632)	38,675
52 - Security and Monitor Services	(2,465)	(3,229)	764
53 - Data Processing Services	(33,409)	(43,766)	10,357
61 - Community Services	--	--	--
	<u>(504,838)</u>	<u>(1,889,764)</u>	<u>1,384,926</u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

P. Prior Period Adjustments

- (a) During fiscal year 2018, the District adopted GASB Statement No. 75 for Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions. With GASB 75, the District must assume their proportionate share of the Net OPEB Liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled \$(6,211,951).
- (b) In 1995, the Texas Legislature created the Public Education Grant (PEG) program. It permits parents of children assigned to attend schools that meet certain criteria to request that their children transfer to other schools or other districts. Districts that accept these transfer students (known as PEG transfers) receive weighted funding for each PEG transfer. In fiscal year 2017-2018, Van Vleck ISD received PEG money for the following school years :

2014 - 15	\$	45,123
2015 - 16		94,274
2016 -17 Other receivable adjustments		8,760
	\$	<u>148,157</u>

Both prior period adjustments created an aggregate of \$(6,063,794), thus resulting in a restated beginning net position balance of \$(630,050).



Van Vleck Independent School District

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.



Van Vleck Independent School District

VAN VLECK INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

GENERAL FUND

Page 1 of 2

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 15,118,671	\$ 15,118,671	\$ 15,222,871	\$ 104,200
5800	State Program Revenues	633,573	633,573	3,812,861	3,179,288
5900	Federal Program Revenues	294,896	294,896	294,896	--
5020	Total Revenues	16,047,140	16,047,140	19,330,628	3,283,488
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	6,299,089	6,299,089	6,184,896	114,193
0012	Instructional Resources and Media Services	112,894	112,894	89,460	23,434
0013	Curriculum and Staff Development	57,528	57,528	27,949	29,579
	Total Instruction & Instr. Related Services	6,469,511	6,469,511	6,302,305	167,206
Instructional and School Leadership:					
0021	Instructional Leadership	126,940	126,940	124,013	2,927
0023	School Leadership	685,582	685,582	684,081	1,501
	Total Instructional & School Leadership	812,521	812,521	808,094	4,427
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	267,564	267,564	264,558	3,006
0033	Health Services	149,361	149,361	147,016	2,345
0034	Student (Pupil) Transportation	482,661	482,661	326,516	156,145
0035	Food Services	8,371	8,371	8,370	1
0036	Cocurricular/Extracurricular Activities	694,279	694,279	671,770	22,509
	Total Support Services - Student (Pupil)	1,602,236	1,602,236	1,418,230	184,006
Administrative Support Services:					
0041	General Administration	683,587	683,587	675,608	7,979
	Total Administrative Support Services	683,587	683,587	675,608	7,979
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	1,444,748	1,444,748	1,421,953	22,795
0052	Security and Monitoring Services	105,671	105,671	97,741	7,930
0053	Data Processing Services	282,020	282,020	207,473	74,547
	Total Support Services - Nonstudent Based	1,832,439	1,832,439	1,727,167	105,272
Ancillary Services:					
0061	Community Services	18,650	18,650	18,054	596
	Total Ancillary Services	18,650	18,650	18,054	596
Debt Service:					
0071	Principal on Long-Term Debt	253,877	253,877	270,608	(16,731)
0072	Interest on Long-Term Debt	500	500	18,127	(17,627)
0073	Bond Issuance Costs and Fees	35,069	35,069	--	35,069
	Total Debt Service	289,446	289,446	288,735	711
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	250,000	250,000	213,516	36,484
0099	Other Intergovernmental Charges	127,269	127,269	114,136	13,133
	Total Intergovernmental Charges	377,269	377,269	327,652	49,617
6030	Total Expenditures	12,085,659	12,085,659	11,565,845	519,814

