

**CLINT INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED AUGUST 31, 2018**



**CLINT INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2018**

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**CLINT INDEPENDENT SCHOOL DISTRICT**

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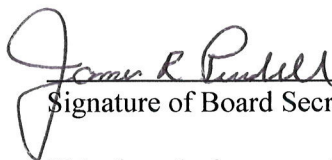
CERTIFICATE OF BOARD

Clint Independent School District  
Name of School District

El Paso County  
County

071-901  
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 17th day of January 2019.

  
\_\_\_\_\_  
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)

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## **FINANCIAL SECTION**

## Independent Auditor's Report

To the Board of Trustees  
Clint Independent School District

### **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 Clint Independent School 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clint Independent School District, as of August 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note I. F to the financial statements, in 2018, the Clint Independent School District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Refer to Note IV. S for discussion of the impact on revenues, expenses and net position related to adoption of this statement. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the TRS pension system and other post employment benefits information on pages 7 through 15 and 81 through 89 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.

### *Supplementary and Other Information*

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



The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2019, on our consideration of the Clint 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 Clint Independent School District's internal control over financial reporting and compliance.

Gibson Ruddock Patterson, LLC  
El Paso, Texas  
January 4, 2019

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

In this section of the Annual Financial and Compliance Report, we, the management of the Clint Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2018. Please read this discussion in conjunction with the independent auditor's report and the District's financial statements, which follow this section.

### Financial Highlights

- The General Fund ended the year with a fund balance of \$47.6 million, or 43 percent of the total general fund expenditures, increasing by \$124,384.
- During the year, the District had expenses that were less than the \$111.6 million generated in tax and other revenues for the general fund.
- The District's total long term liabilities, not related to TRS, decreased by \$7.8 million or 3.9 percent.

The District continues to receive the highest rating attainable on the Financial Integrity Rating System of Texas (FIRST). The primary goal of FIRST is to achieve quality performance in the management of school district resources. The District continues to maintain on-line financial information to provide transparency and to provide taxpayers with a transparent look at local expenditures and other financial information.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Clint Independent School District's basic financial statements. The Clint Independent School District's basic financial statements are comprised of three components: 1) governmental-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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 the Clint Independent School District's finances, in a manner similar to that of a private sector business. The government-wide fund financial statements can be found on pages 18-19 of this report.

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

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g., uncollected taxes).

Both the *statement of net position* and the *statement of activities* distinguish functions of the Clint Independent School District that are primarily supported by property taxes and federal and state revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through fees and charges. The *governmental activities* of the Clint Independent School District included education, bus transportation, food service and other services. The District does not have any business-type activities.

#### *Fund Financial statements*

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Clint Independent School District, like other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Clint Independent School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### *Governmental funds*

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Clint Independent School District maintains four individual governmental fund types. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balance for the general fund and debt service fund. The final funds are comprised of the special revenue funds and permanent fund and such is listed in the "other funds" column.

The Clint Independent School District adopts an annual appropriated budget for its general, child nutrition program and debt service funds individually. The governmental fund financial statements can be found on pages 21-28 of the report.

#### *Proprietary funds*

The Clint Independent School District maintains only one type of proprietary fund-an Internal Service Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's co-sponsored self-funded workers' compensation fund. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the District's workers' compensation fund. The proprietary fund financial statements can be found on pages 31-34 of this report.

*Fiduciary funds*

Fiduciary funds are used for resources held in trust for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those are not available to support the Clint Independent School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements can be found on pages 35-36 of this report.

Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

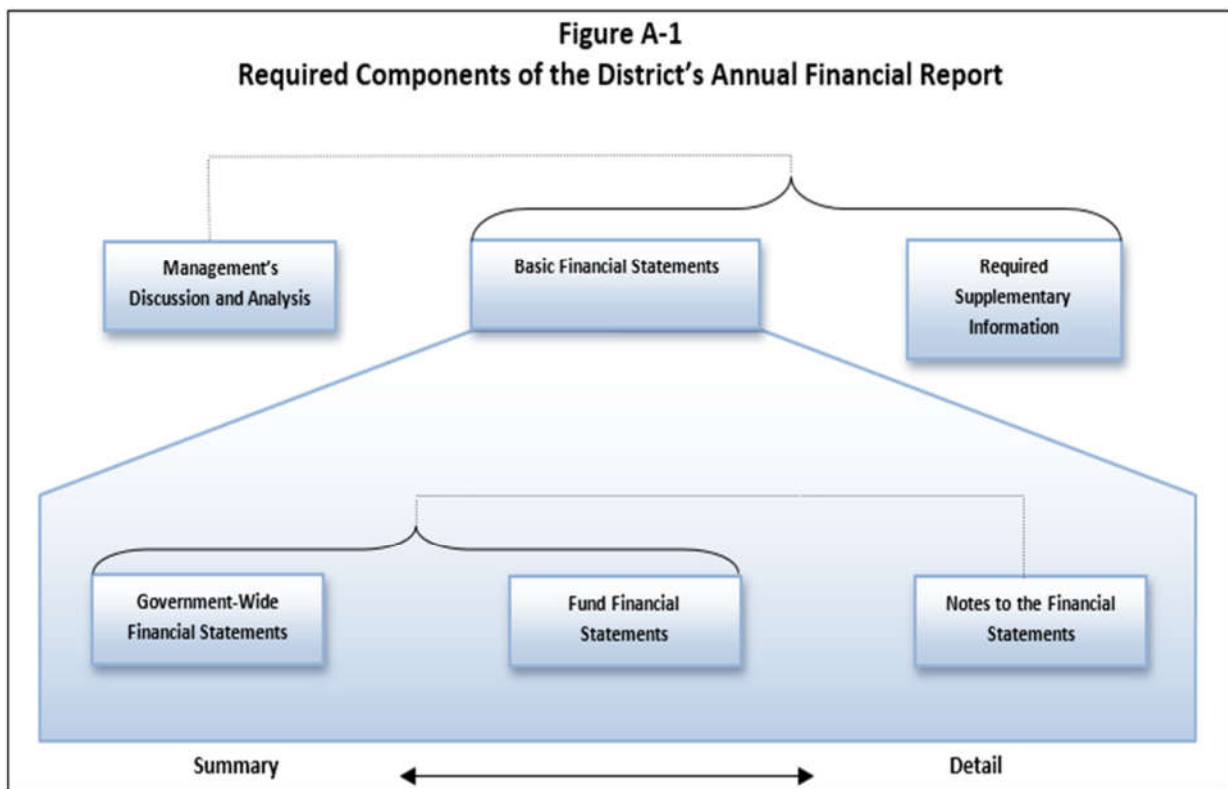


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

<b>Figure A-2 Major Features of the District's Government-wide and Fund Financial Statements</b>				
<b>Type of Statements</b>	<b>Government-Wide</b>	<b>Governmental Funds</b>	<b>Fund Statements Proprietary Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire District's government (except fiduciary fund) and the District's component units (no components units exist for District)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses; self-insurance	Instances in which the District is the trustee or agent for someone else's resources
<i>Required Financial Statements</i>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net position</li> <li>• Statement of Revenues, Expenses and changes in Fund Net position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net position</li> </ul>
<i>Accounting Basis &amp; Measurement Focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of Asset/Liability Information</i>	All assets and liabilities, both financial and capital; short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets
<i>Type of Inflow/Outflow Information</i>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

**Government-Wide Financial Analysis**

Net position for the District's governmental activities decreased by \$44,840,852 or 62%, but the change is related to the adoption of GASB Statement No. 75. Additional information can be found at Note IV-AA (page 79) and Note IV.S (pages 69-77). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements were \$27.6 million and (\$30.2) million at August 31, 2018 and August 31, 2017 respectively.

Food Service operations or the Child Nutrition Program continue to run well and be self-sufficient. The District contracts with a management company to increase student participation through the type and quality of food served coupled with presentation. The increased expenditures incurred from contracting with the management company are offset by the increase in funding generated by increases in participation.

Overall estimated revenue and expenses were in-line with District projections. Our analysis of comparative balances and changes therein focus on the net position (Table I and Table II) and changes in net position of the District's governmental activities.