VAN VLECK INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT G-1

Page 2 of 2

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>3,961,481</u>	<u>3,961,481</u>	<u>7,764,783</u>	<u>3,803,302</u>
Other Financing Sources (Uses):				
8911 Transfers Out	<u>(31,166)</u>	<u>(31,166)</u>	<u>--</u>	<u>31,166</u>
7080 Total Other Financing Sources and (Uses)	<u>(31,166)</u>	<u>(31,166)</u>	<u>--</u>	<u>31,166</u>
1200 Net Change in Fund Balance	<u>3,930,315</u>	<u>3,930,315</u>	<u>7,764,783</u>	<u>3,834,468</u>
0100 Fund Balance - Beginning	3,196,452	3,196,452	3,196,354	(98)
1300 Prior Period Adjustment	--	--	148,157	148,157
0100 Fund Balance - Beginning, as Restated	<u>3,196,452</u>	<u>3,196,452</u>	<u>3,344,511</u>	<u>148,059</u>
3000 Fund Balance - Ending	<u>\$ 7,126,767</u>	<u>\$ 7,126,767</u>	<u>\$ 11,109,294</u>	<u>\$ 3,982,527</u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN
 LAST TEN FISCAL YEARS *

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Measurement period ending August 31,										
District's proportion of the net pension liability (asset)	0.0060119001	0.0059264%	0.0057668%	0.0036287%	--	--	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 1,922,282	\$ 2,239,490	\$ 2,038,487	\$ 969,276	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	3,661,459	4,149,933	3,881,720	3,569,361	--	--	--	--	--	--
Total	\$ 5,583,741	\$ 6,389,423	\$ 5,920,207	\$ 4,538,637	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 7,586,453	\$ 6,604,142	\$ 6,151,110	\$ 6,273,110	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.34%	33.91%	33.14%	15.45%	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%	--	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

VAN VLECK INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN
 LAST TEN FISCAL YEARS *

Fiscal year ending August 31,	Fiscal Year									
	2018	2017	2016	2015	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 239,619	\$ 197,075	\$ 187,866	\$ 170,758	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(239,619)	(197,075)	(187,866)	(170,758)	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 7,304,460	\$ 7,586,453	\$ 6,604,142	\$ 6,151,110	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	3.28%	2.60%	2.84%	2.78%	--	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

VAN VLECK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the collective net OPEB liability	0.00809135%	--	--	--	--	--	--	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 3,518,623	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State proportionate share of the net OPEB liability associated with the District	\$ 5,647,383	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total	\$ 9,166,006	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 7,586,453	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	46.38%	--	--	--	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%	--	--	--	--	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

VAN VLECK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year Ended									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statorily or contractually required District contribution	\$ 51,978	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statorily or contractually required contribution	(51,978)	--	--	--	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 730,445	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	7.12%	--	--	--	--	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2018

Budget

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted Budget. In accordance with State law the budgets must be prepared in accordance with GAAP; and in accordance with the Texas Education Agency the District is required to adopt a budget for the general fund, food service fund and debt service fund (if applicable).

Defined Benefit Pension Plan

Changes since the prior actuarial valuation - The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

- 1 The inflation assumption was decreased from 3.00% to 2.50%.
- 2 The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- 3 In accordance with the observed experience, there were small adjustments in the service based promotional/longevity component of the salary scale.
- 4 The payroll growth assumption was lowered from 3.50% to 2.50%.
- 5 The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- 6 The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- 7 The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- 8 Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
- 9 There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- 10 Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- 11 Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
- 12 For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.
- 13 The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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