**Table I**  
**Clint Independent School District**  
**SUMMARIZED NET POSITION**

<b>Governmental Activities</b>	<b>August 31, 2018</b>	<b>August 31, 2017</b>	<b>Variance</b>	<b>% Change</b>
Current and Other Assets	\$ 84,235,007	107,839,290	(23,604,283)	-21.9%
Capital Assets	215,241,444	192,102,248	23,139,196	12.0%
<b>Total Assets</b>	<b>\$ 299,476,451</b>	<b>299,941,538</b>	<b>(465,087)</b>	<b>-0.2%</b>
Deferred Charge for Refunding	5,578,617	6,001,933	(423,316)	-7.1%
Deferred Outflow Related to TRS Pension	6,213,533	9,255,723	(3,042,190)	-32.9%
Deferred Outflow Related to TRS OPEB	573,502	-	573,502	
<b>Total Deferred Outflows of Resources</b>	<b>\$ 12,365,652</b>	<b>15,257,656</b>	<b>(2,892,004)</b>	<b>-19.0%</b>
Current Liabilities	12,501,942	13,125,442	(623,500)	-4.8%
Non-Current Liabilities	251,879,863	227,465,904	24,413,959	10.7%
<b>Total Liabilities</b>	<b>\$ 264,381,805</b>	<b>240,591,346</b>	<b>23,790,459</b>	<b>9.9%</b>
Deferred Gain on Refunding	477,926	521,341	(43,415)	-8.3%
Deferred Inflow Related to TRS Pension	4,530,242	2,227,814	2,302,428	103.3%
Deferred Inflow Related to TRS OPEB	15,434,289	-	15,434,289	
<b>Total Deferred Inflows of Resources</b>	<b>\$ 20,442,457</b>	<b>2,749,155</b>	<b>17,693,302</b>	<b>643.6%</b>
Net Investment in Capital Assets	40,166,781	33,520,955	6,645,826	19.8%
Restricted	17,065,240	10,766,783	6,298,457	58.5%
Unrestricted	(30,214,180)	27,570,955	(57,785,135)	-209.6%
<b>Total Net Position</b>	<b>\$ 27,017,841</b>	<b>71,858,693</b>	<b>(44,840,852)</b>	<b>-62.4%</b>

The cost of all governmental activities this year was \$96 million compared to \$123 million last year. Costs decreased by \$27 million or 22 percent. The prior year included funds to purchase technology for 1:1 student laptop initiative, class room active boards, equipment, roofing and landscaping projects. Although compensation increases were given, the decline in enrollment resulted in reduced spending and reduced staffing. Management reviewed staff vacancies closely and held off filling vacancies or eliminated positions not supported by enrollment. The Board of Trustees approved several budget amendments during the year. The most noteworthy amendments in the General Fund, excluding the Child Nutrition Program, included purchasing weight room equipment, purchase of buses and updating and replacing the current telephone system from analog to digital equipment. The Board approved an increase to the Child Nutrition Budget for cafeteria hood replacements. As shown in the *Statement of Activities* on page 19, the amount that taxpayers ultimately financed for these activities through District Taxes was only \$16.6 million, because the majority of the costs continue to be funded by State.

**Table II**  
**Clint Independent School District**  
**SUMMARIZED STATEMENT OF ACTIVITIES**

<b>Governmental Activities</b>	<b>August 31, 2018</b>	<b>August 31, 2017</b>	<b>Variance</b>	<b>% Change</b>
<b>Revenues</b>				
<b>Program Revenues</b>				
Charges for Services	\$ 714,785	\$ 847,491	(132,706)	-15.7%
Operating Grants and Contributions	15,833,332	34,868,219	(19,034,887)	-54.6%
<b>General Revenues</b>				
Property Taxes Levied for General Purposes	12,351,373	11,031,543	1,319,830	12.0%
Property Taxes Levied for Debt Services	4,304,683	3,873,097	431,586	11.1%
State Aid-Formula Grants	80,053,277	78,925,422	1,127,855	1.4%
Investment Earnings	1,641,944	1,108,621	533,323	48.1%
Miscellaneous Revenue	446,110	886,646	(440,536)	-49.7%
<b>Total Revenues</b>	<b>\$ 115,345,504</b>	<b>131,541,039</b>	<b>(16,195,535)</b>	<b>-12.3%</b>
<b>Expenses</b>				
Instruction	40,933,939	59,402,973	(18,469,034)	-31.1%
Instructional Resources and Media Services	798,687	1,229,852	(431,165)	-35.1%
Curriculum and Staff Development	2,367,921	3,017,660	(649,739)	-21.5%
Instructional Leadership	1,851,120	2,875,001	(1,023,881)	-35.6%
School Leadership	4,609,730	7,186,072	(2,576,342)	-35.9%
Guidance, Counseling and Evaluation Services	2,592,079	3,783,553	(1,191,474)	-31.5%
Social Work Services	113,473	175,153	(61,680)	-35.2%
Health Services	789,303	1,205,680	(416,377)	-34.5%
Student (Pupil) Transportation	2,855,709	3,533,276	(677,567)	-19.2%
Food Services	8,796,715	9,751,272	(954,557)	-9.8%
Extracurricular Activities	2,610,504	2,928,894	(318,390)	-10.9%
General Administration	2,429,757	3,084,223	(654,466)	-21.2%
Plant Maintenance and Operations	13,823,502	11,713,128	2,110,374	18.0%
Security and Monitoring Services	1,939,952	2,375,334	(435,382)	-18.3%
Data Processing Services	1,702,191	2,181,473	(479,282)	-22.0%
Community Services	156,122	290,885	(134,763)	-46.3%
Debt Service-Interest on Long Term Debt	7,348,724	7,577,215	(228,491)	-3.0%
Debt Service-Bond Issuance Cost and Fees	6,494	7,994	(1,500)	-18.8%
Capital Outlay	83,910	662,576	(578,666)	-87.3%
Other Intergovernmental Charges	307,492	298,930	8,562	2.9%
<b>Total Expenses</b>	<b>\$ 96,117,324</b>	<b>123,281,144</b>	<b>(27,163,820)</b>	<b>-22.0%</b>
<b>Increase in Net Position Before Special Item and Prior Period Adj</b>	<b>19,228,180</b>	<b>8,259,895</b>	<b>10,968,285</b>	<b>132.8%</b>
Special Item - E-Rate	630,491	-	630,491	
Prior Period Adjustment (TRS)	(64,699,523)	-	(64,699,523)	
<b>Increase in Net Position</b>	<b>\$ (44,840,852)</b>	<b>8,259,895</b>	<b>(53,100,747)</b>	<b>-642.9%</b>
Beginning Net Position	71,858,693	63,598,798	8,259,895	13.0%
<b>Ending Net Position</b>	<b>\$ 27,017,841</b>	<b>71,858,693</b>	<b>(44,840,852)</b>	<b>-62.4%</b>



## **Capital Asset and Debt Administration**

### *Capital Assets*

At the end of 2018, the District had \$215 million, net of depreciation, invested in a broad range of capital assets, including land, facilities, vehicles and other equipment for instruction, transportation, athletics, administration, and maintenance. The depreciation expense was \$6.1 million with a net increase in capital assets of \$23 million. The District continues to expend Building bond proceeds and most projects are completed or near completion. Additional information about the District's capital assets can be found in Note IV-D.

### *Debt*

At year-end, the District had \$193 million in bonds and a capital lease outstanding, a decrease of \$7.8 million over last year. The District issued \$78 million in new bond debt during the fiscal year ended August 31, 2015. The bond funds have and will provide numerous repairs, renovations and additions to school buildings. These projects include safety and security vestibules and access control systems, classroom additions and expansions, roof repairs and replacements, heating and cooling upgrades and replacements, electrical and plumbing renovations and other interior and exterior renovations. The majority are complete or near completion.

The District aggressively manages its debt and has refinanced or refunded portions of it to reduce the burden to taxpayers and the State. Each occurrence has resulted in lower interest rates and annual savings. The District utilizes the Existing Debt Allotment and Instructional Facilities Allotment funding, which provides savings to the District and tax payers.

The District credit ratings have remained favorable and have not decreased. The current Moody's credit rating is Aaa/A1 and the Fitch Rating is AA-. Both parties note the District has a stable financial outlook which is significant as it allows the District to sell and refund bonds in a more competitive market and realize potential interest rate savings, which are considered during budget and tax rate preparations.

Detailed information about the District's long-term liabilities is presented in Note IV-J and Note IV-K.

## **The District's Funds**

As the District completed the year, its general fund (as presented in the balance sheet on page 22) reported a fund balance of \$47.5 million, which is an increase of \$124,384 over last year's general fund balance. The District has implemented a planned fund balance program, even though fund balance amounts have always been projected and available to insure fiscal stability, a formal policy has been adopted. With the recent changes in State funding and the reductions these changes impose, available cash flow and reserves are imperative.

The District continues to use allocation based budgeting process. Allocation based budgeting has provided the District with consistent expenditures per pupil populations, attendance zones, and provides the District with an equitable and efficient budgeting process. The District has chosen this process to insure budgeting practices enhance the evaluation of the budget and educational performance. Budgets are monitored and reviewed on a monthly basis. Guidelines and procedures are in place to insure federal, state and local budget requirements are reviewed, monitored and met.

## **Economic Factors and Next Year's Budget and Rates**

Many economic factors were considered in developing the budget and setting the tax rate for the 2018-2019 school year— State and Federal funding, property values, student growth, investment income, teacher shortages and retainage, and the economy are all factored into the decision making process.

The District called for and had a Tax Rate Election to swap pennies from the Interest & Sinking side of the tax rate to the Maintenance & Operation side of the rate. The tax rate was not increased. The tax rate change was approved and the swap will produce an estimated increase in revenue of \$3.6 million.

Student enrollment decreased over the last several years and is largely attributed to the economic condition of the area and the State. New home construction has slowed, but continues. New housing construction is evident in several areas of the District, but remains slow. The District is projecting flat enrollment for the next few years, continues to monitor it, but remains passive when estimating growth and revenue for budget purposes. Fiscal year 2018 student enrollment decreased slightly. Over the last 5 years, the district has had a net loss of less than 100 students. Providing facilities to accommodate growth and improvement of other facilities is imperative and continues to be a priority of the District, but is not needed at this time. As one of the most property poor Districts in the State, the District has met bond obligations through maximizing funding, and receiving State assistance through the Instructional Facilities Allotment and the Existing Debt Allotment programs. The Board of Trustees of the Clint Independent School District is committed to maximizing funding and maintaining a tax rate that meets debt obligations and budget requirements, while not overburdening the tax payers.

The District's financial position will continue to be a priority and includes consideration of employee compensation and benefits. The District continues to have a very competitive employee salary compensation plan. This allows the District to attract needed and qualified teachers to meet the instructional needs of the students.

## **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please view the Transparency portion of our web-site at [www.clintweb.net](http://www.clintweb.net) or contact the District's Business Service Department, at (915) 925-4000 located at 14521 Horizon Blvd., El Paso, Texas.

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## **BASIC FINANCIAL STATEMENTS**

CLINT INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2018

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 74,074,407
1220 Property Taxes - Delinquent	4,262,121
1230 Allowance for Uncollectible Taxes	(2,880,153)
1240 Due from Other Governments	8,481,417
1290 Other Receivables, Net	13,041
1300 Inventories	278,198
Capital Assets:	
1510 Land	6,930,175
1520 Buildings, Net	176,427,418
1530 Furniture and Equipment, Net	10,467,147
1550 Leased Property Under Capital Leases, Net	252,519
1580 Construction in Progress	21,164,185
1800 Restricted Assets	5,976
1000 Total Assets	299,476,451
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	5,578,617
1705 Deferred Outflow Related to TRS Pension	6,213,533
1706 Deferred Outflow Related to TRS OPEB	573,502
1700 Total Deferred Outflows of Resources	12,365,652
<b>LIABILITIES</b>	
2110 Accounts Payable	5,631,297
2140 Interest Payable	322,240
2160 Accrued Wages Payable	4,490,179
2177 Due to Fiduciary Funds	22,124
2180 Due to Other Governments	382,750
2200 Accrued Expenses	1,621,210
2300 Unearned Revenue	32,142
Noncurrent Liabilities:	
2501 Due Within One Year	8,185,180
2502 Due in More Than One Year	185,282,790
2540 Net Pension Liability (District's Share)	21,514,405
2545 Net OPEB Liability (District's Share)	36,897,488
2000 Total Liabilities	264,381,805
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2602 Deferred Gain on Refunding	477,926
2605 Deferred Resource Inflow Related to TRS Pension	4,530,242
2606 Deferred Resource Inflow Related to TRS OPEB	15,434,289
2600 Total Deferred Inflows of Resources	20,442,457
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	40,166,781
3820 Restricted for Federal and State Programs	2,704,401
3850 Restricted for Debt Service	6,797,469
3860 Restricted for Capital Projects	7,529,809
3880 Restricted for Scholarships	33,061
3890 Restricted for Other Purposes	500
3900 Unrestricted	(30,214,180)
3000 Total Net Position	\$ 27,017,841

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

CLINT INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	3 Charges for Services	4 Operating Grants and Contributions	6 Primary Gov. Governmental Activities

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 40,933,939	\$ 212,050	\$ (2,825,531)	\$ (43,547,420)
12 Instructional Resources and Media Services	798,687	-	(206,145)	(1,004,832)
13 Curriculum and Instructional Staff Development	2,367,921	-	1,115,572	(1,252,349)
21 Instructional Leadership	1,851,120	-	220,620	(1,630,500)
23 School Leadership	4,609,730	-	(1,251,546)	(5,861,276)
31 Guidance, Counseling and Evaluation Services	2,592,079	-	579,165	(2,012,914)
32 Social Work Services	113,473	-	(37,382)	(150,855)
33 Health Services	789,303	-	2,196,153	1,406,850
34 Student (Pupil) Transportation	2,855,709	-	(639,827)	(3,495,536)
35 Food Services	8,796,715	311,395	9,191,795	706,475
36 Extracurricular Activities	2,610,504	49,591	(300,208)	(2,861,121)
41 General Administration	2,429,757	130,188	155,836	(2,143,733)
51 Facilities Maintenance and Operations	13,823,502	11,561	(1,255,515)	(15,067,456)
52 Security and Monitoring Services	1,939,952	-	(308,989)	(2,248,941)
53 Data Processing Services	1,702,191	-	(249,182)	(1,951,373)
61 Community Services	156,122	-	76,609	(79,513)
72 Debt Service - Interest on Long-Term Debt	7,348,724	-	9,371,907	2,023,183
73 Debt Service - Bond Issuance Cost and Fees	6,494	-	-	(6,494)
81 Capital Outlay	83,910	-	-	(83,910)
99 Other Intergovernmental Charges	307,492	-	-	(307,492)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 96,117,324	\$ 714,785	\$ 15,833,332	(79,569,207)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	12,351,373
DT	Property Taxes, Levied for Debt Service	4,304,683
SF	State Aid - Formula Grants	80,053,277
IE	Investment Earnings	1,641,944
MI	Miscellaneous Local and Intermediate Revenue	446,110
SI	Special Item - E-Rate	630,491
TR	Total General Revenues and Special Items	99,427,878
CN	Change in Net Position	19,858,671
NB	Net Position - Beginning	71,858,693
PA	Prior Period Adjustment	(64,699,523)
NE	Net Position--Ending	\$ 27,017,841

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

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**GOVERNMENTAL FUND FINANCIAL STATEMENTS**



CLINT INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 46,712,246	\$ 6,359,449	\$ 20,822,425
1220 Property Taxes - Delinquent	3,337,021	925,100	-
1230 Allowance for Uncollectible Taxes	(2,304,313)	(575,840)	-
1240 Due from Other Governments	7,433,181	107,543	-
1260 Due from Other Funds	3,744,442	-	-
1290 Other Receivables	13,041	-	-
1300 Inventories	278,198	-	-
1800 Restricted Assets	-	-	-
1000 Total Assets	<u>\$ 59,213,816</u>	<u>\$ 6,816,252</u>	<u>\$ 20,822,425</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 2,468,958	\$ -	\$ 3,149,179
2160 Accrued Wages Payable	4,490,179	-	-
2170 Due to Other Funds	3,199,913	92,912	268,135
2180 Due to Other Governments	382,750	-	-
2200 Accrued Expenditures	165,615	-	1,455,595
2300 Unearned Revenue	29,925	-	-
2000 Total Liabilities	<u>10,737,340</u>	<u>92,912</u>	<u>4,872,909</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	902,723	303,457	-
2600 Total Deferred Inflows of Resources	<u>902,723</u>	<u>303,457</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	90,398	-	-
3445 Other Non-Spendable Fund Balance	-	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	2,610,767	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	15,949,516
3480 Retirement of Long-Term Debt	-	6,419,883	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3510 Construction	8,000,000	-	-
3530 Capital Expenditures for Equipment	4,000,000	-	-
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3550 Construction	1,000,000	-	-
3570 Capital Expenditures for Equipment	1,000,000	-	-
3600 Unassigned Fund Balance	30,872,588	-	-
3000 Total Fund Balances	<u>47,573,753</u>	<u>6,419,883</u>	<u>15,949,516</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 59,213,816</u>	<u>\$ 6,816,252</u>	<u>\$ 20,822,425</u>