Van Vleck Independent School District

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2018

Data Control Codes	Special Revenue Funds	Debt Service Fund	Permanent Fund Gulf Coast Medical Grant	Total Nonmajor Governmental Funds (See Exhibit C-1)	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 79,866	\$ 13,770	\$ 8,555	\$ 102,191
1120	Current Investments	--	--	14,423	14,423
1240	Due from Other Governments	102,303	--	--	102,303
1260	Due from Other Funds	1,573	--	--	1,573
1300	Inventories	12,441	--	--	12,441
1410	Unrealized Expenditures	5,900	--	--	5,900
1000	Total Assets	<u>202,083</u>	<u>13,770</u>	<u>22,978</u>	<u>238,831</u>
LIABILITIES:					
Current Liabilities:					
2160	Accrued Wages Payable	\$ 32,653	\$ --	\$ --	\$ 32,653
2200	Accrued Expenditures	2,122	--	--	2,122
2300	Unearned Revenue	88,833	--	--	88,833
2000	Total Liabilities	<u>123,608</u>	<u>--</u>	<u>--</u>	<u>123,608</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3415	Long-Term Loans/Notes Receivable	--	13,770	--	13,770
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	13,174	--	--	13,174
3490	Other Restrictions of Fund Balance	7,348	--	22,978	30,326
Committed Fund Balances:					
3545	Other Committed Fund Balance	57,953	--	--	57,953
3000	Total Fund Balances	<u>78,475</u>	<u>13,770</u>	<u>22,978</u>	<u>115,223</u>
4000	Total Liabilities and Fund Balances	<u>\$ 202,083</u>	<u>\$ 13,770</u>	<u>\$ 22,978</u>	<u>\$ 238,831</u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Special Revenue Funds	Debt Service Fund	Permanent Fund Gulf Coast Medical Grant	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 293,419	\$ 3,070	\$ 30	\$ 296,519
5800 <i>State Program Revenues</i>	64,947	--	--	64,947
5900 <i>Federal Program Revenues</i>	858,618	--	--	858,618
5020 Total Revenues	<u>1,216,984</u>	<u>3,070</u>	<u>30</u>	<u>1,220,084</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	399,652	--	--	399,652
0012 <i>Instructional Resources and Media Services</i>	11,012	--	--	11,012
0013 <i>Curriculum and Staff Development</i>	17,399	--	--	17,399
0021 <i>Instructional Leadership</i>	5,790	--	--	5,790
0023 <i>School Leadership</i>	5,661	--	--	5,661
0033 <i>Health Services</i>	94	--	--	94
0034 <i>Student Transportation</i>	385	--	--	385
0035 <i>Food Service</i>	714,140	--	--	714,140
0036 <i>Cocurricular/Extracurricular Activities</i>	20,768	--	--	20,768
0041 <i>General Administration</i>	5,097	--	--	5,097
0051 <i>Facilities Maintenance and Operations</i>	18,344	--	--	18,344
0072 <i>Interest on Long-term Debt</i>	--	426,399	--	426,399
0073 <i>Bond Issuance Costs and Fees</i>	--	341,354	--	341,354
6030 Total Expenditures	<u>1,198,342</u>	<u>767,753</u>	<u>--</u>	<u>1,966,095</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>18,642</u>	<u>(764,683)</u>	<u>30</u>	<u>(746,011)</u>
Other Financing Sources and (Uses):				
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	778,453	--	778,453
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>778,453</u>	<u>--</u>	<u>778,453</u>
1200 Net Change in Fund Balances	<u>18,642</u>	<u>13,770</u>	<u>30</u>	<u>32,442</u>
0100 Fund Balances - Beginning	<u>59,833</u>	<u>--</u>	<u>22,948</u>	<u>82,781</u>
3000 Fund Balances - Ending	<u>\$ 78,475</u>	<u>\$ 13,770</u>	<u>\$ 22,978</u>	<u>\$ 115,223</u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2018

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program	
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ 6,346	\$ 1,203	\$ 5,047
1240	Due from Other Governments	37,793	--	--	11,659
1260	Due from Other Funds	--	--	--	1,223
1300	Inventories	--	--	--	12,441
1410	Unrealized Expenditures	--	--	--	--
1000	Total Assets	<u>37,793</u>	<u>6,346</u>	<u>1,203</u>	<u>30,370</u>
LIABILITIES:					
Current Liabilities:					
2160	Accrued Wages Payable	\$ 8,574	\$ 5,767	\$ 1,092	\$ 14,862
2200	Accrued Expenditures	878	579	111	316
2300	Unearned Revenue	28,341	--	--	2,018
2000	Total Liabilities	<u>37,793</u>	<u>6,346</u>	<u>1,203</u>	<u>17,196</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	13,174
3490	Other Restrictions of Fund Balance	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>13,174</u>
4000	Total Liabilities and Fund Balances	<u>\$ 37,793</u>	<u>\$ 6,346</u>	<u>\$ 1,203</u>	<u>\$ 30,370</u>