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

Other Funds	Total Governmental Funds
\$ 180,287	\$ 74,074,407
-	4,262,121
-	(2,880,153)
940,693	8,481,417
121,190	3,865,632
-	13,041
-	278,198
5,976	5,976
<u>\$ 1,248,146</u>	<u>\$ 88,100,639</u>
\$ 13,160	\$ 5,631,297
-	4,490,179
953,207	4,514,167
-	382,750
-	1,621,210
2,217	32,142
<u>968,584</u>	<u>16,671,745</u>
-	1,206,180
<u>-</u>	<u>1,206,180</u>
-	90,398
5,000	5,000
93,634	2,704,401
-	15,949,516
-	6,419,883
28,561	28,561
-	8,000,000
-	4,000,000
152,367	152,367
-	1,000,000
-	1,000,000
-	30,872,588
<u>279,562</u>	<u>70,222,714</u>
<u>\$ 1,248,146</u>	<u>\$ 88,100,639</u>

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

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	70,222,714
1 Amounts reported for governmental activities in the statement of net position are different due to the following:		-
2 Capital assets used of \$297,275,016 net of accumulated depreciation of (\$82,033,572) are not financial resources, and therefore, are not reported as assets in governmental funds.		215,241,444
3 Property taxes are not available to pay for the current period's expenditures and therefore are deferred in the funds.		1,206,180
4 The internal service fund is used by the District's management to charge for the costs of workers' compensation to the other funds. The assets and liabilities of the internal service fund is included in governmental activities.		626,411
5 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. -Bonds payable (\$170,466,269) -Premiums on bonds payable (\$18,840,407) -Capital leases (\$99,735)		(189,406,411)
6 Accrued and accreted interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds. -Accretion payable (\$4,061,559) -Accrued interest payable (\$322,240)		(4,383,799)
7 Deferred gains and losses on the refunding of bonds are not reported in the funds but are considered deferred inflows and outflows in the statement of net position. The deferred charge for refunding is \$5,578,617 as of August 31, 2018, and the deferred gain on refunding is \$(477,926) as of August 31, 2018.		5,100,691
8 Included in the items related to debt is the recognition of the District's proportionate share of pension liability required by GASB 68: -Net pension liability (\$21,514,405) -Deferred outflow related to TRS pension \$6,213,533 -Deferred inflow related to TRS pension (\$4,530,242)		(19,831,114)
9 Included in the items related to debt is the recognition of the District's proportionate share of the OPEB liability required by GASB 75: -Net OPEB liability (\$36,897,488) -Deferred outflow related to TRS OPEB \$573,502 -Deferred inflow related to TRS OPEB (\$15,434,289)		(51,758,275)
<b>19 Net Position of Governmental Activities</b>	<b>\$</b>	<b>27,017,841</b>

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

CLINT 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	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 14,009,731	\$ 4,613,643	\$ 544,686
5800 State Program Revenues	84,626,379	9,371,907	-
5900 Federal Program Revenues	12,470,097	-	-
5020 Total Revenues	<u>111,106,207</u>	<u>13,985,550</u>	<u>544,686</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	50,791,699	-	244,051
0012 Instructional Resources and Media Services	1,149,892	-	-
0013 Curriculum and Instructional Staff Development	1,712,543	-	-
0021 Instructional Leadership	1,992,232	-	-
0023 School Leadership	6,690,316	-	-
0031 Guidance, Counseling and Evaluation Services	2,576,445	-	-
0032 Social Work Services	165,709	-	-
0033 Health Services	1,152,221	-	7,567
0034 Student (Pupil) Transportation	7,118,863	-	-
0035 Food Services	8,607,906	-	159,414
0036 Extracurricular Activities	3,305,432	-	-
0041 General Administration	3,182,405	-	-
0051 Facilities Maintenance and Operations	17,755,629	-	2,640,504
0052 Security and Monitoring Services	1,999,762	-	606,011
0053 Data Processing Services	2,059,549	-	-
0061 Community Services	108,110	-	-
<b>Debt Service:</b>			
0071 Principal on Long-Term Debt	196,164	5,530,855	-
0072 Interest on Long-Term Debt	5,121	9,007,270	-
0073 Bond Issuance Cost and Fees	-	6,494	-
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	762,741	-	19,641,282
<b>Intergovernmental:</b>			
0099 Other Intergovernmental Charges	307,492	-	-
6030 Total Expenditures	<u>111,640,231</u>	<u>14,544,619</u>	<u>23,298,829</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(534,024)</u>	<u>(559,069)</u>	<u>(22,754,143)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7915 Transfers In	27,917	-	-
7949 Other Resources	630,491	-	-
8911 Transfers Out (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	<u>658,408</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	124,384	(559,069)	(22,754,143)
0100 Fund Balance - September 1 (Beginning)	<u>47,449,369</u>	<u>6,978,952</u>	<u>38,703,659</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 47,573,753</u>	<u>\$ 6,419,883</u>	<u>\$ 15,949,516</u>

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

Other Funds	Total Governmental Funds
\$ 238,081	\$ 19,406,141
1,354,513	95,352,799
7,562,819	20,032,916
<u>9,155,413</u>	<u>134,791,856</u>
5,929,439	56,965,189
-	1,149,892
1,359,726	3,072,269
468,096	2,460,328
34,705	6,725,021
1,052,525	3,628,970
-	165,709
-	1,159,788
-	7,118,863
64,637	8,831,957
-	3,305,432
-	3,182,405
-	20,396,133
70,994	2,676,767
-	2,059,549
100,923	209,033
-	5,727,019
-	9,012,391
-	6,494
-	20,404,023
-	307,492
<u>9,081,045</u>	<u>158,564,724</u>
<u>74,368</u>	<u>(23,772,868)</u>
-	27,917
-	630,491
(27,917)	(27,917)
<u>(27,917)</u>	<u>630,491</u>
46,451	(23,142,377)
<u>233,111</u>	<u>93,365,091</u>
<u>\$ 279,562</u>	<u>\$ 70,222,714</u>

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

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ (23,142,377)
Amounts reported for governmental activities in the statement of activities are different due to the following:	-
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of assets is allocated over their estimated useful lives as depreciation expense. Thus the cost of current year outlays is removed from expense and depreciation is added to expense.	23,139,196
-Additions to building and improvements \$20,014	
-Additions to furniture and equipment \$4,414,863	
-Additions to construction in progress \$24,765,651	
-Depreciation expense (\$6,061,332)	
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The changes in long-term liabilities for the fiscal year consisted of the following:	6,906,487
-Net change in bonds payable \$5,530,855	
-Net change in premiums on bonds \$1,179,468	
-Net change in accretion payable \$196,164	
-Net change in capital lease payable \$196,164	
Deferred inflows and outflows of gains and losses on debt refundings are amortized over the term of the bonds in the statements but are expenses in the year incurred in governmental funds.	(379,901)
-Change in deferred charge for refunding (\$423,316)	
-Change in deferred inflow gain on refunding \$43,415	
Property taxes that will not be collected until after the District's fiscal year end are not considered "available" revenues and are deferred in the governmental funds. The change in deferred tax revenues, net of allowances for bad debt, are recognized in the statement of activities.	78,254
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	864,100
The internal service fund is used by management to charge the costs of workers' compensation. The net revenue (expense) of the internal service fund is reported with governmental activities.	74,121
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$2,038,844. Contributions made before the measurement and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling (\$2,205,239). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by (\$456,062). The net result is a decrease in the change in net position.	(622,457)

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

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

EXHIBIT C-4

<p>GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$567,728. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net OPEB liability. This caused a decrease in net position totaling (\$441,129). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The negative net OPEB expense increased the change in net position by \$12,814,649. The net result is an increase in the change in net position.</p>	<p>12,941,248</p>
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 19,858,671</b>

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



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**PROPRIETARY FUND FINANCIAL STATEMENTS**

CLINT INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 AUGUST 31, 2018

	Governmental Activities -
	Internal Service Fund
<hr/>	
ASSETS	
Current Assets:	
Due from Other Funds	\$ 626,411
Total Assets	<u>626,411</u>
NET POSITION	
Unrestricted Net Position	<u>626,411</u>
Total Net Position	<u><u>\$ 626,411</u></u>

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

CLINT INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 702,423
Total Operating Revenues	702,423
OPERATING EXPENSES:	
Professional and Contracted Services	628,302
Total Operating Expenses	628,302
Operating Income	74,121
Total Net Position - September 1 (Beginning)	552,290
Total Net Position - August 31 (Ending)	\$ 626,411

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

CLINT INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 628,302
Cash Payments for Insurance Claims	(628,302)
Net Cash Provided by Operating Activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 74,121
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase in Due From Other Funds	<u>(74,121)</u>
Net Cash Provided by Operating Activities	<u>\$ -</u>

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

**FIDUCIARY FUND FINANCIAL STATEMENTS**

CLINT INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 AUGUST 31, 2018

	Agency Funds
<hr/>	
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 304,694
Due from Other Funds	22,124
Total Assets	<u>\$ 326,818</u>
 <b>LIABILITIES</b>	
Accounts Payable	\$ 22,121
Due to Student Groups	304,697
Total Liabilities	<u>\$ 326,818</u>

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

# CLINT INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clint Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

#### A. Reporting Entity

Because the Board of Trustees (the "Board") is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB"). There are no component units included within the reporting entity.

#### B. Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, charges to school districts for services, state funds, grants and other intergovernmental revenues.

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement category 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 that time. For pensions and OPEB, this outflow results from pension plan and OPEB contributions made after the measurement date of the net pension and OPEB liabilities and the results of differences between expected and actual economic experiences. The deferred outflow of resources related to pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liabilities in the next fiscal year. The other pension and OPEB related deferred outflows will be amortized over a systematic and rational method over a closed period.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement category 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. For pensions, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. For OPEB, these deferred inflows result primarily from differences between expected and actual actuarial experiences as well as changes in actuarial assumptions. These amounts will be amortized over a systematic and rational method over a closed period.

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of

(Continued)



# CLINT INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### B. Government-wide and Fund Financial Statements (cont.)

measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. The Plan's fiduciary net position has been determined on the same basis as that used by the Plan. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

Revenues from local sources consist primarily of property taxes, fees for services provided to other districts, and investment income. Revenues received from the State are recognized under the susceptible -to- accrual concept. The District considers property tax revenue available if they expect the revenue to be collected within 60 days of the end of the fiscal year. State revenues received under the District's existing debt allotment and instructional facilities allotment are considered available if received within 120 days of the end of the fiscal year because adjustments to these allotments typically occur between the 90-120 day mark. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Unavailable revenue from property taxes arises only under the modified accrual basis of accounting. The governmental funds report this unavailable revenue as a deferred inflow of resources and recognize revenue in the period that the amounts become available.

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted, and unrestricted.

D. Fund Accounting

The District reports the following major governmental funds:

1. General Fund – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Starting in fiscal year 2007, the child nutrition program was accounted for in the general fund.
2. Debt Service Fund – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund. This is a budgeted fund and separate bank accounts are maintained.
3. Capital Projects Fund - The proceeds from long-term debt financing and revenues and expenditures related to authorized acquisition, construction, or renovations as well as furnishing and equipping capital facilities are accounted for in a capital projects fund.

Additionally, the District reports the following fund types:

GOVERNMENTAL FUNDS:

4. Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by a grantor in a special revenue fund. Most Federal and State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
5. Permanent Funds – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District's permanent fund is the David Cramer Memorial Scholarship Fund.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Fund Accounting (cont.)

PROPRIETARY FUNDS:

6. Enterprise Funds - The District has no Enterprise Funds.
7. Internal Service Funds – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's internal service fund is the Workers' Compensation fund for its partially self-funded worker's compensation program.

FIDUCIARY FUNDS:

8. Private Purpose Trust Funds - The District has no private purpose trust funds.
9. Pension (and Other Employee Benefit) Trust Funds - The District has no pension trust funds.
10. Investment Trust Fund - The District has no investment trust funds.
11. Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are the Student Activity Account and the Sunshine Account.

E. Other Accounting Policies

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. Investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year end. Investments with an original maturity of less than one year are reported at amortized cost.
3. The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Accounting Policies (cont.)

4. The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. Management asserts that the District is in substantial compliance with the requirements of the Act and with local policies.

5. Additional policies and contractual provisions governing deposits and investments for the District are specified below:

***Credit Risk:***

Deposits - This is not applicable to the District.

Temporary Investments - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, mutual bond funds, public funds investment pools to those that have received top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2018, the District's investment in LoneStar Investment Pool was rated AAAM by Standard & Poor's.

***Custodial Credit Risk :***

Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. Since the District complies with this law, it has minimal custodial credit risk for deposits.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Accounting Policies (cont.)

Temporary Investments - To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. Investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form.

***Concentration of Credit Risk :***

Deposits - This is not applicable to the District.

Temporary Investments - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. Concentration of credit risk is not applicable to investment pools since the purpose of these pools is to diversify the District's investment portfolio.

***Interest Rate Risk:***

Deposits - This is not applicable to the District.

Temporary Investments - To limit the risk that changes in interest rates will adversely affect the fair value of the investments, the District requires its investment portfolio to have maturities of less than one year on a weighted average maturity (WAM) basis. All of the District's investment pools use amortized cost, and therefore, the interest rate risk disclosure is not applicable.

***Foreign Currency Risk:***

Deposits - The District attempts to limit the risk that changes in exchange rates will adversely affect a deposit by avoiding deposits denominated in a foreign currency.

Temporary and Long-term Investments - The District attempts to limit the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding investment pools or securities which are denominated in a foreign currency.

6. Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Other Accounting Policies (cont.)

7. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.
8. Inventories of supplies on the balance sheet are stated at weighted average cost and they include consumable maintenance, instructional, office, athletic, child nutrition and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture (TDA). Although commodities are received at no cost, their fair market value is supplied by the TDA and should be recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged and revenue is recognized for an equal amount.
9. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Premiums and discounts are presented as a component of liabilities while deferred charges on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight line method. Long-term debt is reported net of the applicable premium or discount.

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

10. Capital assets, which include land, buildings and furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life extending beyond a single reporting period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Accounting Policies (cont.)

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

Assets	Years
Buildings	30-50
Building Improvements	15-20
Vehicles	8-10
Office Equipment	5-15
Furniture and Fixtures	5

11. The restricted assets presented on the balance sheet represent the restricted cash held for scholarships in the permanent fund.
12. The District does not pay for accrued sick leave or vacation leave upon retirement or termination.
13. The District revised its policy August 13, 2015 to pay any accumulated compensated absences by the end of each fiscal year. Beginning with fiscal year 2015, payment will be made only upon departure from the District or with a cabinet member's approval. Management believes the balance of accrued compensated absences at August 31, 2018 is immaterial in relation to the financial statements taken as a whole and as such, has elected not to accrue a liability.
14. Net Position on the Statement of Net Position includes the following:

*Net Investment in Capital Assets* - this component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.

*Restricted for Federal and State Programs* - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agencies.

*Restricted for Debt Service* - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenants for the purpose of future debt service payments.

(Continued)



CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Accounting Policies (cont.)

*Restricted for Capital Projects* - this component of net position consists of restricted assets reduced by liabilities and unamortized premiums related to those assets. The assets arise from bond issuances, more specifically Series 2015 Building Bonds, which have constraints placed on them by the bond covenants for the purpose acquiring capital assets as detailed in the bond official statements.

*Restricted for Scholarships* - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by external parties.

*Restricted for Other Purposes* - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by external parties other than federal or state agencies.

*Unrestricted Net Position* - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

15. The District reports the following fund balance categories which describe the relative strength of the spending constraints:

- **Nonspendable fund balance** - Represents amounts that are not in spendable form, such as inventory, or are required to be maintained intact.
- **Restricted fund balance** - Represents amounts constrained to specific purposes by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation, including immaterial amounts related to nonspendable inventory for the child nutrition program.
- **Committed fund balance** - Represents amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, i.e., Board of Trustees. To be reported as committed, amounts cannot be used for any other purpose unless the District's Board of Trustees approves the changes by Board Resolution.
- **Assigned fund balance** - Represents amounts the District intends to use for a specific purpose. Intent can be expressed by the Superintendent or his designee as named in the Board Resolution dated July 27, 2011.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Accounting Policies (cont.)

- **Unassigned fund balance** - Represents amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as commitments of the fund (such as for special incentives). Assigned fund balance is established by the Superintendent or his designee.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first unless unrestricted assets will have to be returned because they were not used. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees have provided otherwise in their commitment or assignment actions.

In fiscal year 2014, the Board of Trustees adopted a minimum fund balance policy for the General Fund which indicates that the District shall strive to maintain a fund balance of at least two months of operating expenditures.