255 ESEA Title II Training & Recruiting	270 ESEA, Title VI Part B, Subpart 2 Rural School	289	410 State Textbook Fund	429 State Funded Special Revenue Fund
\$ 1,969	\$ --	\$ --	\$ 1,851	\$ --
627	3,925	48,299	--	--
--	--	--	--	350
--	--	--	--	--
--	--	5,900	--	--
<u>2,596</u>	<u>3,925</u>	<u>54,199</u>	<u>1,851</u>	<u>350</u>
\$ 2,358	\$ --	\$ --	\$ --	\$ --
238	--	--	--	--
--	3,925	54,199	--	350
<u>2,596</u>	<u>3,925</u>	<u>54,199</u>	<u>--</u>	<u>350</u>
--	--	--	--	--
--	--	--	1,851	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>1,851</u>	<u>--</u>
\$ <u>2,596</u>	\$ <u>3,925</u>	\$ <u>54,199</u>	\$ <u>1,851</u>	\$ <u>350</u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2018

Data Control Codes	461 Campus Activity Funds	480 Trull Foundation Grant
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ 57,953	\$ 2,000
1240 <i>Due from Other Governments</i>	--	--
1260 <i>Due from Other Funds</i>	--	--
1300 <i>Inventories</i>	--	--
1410 <i>Unrealized Expenditures</i>	--	--
1000 Total Assets	<u>57,953</u>	<u>2,000</u>
LIABILITIES:		
Current Liabilities:		
2160 <i>Accrued Wages Payable</i>	\$ --	\$ --
2200 <i>Accrued Expenditures</i>	--	--
2300 <i>Unearned Revenue</i>	--	--
2000 Total Liabilities	<u>--</u>	<u>--</u>
FUND BALANCES:		
Restricted Fund Balances:		
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--
3490 <i>Other Restrictions of Fund Balance</i>	--	2,000
Committed Fund Balances:		
3545 <i>Other Committed Fund Balance</i>	57,953	--
3000 Total Fund Balances	<u>57,953</u>	<u>2,000</u>
4000 Total Liabilities and Fund Balances	<u>\$ 57,953</u>	<u>\$ 2,000</u>

481 Conoco Phillips Grant	485 Powerset Program	486 WIT Program	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 1,416	\$ 114	\$ 1,967	\$ 79,866
--	--	--	102,303
--	--	--	1,573
--	--	--	12,441
--	--	--	5,900
<u>1,416</u>	<u>114</u>	<u>1,967</u>	<u>202,083</u>
\$ --	\$ --	\$ --	\$ 32,653
--	--	--	2,122
--	--	--	88,833
<u>--</u>	<u>--</u>	<u>--</u>	<u>123,608</u>
--	--	--	13,174
1,416	114	1,967	7,348
--	--	--	57,953
<u>1,416</u>	<u>114</u>	<u>1,967</u>	<u>78,475</u>
<u>\$ 1,416</u>	<u>\$ 114</u>	<u>\$ 1,967</u>	<u>\$ 202,083</u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ 221,204
5800 <i>State Program Revenues</i>	--	--	--	20,013
5900 <i>Federal Program Revenues</i>	151,638	101,743	9,130	503,812
5020 Total Revenues	<u>151,638</u>	<u>101,743</u>	<u>9,130</u>	<u>745,029</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	140,393	101,743	9,130	--
0012 <i>Instructional Resources and Media Services</i>	--	--	--	--
0013 <i>Curriculum and Staff Development</i>	7,800	--	--	--
0021 <i>Instructional Leadership</i>	3,445	--	--	--
0023 <i>School Leadership</i>	--	--	--	--
0033 <i>Health Services</i>	--	--	--	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	714,140
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0041 <i>General Administration</i>	--	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--	17,715
6030 Total Expenditures	<u>151,638</u>	<u>101,743</u>	<u>9,130</u>	<u>731,855</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	--	--	--	13,174
1200 Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>13,174</u>
0100 <i>Fund Balances - Beginning</i>	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 13,174</u>