16. In the fund financial statements, certain governmental funds report restrictions of the entire fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Since the entire fund balance is restricted for these funds, all assets are in essence restricted for their specified purpose.
17. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government - wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
18. The District co-sponsors a self-insured plan to provide workers' compensation benefits to employees. Revenues of this Internal Service Fund are received from both the General and Special Revenue Funds. Expenses are comprised of professional services paid to the Plan Supervisor. These costs provide for the administration of claims, loss control, record keeping and the Cost of Excess Insurance. The Plan Supervisor charges a fixed cost based upon estimated payroll figures which are subsequently adjusted when actual payroll figures are available. The General Fund is contingently liable for liabilities of these funds.

(Continued)

# CLINT INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. Other Accounting Policies (cont.)

19. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.
20. In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the Texas State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.
21. The District receives substantial amounts of funding from special revenue sources. The majority of this money is cost reimbursement to the District by the federal government or Texas Education Agency. The portion of revenue allowable for indirect cost is credited as revenue to the General Fund and as a reduction to revenue in the Special Revenue Fund or Food Service, as appropriate. These indirect costs are then fully allocated to function 41, General Administration, on the Government-Wide Statement of Activities.
22. Preparation of these financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

- F. The District has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The District's financial statements as of August 31, 2018 are presented in accordance with the guidance provided by this statement. See Notes IV. S, Defined Benefit Other Post Employment Benefit Plan, and IV. AA, Prior Period Adjustments, for more information regarding implementation of this new pronouncement.

The District also implemented GASB Statement No. 85 *Omnibus 2017*, which addresses certain issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District's financial statements as of August 31, 2018, are presented in accordance with the guidance provided by this Statement.

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

AUGUST 31, 2018

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**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable and the District's proportionate share of the net pension and OPEB liabilities are not due and payable in the current period and are not reported as liabilities in the funds.

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

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

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. In addition, certain pension and OPEB expenditures were de-expended, and the District recorded their proportionate share of the pension and OPEB expense.

(Continued)

# CLINT INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Data

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

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, a few amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

At August 31, 2018 the carrying amount of the District's deposits in the general fund, major, and nonmajor governmental funds, internal service funds, and agency funds (including restricted cash of \$5,976) were \$3,714,528 and the total bank balance was \$6,423,060. The District's cash deposits at August 31, 2018 and during the year ended August 31, 2018 were fully insured by federal depository insurance or pledged collateral held by the District's agent bank in the District's name. In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: **WestStar Bank.**
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$18,260,076.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$15,538,037 and occurred during the month of February 2018.

Due to the immediate availability of the funds, the District's temporary investments at August 31, 2018 are included in cash and cash equivalents and are shown below at amortized cost or fair value, which approximates the value of the pool shares:

	Governmental Activities			
<u>Temporary Investments</u>	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Activities
Lone Star Investment Pool				
Government Overnight Plus Fund at fair value:	\$ 43,774,535	\$ 6,351,854	\$ 20,544,117	\$ 70,670,506
Government Overnight Fund at amortized cost:	40	3	-	43
Total	\$ 43,774,575	\$ 6,351,857	\$ 20,544,117	\$ 70,670,549

The Lone Star Investment Pool is a member owned, member-governed public funds investment pool. It is managed by an eleven-member Board of Trustees and the Board is authorized to adopt and maintain bylaws. There is also an Advisory Board composed of participants that gathers and exchanges information from participants relating to the operation of the Pool. Each fund within the Pool has received the highest rating, that of AAAM, from Standard & Poor's as required by the Public Funds Investment Act. Lone Star issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by calling Lone Star at 1-800-558-8875. For the pool measured at amortized cost, management is not aware of the presence of any limitations or restrictions on withdrawals such as redemption notice periods, maximum transaction amounts, or the investment pool's authority to impose liquidity fees or redemption gates.

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**B. Receivables from Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the Foundation School and Per Capita Programs. TEA has the right to offset the receivable and liability. Amounts due from federal and state governments as of August 31, 2018, are summarized below. A majority of the federal grants are passed through the TEA and are reported on the combined financial statements as Receivables from Other Governments.

	General Fund	Nonmajor Governmental	Debt Service	Total
State and Local Entitlements	\$ 6,695,166	\$ 42,920	\$ 107,543	\$ 6,845,629
Federal Grants	738,015	897,773	-	1,635,788
<b>Total</b>	<b>\$ 7,433,181</b>	<b>\$ 940,693</b>	<b>\$ 107,543</b>	<b>\$ 8,481,417</b>

**C. Interfund Balances and Transfers**

Interfund balances at August 31, 2018 consisted of the following individual fund balances:

	Due from Other Funds	Due to Other Funds
<b>General Fund:</b>		
General Fund	\$ 2,452,312	\$ 2,452,312
Debt Service Fund	92,912	-
Non-major Governmental Funds	931,083	121,190
Internal Service Fund	-	626,411
Capital Projects	268,135	-
General Fund Total	<u>3,744,442</u>	<u>3,199,913</u>
<b>Debt Service Fund:</b>		
General Fund	-	92,912
Debt Service Fund Total	<u>-</u>	<u>92,912</u>
<b>Capital Projects Fund:</b>		
General Fund	-	268,135
Capital Projects Fund Total	<u>-</u>	<u>268,135</u>

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Non-major Governmental Funds:		
General Fund	121,190	931,083
Fiduciary Fund	<u>        -</u>	<u>22,124</u>
Non-major Governmental Funds Total	<u>121,190</u>	<u>953,207</u>
Internal Service Fund		
General Fund	<u>626,411</u>	<u>        -</u>
Internal Service Fund Total	<u>626,411</u>	<u>        -</u>
Fiduciary Fund:		
Non-major Governmental Funds	<u>22,124</u>	<u>        -</u>
Fiduciary Fund Total	<u>22,124</u>	<u>        -</u>
Total	<u><u>\$ 4,514,167</u></u>	<u><u>\$ 4,514,167</u></u>

Interfund balances are a result of normal operations and are eliminated periodically. Management intends to pay out these balances within one year with the exception of interfund balances in the Internal Service Fund. This is because the Internal Service Fund does not have its own bank account. The balance will only be cleared out if the Internal Service Fund is terminated.

Interfund transfers for the year ended August 31, 2018, consisted of the following amounts:

	<u>Transfers In</u>	<u>Transfers Out</u>
Transfers in from other funds:		
General Fund	<u>\$ 27,917</u>	<u>\$        -</u>
Total General Fund	<u>27,917</u>	<u>        -</u>
Transfers out to other funds:		
Nonmajor Governmental Funds:		
Special Revenue	<u>        -</u>	<u>27,917</u>
Total Nonmajor Governmental Funds	<u><u>\$ 27,917</u></u>	<u><u>\$ 27,917</u></u>

Interfund transfers generally fall within two categories: (1) transfers to the Child Nutrition Program because of excess revenue from the Summer Feeding Program, and (2) transfers to cover operating expenditures/deficits in accordance with District policy or legal requirements.

(Continued)



**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**D. Capital Asset Activity**

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

	Primary Governments			
	Beginning Balance	Additions	Deletions and Reclassifications	Ending Balance
<u>Governmental activities:</u>				
Land	\$ 6,930,175	\$ -	\$ -	\$ 6,930,175
Buildings and improvements	202,096,314	20,014	42,379,427	244,495,755
Furniture and equipment	20,331,931	4,414,863	(361,173)	24,385,621
Capital Leases	596,136	-	(296,856)	299,280
Construction in progress	39,676,172	24,765,651	(43,277,638)	21,164,185
Totals at historical cost	269,630,728	29,200,528	-	297,275,016
Less accumulated depreciation for:				
Buildings and improvements	62,886,127	5,182,210	-	68,068,337
Furniture and equipment	14,577,341	804,605	(1,463,472)	13,918,474
Capital leases	65,012	74,517	(92,768)	46,761
Total accumulated depreciation	77,528,480	6,061,332	(3,112,480)	82,033,572
Governmental activities capital assets, net	\$ 192,102,248	\$ 23,139,196	\$ -	\$ 215,241,444

Depreciation expense was charged to governmental functions as follows:

11 Instruction	\$ 3,183,575
12 Instructional resources and media services	64,858
13 Curriculum and staff development	132,853
21 Instructional leadership	130,771
23 School leadership	403,001
31 Guidance, counseling & evaluation services	192,508
32 Social work services	10,253
33 Health services	70,153
34 Student (pupil) transportation	498,084
35 Food services	356,033
36 Extracurricular activities	125,545
41 General administration	140,539
51 Facilities maintenance and operations	462,145
52 Security and monitoring services	183,791
53 Data processing services	97,390
61 Community services	9,833
Total depreciation expense	<u>\$ 6,061,332</u>

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**E. Property Insurance and Personnel Bonds**

For the year ended August 31, 2018, Clint Independent School District carried insurance for building and personal property with a combined limit for both in the amount of \$354,754,486 with a deductible of \$50,000 per occurrence. The District carried a deductible buy down policy for windstorm and hail damage limited to \$4,750,000 per occurrence, with a \$250,000 deductible per occurrence. General and automobile liability is limited to \$1,000,000 with \$1,000 deductible per occurrence. The District also carried an Educators Liability policy that is limited to \$1,000,000 in the aggregate, with \$25,000 deductible per occurrence.

**F. Deferred Charge/Gain for Refunding of Bonds**

Deferred charge for refunding of bonds for the fiscal year ended August 31, 2018, presented as deferred outflows of resources, was as follows:

Description	Beginning Balance	Deferred Charge on New Issues	Net Amortization Recognized	Ending Balance
Series 2011	\$ 243,901	\$ -	\$ 40,930	\$ 202,971
Series 2014	1,682,894	-	120,136	1,562,758
Series 2015	1,857,384	-	123,735	1,733,649
Series 2016	2,217,754	-	138,515	2,079,239
	<u>\$ 6,001,933</u>	<u>\$ -</u>	<u>\$ 423,316</u>	<u>\$ 5,578,617</u>

Deferred gain on refunding of bonds for the year ended August 31, 2018, presented as deferred inflows of resources, was as follows:

Description	Beginning Balance	Deferred Gain on New Issues	Amortization Recognized	Ending Balance
Series 2015A	\$ 521,341	\$ -	\$ 43,415	\$ 477,926
	<u>\$ 521,341</u>	<u>\$ -</u>	<u>\$ 43,415</u>	<u>\$ 477,926</u>

**G. Accrued Expenditures**

Accrued expenditures as of August 31, 2018, consisted of the following:

Description	General Fund	Capital Projects Fund	Ending Balance
Capital Outlay	\$ 165,615	\$ 1,455,595	\$ 1,621,210
	<u>\$ 165,615</u>	<u>\$ 1,455,595</u>	<u>\$ 1,621,210</u>

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**H. Due to Other Governments**

The Texas Education Agency (TEA) funds the District based on estimated average daily attendance (ADA), which is updated throughout the year. After final attendance information is available, TEA provides a Near-Final Summary of Finances which reports its calculation of the District's actual Foundation School Program Allotment, and presents any balance due from or owed to the District. TEA has the right to offset the receivable and liability. For the year ended August 31, 2018, TEA indicates that it overpaid the District by \$382,750. TEA has recouped this amount by reducing its payments to the District for fiscal year 2018. The balance in Due to Other Governments as of August 31, 2018 consisted of the following:

	General Fund	Debt Service	Nonmajor Governmental Funds	Total
Foundation School Program	\$ 382,750	\$ -	\$ -	\$ 382,750
	<u>\$ 382,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 382,750</u>

**I. Unearned Revenue**

Unearned revenue as of August 31, 2018 was as follows:

	General Fund	Non-Major Governmental Funds	Total
State Textbook Fund	\$ -	\$ 2,217	\$ 2,217
USDA Commodities	29,925	-	29,925
Total Unearned Revenue	<u>\$ 29,925</u>	<u>\$ 2,217</u>	<u>\$ 32,142</u>

**J. Changes in Long-term Liabilities**

Long-term liability activity for the year ended August 31, 2018 was as follows:

	Funded by:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>						
Bonds Payable	Debt Service	\$ 175,997,124	\$ -	\$ 5,530,855	\$ 170,466,269	\$ 5,789,634
Accretion Payable		4,916,440	244,265	1,099,146	4,061,559	1,125,366
Unamortized Premium on Bonds		20,019,875	-	1,179,468	18,840,407	1,170,445
Capital Leases	General Fund	295,899	-	196,164	99,735	99,735
Total Governmental Long-term Liabilities		<u>\$ 201,229,338</u>	<u>\$ 244,265</u>	<u>\$ 8,005,633</u>	<u>\$ 193,467,970</u>	<u>\$ 8,185,180</u>

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**K. General Long-term Debt**

A summary of changes in general long-term debt for the year ended August 31, 2018 was as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balance 8/31/17	Issued	Retired	Ending Balance 8/31/18	Due Within One Year
Unlimited Tax School Bldg. and Refunding Bond - Series 2002: Capital appreciation bonds Final maturity 2-15-2024	5.76%-5.91%	\$ 644,984	\$ 372,082	\$ 644,984	\$ -	\$ 117,919	\$ 527,065	\$ 108,999
Unlimited Tax School Building Bonds-Series 2008 Final maturity 8-15-2018	3.5% - 5%	29,935,000	51,075	1,135,000	-	1,135,000	-	-
Unlimited Tax Refunding Bonds - Series 2009: Final maturity 2-15-2025	3% - 4.5%	6,385,000	62,575	1,590,000	-	195,000	1,395,000	205,000
Unlimited Tax Refunding Bonds - Series 2010 Capital appreciation bonds Final maturity 2-15-2021	2.8% - 3.85%	231,377	727,064	92,140	-	37,936	54,204	25,635
Unlimited Tax Refunding Bonds - Series 2010A Final maturity 2-15-2027	2% - 4%	12,305,000	108,200	3,155,000	-	900,000	2,255,000	935,000
Unlimited Tax Refunding Bonds - Series 2011 Current interest bonds Final maturity 8-15-2027	2% - 3.5%	8,725,000	211,625	6,460,000	-	940,000	5,520,000	965,000
Unlimited Tax Refunding Bonds - Series 2014 Current interest bonds Final maturity 8-15-2031	2% - 5%	23,815,000	990,300	22,580,000	-	1,205,000	21,375,000	1,250,000
Unlimited School Building Bonds - Series 2015 Final maturity 8-15-2045	3.5% - 5%	78,360,000	3,901,500	78,360,000	-	-	78,360,000	-
Unlimited Tax Refunding Bonds - Series 2015 Final maturity 8-15-2032	2% - 5%	23,315,000	998,700	23,055,000	-	-	23,055,000	-
Unlimited Tax Refunding Bonds - Series 2015A Final maturity 2-15-2029	2%-5%	15,890,000	606,750	14,570,000	-	1,000,000	13,570,000	1,050,000
Unlimited Tax Refunding Bonds - Series 2016 Final maturity 8-15-2033	2%-5%	24,735,000	977,400	24,355,000	-	-	24,355,000	1,250,000
		<u>\$ 224,341,361</u>	<u>\$ 9,007,271</u>	<u>\$ 175,997,124</u>	<u>\$ -</u>	<u>\$ 5,530,855</u>	<u>\$170,466,269</u>	<u>\$ 5,789,634</u>

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**K. General Long-term Debt (cont.)**

Tax Refunding Bond 2002 series and 2010 series are capital appreciation bonds that require interest to be paid when the principal on the bonds is due. These capital appreciation bonds began to mature in 2013 and will mature through 2024.