255 ESEA Title II Training & Recruiting	270 ESEA, Title VI Part B, Subpart 2 Rural School	289	410 State Textbook Fund	429 State Funded Special Revenue Fund
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	44,537	397
26,715	17,281	48,299	--	--
<u>26,715</u>	<u>17,281</u>	<u>48,299</u>	<u>44,537</u>	<u>397</u>
26,155	12,763	41,783	43,487	397
--	--	--	--	--
--	3,303	6,296	--	--
560	1,215	220	350	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	700	--
--	--	--	--	--
<u>26,715</u>	<u>17,281</u>	<u>48,299</u>	<u>44,537</u>	<u>397</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	1,851	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,851</u>	<u>\$ --</u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	461 Campus Activity Funds	480 Trull Foundation Grant
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ 40,715	\$ --
5800 <i>State Program Revenues</i>	--	--
5900 <i>Federal Program Revenues</i>	--	--
5020 Total Revenues	<u>40,715</u>	<u>--</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	6,769	--
0012 <i>Instructional Resources and Media Services</i>	11,012	--
0013 <i>Curriculum and Staff Development</i>	--	--
0021 <i>Instructional Leadership</i>	--	--
0023 <i>School Leadership</i>	5,661	--
0033 <i>Health Services</i>	94	--
0034 <i>Student Transportation</i>	--	--
0035 <i>Food Service</i>	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	2,676	--
0041 <i>General Administration</i>	4,397	--
0051 <i>Facilities Maintenance and Operations</i>	629	--
6030 Total Expenditures	<u>31,238</u>	<u>--</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	9,477	--
1200 Net Change in Fund Balances	<u>9,477</u>	<u>--</u>
0100 Fund Balances - Beginning	48,476	2,000
3000 Fund Balances - Ending	<u>\$ 57,953</u>	<u>\$ 2,000</u>

481 Conoco Phillips Grant	485 Powerset Program	486 WIT Program	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ 15,000	\$ 8,000	\$ 8,500	\$ 293,419
--	--	--	64,947
--	--	--	858,618
<u>15,000</u>	<u>8,000</u>	<u>8,500</u>	<u>1,216,984</u>
17,032	--	--	399,652
--	--	--	11,012
--	--	--	17,399
--	--	--	5,790
--	--	--	5,661
--	--	--	94
--	362	23	385
--	--	--	714,140
--	9,296	8,796	20,768
--	--	--	5,097
--	--	--	18,344
<u>17,032</u>	<u>9,658</u>	<u>8,819</u>	<u>1,198,342</u>
(2,032)	(1,658)	(319)	18,642
<u>(2,032)</u>	<u>(1,658)</u>	<u>(319)</u>	<u>18,642</u>
3,448	1,772	2,286	59,833
<u>\$ 1,416</u>	<u>\$ 114</u>	<u>\$ 1,967</u>	<u>\$ 78,475</u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-5

*CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2018*

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 275,770	\$ 275,770
5020 <i>Total Revenues</i>	<u>--</u>	<u>275,770</u>	<u>275,770</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0034 <i>Student (Pupil) Transportation</i>	725,321	318,905	406,416
<i>Total Support Services - Student (Pupil)</i>	<u>725,321</u>	<u>318,905</u>	<u>406,416</u>
Administrative Support Services:			
0041 <i>General Administration</i>	--	54,783	(54,783)
<i>Total Administrative Support Services</i>	<u>--</u>	<u>54,783</u>	<u>(54,783)</u>
Support Services - Nonstudent Based:			
0051 <i>Plant Maintenance and Operations</i>	87,474,679	3,348,649	84,126,030
<i>Total Support Services - Nonstudent Based</i>	<u>87,474,679</u>	<u>3,348,649</u>	<u>84,126,030</u>
6030 <i>Total Expenditures</i>	<u>88,200,000</u>	<u>3,722,337</u>	<u>84,477,663</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	<u>(88,200,000)</u>	<u>(3,446,567)</u>	<u>84,753,433</u>
Other Financing Sources (Uses):			
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	88,200,000	47,685,000	(40,515,000)
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	1,915,000	1,915,000
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>88,200,000</u>	<u>49,600,000</u>	<u>(38,600,000)</u>
1200 <i>Net Change in Fund Balance</i>	<u>--</u>	<u>46,153,433</u>	<u>46,153,433</u>
0100 <i>Fund Balance - Beginning</i>	--	--	--
3000 <i>Fund Balance - Ending</i>	<u>\$ --</u>	<u>\$ 46,153,433</u>	<u>\$ 46,153,433</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED AUGUST 31, 2018

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2009 and Prior Years	\$	Various	\$	Various	\$	Various
2010		1.01		--		562,900,000
2011		1.04		--		520,525,385
2012		1.04		--		513,686,635
2013		1.04		--		501,441,731
2014		1.04		--		517,330,000
2015		.9884		--		606,755,969
2016		1.0341		--		696,059,859
2017		1.0140		--		937,273,258
2018 (School Year Under Audit)		1.0140		--		580,839,879

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/17	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/18
\$ 327,316	\$ --	\$ 7,011	\$ --	\$ (12,772)	\$ 307,533
38,022	--	2,899	--	(675)	34,448
39,484	--	2,416	--	(680)	36,388
39,774	--	2,731	--	(569)	36,474
49,853	--	5,127	--	(496)	44,230
54,655	--	8,282	--	2,010	48,383
75,755	--	16,209	--	1,347	60,893
107,829	--	31,287	--	854	77,396
174,222	--	133,789	--	39,947	80,380
--	5,897,910	5,691,179	--	(8,746)	197,985
<u>\$ 906,910</u>	<u>\$ 5,897,910</u>	<u>\$ 5,900,930</u>	<u>\$ --</u>	<u>\$ 20,220</u>	<u>\$ 924,110</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

VAN VLECK INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

*NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2018*

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 213,000	\$ 221,204	\$ 8,204
5800 <i>State Program Revenues</i>	18,225	20,013	1,788
5900 <i>Federal Program Revenues</i>	487,673	503,812	16,139
5020 Total Revenues	<u>718,898</u>	<u>745,029</u>	<u>26,131</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	740,012	714,140	25,872
Total Support Services - Student (Pupil)	<u>740,012</u>	<u>714,140</u>	<u>25,872</u>
Support Services - Nonstudent Based:			
0051 <i>Plant Maintenance and Operations</i>	17,720	17,715	5
Total Support Services - Nonstudent Based	<u>17,720</u>	<u>17,715</u>	<u>5</u>
6030 Total Expenditures	<u>757,732</u>	<u>731,855</u>	<u>25,877</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(38,834)</u>	<u>13,174</u>	<u>52,008</u>
Other Financing Sources (Uses):			
7915 <i>Transfers In</i>	38,834	--	(38,834)
7080 Total Other Financing Sources and (Uses)	<u>38,834</u>	<u>--</u>	<u>(38,834)</u>
1200 Net Change in Fund Balance	--	13,174	13,174
0100 Fund Balance - Beginning	--	--	--
3000 Fund Balance - Ending	<u>\$ --</u>	<u>\$ 13,174</u>	<u>\$ 13,174</u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 3,500	\$ 3,070	\$ (430)
5020 Total Revenues	<u>3,500</u>	<u>3,070</u>	<u>(430)</u>
EXPENDITURES:			
Debt Service:			
0072 <i>Interest on Long-Term Debt</i>	430,000	426,399	3,601
0073 <i>Bond Issuance Costs and Fees</i>	350,000	341,354	8,646
Total Debt Service	<u>780,000</u>	<u>767,753</u>	<u>12,247</u>
6030 Total Expenditures	<u>780,000</u>	<u>767,753</u>	<u>12,247</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(776,500)</u>	<u>(764,683)</u>	<u>11,817</u>
Other Financing Sources (Uses):			
7916 <i>Premium or Discount on Issuance of Bonds</i>	778,453	778,453	--
7080 Total Other Financing Sources and (Uses)	<u>778,453</u>	<u>778,453</u>	<u>--</u>
1200 Net Change in Fund Balance	1,953	13,770	11,817
0100 Fund Balance - Beginning	--	--	--
3000 Fund Balance - Ending	<u>\$ 1,953</u>	<u>\$ 13,770</u>	<u>\$ 11,817</u>



Van Vleck Independent School District

Harry Afadapa & Associates, PC

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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
Van Vleck Independent School District
142 S Fourth Street
Van Vleck, Texas 77482

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Van Vleck Independent School District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise Van Vleck Independent School District's basic financial statements, and have issued our report thereon dated October 19, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Harry Afadapa & Associates, PC

Stafford, Texas
October 19, 2018

Harry Afadapa & Associates, PC

Certified Public Accountants

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Van Vleck Independent School District
142 S Fourth Street
Van Vleck, Texas 77482

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Van Vleck Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Van Vleck Independent School District's major federal programs for the year ended August 31, 2018. Van Vleck Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Van Vleck Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

Harry Afadapa & Assoc., PC

Stafford, Texas
October 19, 2018

VAN VLECK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2018

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.27/ 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

VAN VLECK INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2018

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None		

VAN VLECK INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2018

N/A

VAN VLECK INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018*

(1)	(2)	(2A)	(3)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
<i>IDEA-B Formula</i>	84.027	18660001158901	\$ --	\$ 101,743
<i>IDEA-B Preschool</i>	84.173	18660001158901	--	9,130
Total Passed Through State Department of Education			--	110,873
Total U. S. Department of Education			--	110,873
Total Special Education (IDEA) Cluster			--	110,873
OTHER PROGRAMS:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010a	18610101158906	--	151,638
<i>ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School</i>	84.358	18696001158906	--	17,281
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367a	18694501158906	--	26,715
<i>Emergency Impact Aid Program</i>	84.938C	XXX	--	48,299
Total Passed Through State Department of Education			--	354,806
Total U. S. Department of Education			--	354,806
<u>U. S. Department of Agriculture</u>				
Passed Through Texas Department of Agriculture:				
Summer Food Service Program*	10.559	TX1581003	--	--
Commodity Supplemental Food Program (Non-cash)	10.565	158001A	--	38,186
Total Passed Through Texas Department of Agriculture				38,186
Passed Through State Department of Education-Texas Education Agency:				
School Breakfast Program*	10.553	71401701	--	26,239
School Breakfast Program*	10.553	71401801	--	140,328
Total CFDA Number 10.553				166,567
National School Lunch Program*	10.555	71301701	--	53,635
National School Lunch Program*	10.555	71301801	--	245,424
Total CFDA Number 10.553				299,059
Total U.S. Department of Agriculture				503,812
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	\$ 858,618

* Indicates clustered program under OMB Uniform Guidance (2.CFR.200)

The accompanying notes are an integral part of this schedule.

VAN VLECK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Van Vleck Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Non-Cash Awards

The commodity supplemental food program amount of \$2,639 reported on the schedule is the value of commodities received by the District during the fiscal year and priced as prescribed by the Texas Department of Agriculture..

Note 4. Indirect Cost Rates

Van Vleck Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2018

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ --
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 1,922,282
SF13	Net OPEB Liabilities (object 2545) at fiscal year-end.	\$ 3,518,623

In correspondence to all school administrators dated November 1, 2017, the TEA's Director of Financial Compliance stated "For 2017, and until further notice, no data should be entered in the field for data feed Schedule L-1 question SF13. If the AFR and data feed has been submitted no additional steps need to be taken."