Accretion payable for the year ended August 31, 2018, was as follows:

Description	Accretion Outstanding 8/31/2017	Issued	Accrual of Accretion	Accretion Retired	Accretion Outstanding 8/31/2018	Due Within One Year
Tax Refunding Bond Series 2002	\$ 2,186,804	\$ -	\$ 153,692	\$ 372,082	\$ 1,968,414	\$ 386,001
Tax Refunding Bond Series 2010	2,729,636	-	90,573	727,064	2,093,145	739,365
	<u>\$ 4,916,440</u>	<u>\$ -</u>	<u>\$ 244,265</u>	<u>\$ 1,099,146</u>	<u>\$ 4,061,559</u>	<u>\$ 1,125,366</u>

Unamortized premiums on bonds for the year ended August 31, 2018 were as follows:

Description	Beginning Balance	Premiums on New Issues	Write-Off	Amortization Recognized	Ending Balance	Due Within One Year
Series 2008	\$ 9,025	\$ -	\$ -	\$ 9,025	\$ -	\$ -
Series 2009	54,597	-	-	6,824	47,773	6,824
Series 2010A	1,095,636	-	-	112,368	983,268	112,368
Series 2011	537,401	-	-	53,740	483,661	53,740
Series 2014	2,421,630	-	-	172,974	2,248,656	172,974
Series 2015 (Building)	8,116,623	-	-	289,879	7,826,744	289,879
Series 2015 (Refunding)	2,442,332	-	-	162,822	2,279,510	162,822
Series 2015A	1,820,284	-	-	151,691	1,668,593	151,691
Series 2016	3,522,347	-	-	220,145	3,302,202	220,147
Total Unamortized Premium	<u>\$ 20,019,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,179,468</u>	<u>\$ 18,840,407</u>	<u>\$ 1,170,445</u>

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**K. General Long-term Debt (cont.)**

Debt service requirements are as follows:

<u>Year Ended August 31,</u>	<u>General Obligations</u>		<u>Total</u> <u>Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 5,789,634	\$ 8,810,066	\$ 14,599,700
2020	5,305,823	8,657,227	13,963,050
2021	5,271,816	8,505,884	13,777,700
2022	6,202,663	7,593,793	13,796,456
2023	6,251,413	7,352,543	13,603,956
2024-2028	33,954,920	30,381,169	64,336,089
2029-2033	34,065,000	22,645,400	56,710,400
2034-2038	25,555,000	15,975,250	41,530,250
2039-2043	32,625,000	8,913,750	41,538,750
2044-2045	15,445,000	1,167,750	16,612,750
Total	\$ 170,466,269	\$ 120,002,832	\$ 290,469,101

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As of August 31, 2018, the defeased 2008 bonds were paid.

There are a number of limitations and restrictions contained in the general obligation bond indenture. The District's management has indicated that the District is in compliance with all significant limitations and restrictions, including arbitrage, at August 31, 2018.

**L. Rebatable Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. Arbitrage is evaluated and estimated on an annual basis by a third party arbitrage rebate service company. The company has estimated no liability for the District as of August 31, 2018.

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**M. Commitments under Capital Leases**

In each of the two prior fiscal years, the District entered into capital lease agreements for the purchase of three buses each year. Each lease requires three equal annual payments, which include interest at rates between 2.4% and 2.6%. During the year, the final scheduled lease payment was made on the lease entered into during fiscal year 2016 and there are no further obligations or lease payments. As of August 31, 2018, the future minimum lease payment requirements for the District's remaining capital lease is as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2019	\$ 99,735	\$ 2,598	\$ 102,333
Total	<u>\$ 99,735</u>	<u>\$ 2,598</u>	<u>\$ 102,333</u>

**N. Fund Balances**

As of August 31, 2018, fund balances are composed of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>					
Inventories	\$ 90,398	\$ -	\$ -	\$ -	\$ 90,398
Corpus for Scholarship Fund	-	-	-	5,000	5,000
<b>Restricted:</b>					
Food Services	2,610,767	-	-	-	2,610,767
Federal and State Programs	-	-	-	93,634	93,634
Capital Acquisition	-	-	15,949,516	-	15,949,516
Retirement of Long-Term Debt	-	6,419,883	-	-	6,419,883
Scholarships	-	-	-	28,061	28,061
Other	-	-	-	500	500
<b>Committed:</b>					
Future Construction	8,000,000	-	-	-	8,000,000
Future Capital Equipment	4,000,000	-	-	-	4,000,000
Campus Activities	-	-	-	152,367	152,367
<b>Assigned:</b>					
Future Construction	1,000,000	-	-	-	1,000,000
Future Capital Equipment	1,000,000	-	-	-	1,000,000
Unassigned Fund Balance	30,872,588	-	-	-	30,872,588
Total fund balances	<u>\$ 47,573,753</u>	<u>\$ 6,419,883</u>	<u>\$ 15,949,516</u>	<u>\$ 279,562</u>	<u>\$ 70,222,714</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

O. Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At August 31, 2018, the District did not have any encumbrances.

P. Construction Commitments

The District had ongoing construction projects under non-cancelable contracts at August 31, 2018. Construction commitments as of August 31, 2018 are as follows:

<u>Project Name</u>	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Architectural Services	\$ 539,603	\$ 481,191
Cabling for Communications Lines	-	31,245
Cabling for Security Cameras	-	1,710
Furniture	-	34,432
Materials Testing & QC	5,067	48,146
Renovations	9,691,291	11,227,873
Third-party inspections	-	9,604
Utilities	-	1,000
Total	<u>\$ 10,235,961</u>	<u>\$ 11,835,201</u>

(Continued)



**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**Q. Revenue from Local and Intermediate Sources**

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Fund	Total
Property taxes	\$ 12,254,388	\$ 4,294,587	\$ -	\$ -	\$ -	\$ 16,548,975
Penalties, interest and other tax revenues	363,915	107,438	-	-	-	471,353
Investment income	885,466	211,618	544,686	197	-	1,641,967
Rent income	11,561	-	-	-	-	11,561
Food sales	278,514	-	-	334	-	278,848
Athletic activities	49,591	-	-	-	-	49,591
Interfund services	-	-	-	-	702,423	702,423
Enterprising services	-	-	-	212,050	-	212,050
Insurance recovery	3,562	-	-	-	-	3,562
Other	162,734	-	-	-	-	162,734
Foundations gifts & bequests	-	-	-	25,500	-	25,500
<b>Total</b>	<b>\$ 14,009,731</b>	<b>\$ 4,613,643</b>	<b>\$ 544,686</b>	<b>\$ 238,081</b>	<b>\$ 702,423</b>	<b>\$ 20,108,564</b>

**R. Defined Benefit Pension Plan**

**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.

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

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

R. Defined Benefit Pension Plan (cont.)

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017. The 85<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2019.

Contribution Rates

	Plan Fiscal Year	
	2017	2018
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

Contributions Required and Made

2018 Employer Contributions	\$ 2,038,844
2018 Member Contributions	\$ 5,278,569
2017 Plan Year NECE On-Behalf Contributions (State)	\$ 3,327,170

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

AUGUST 31, 2018

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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

R. Defined Benefit Pension Plan (cont.)

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.

Included in the employer contributions amount listed above for fiscal year 2018, the District paid \$-0- in retiree surcharges and \$826,528 for non-OASDI employees. These two additional surcharges an employer is subject to are summarized as follows:

- 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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

R. Defined Benefit Pension Plan (cont.)

**Actuarial Assumptions:** The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Municipal Bond Rate	N/A*
Last year ending August 31 in the 2017 to 2116 projection period (100 years)	2116
Inflation	2.50%
Salary Increases including inflation	3.50% to 9.50%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

*\*If a municipal bond rate was to be used, the rate would be 3.42% as of August 2017 (i.e. the rate closest to but not later than the Measurement Date). The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax exempt municipal bonds as reported in Fidelity Index's "20 Year GO AA Index.*

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

**Discount Rate:** The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability with no cross over point to a municipal bond rate. 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:

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

R. Defined Benefit Pension Plan (continued)

Asset Class	Target Allocation*	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Return**
<b>Global Equity</b>			
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%
<b>Stable Value</b>			
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%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<b>100%</b>		<b>8.7%</b>

*\*Target allocations are based on the FY2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in FY 2017, but the reallocation does not affect the long-term expected geometric real rate of return or expected contribution to long-term portfolio returns.*

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

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

R. Defined Benefit Pension Plan (cont.)

**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 2017 Net Pension Liability:

	1% Decrease in Discount Rate 7%	Current Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ 36,269,035	\$ 21,514,405	\$ 9,228,780

**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 \$21,514,405 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the collective net pension liability	\$ 21,514,405
State's proportionate share that is associated with the District	<u>32,528,251</u>
Total	<u><u>\$ 54,042,656</u></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 0.0672858958% which was a decrease of 0.0021441080% from its proportion measured as of August 31, 2016.

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

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

For the year ended August 31, 2018, the District recognized pension expense of \$2,481,126 and revenue of \$2,481,126 for support provided by the State.

The amount of pension expense recognized by the District in the reporting period was \$5,142,427.

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

R. Defined Benefit Pension Plan (cont.)

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 pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 314,765	\$ 1,160,244
Changes in actuarial assumptions	980,015	561,036
Net difference between projected and actual investment earnings	-	1,567,922
Changes in proportion and differences between District's contributions and proportionate share of contributions	2,879,909	1,241,040
District contributions to TRS subsequent to the measurement date	2,038,844	-
	<u>2,038,844</u>	<u>-</u>
Total	<u>\$ 6,213,533</u>	<u>\$ 4,530,242</u>

The \$2,038,844 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2019.

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

Year Ended August 31	Amount
2019	\$ (202,268)
2020	1,171,052
2021	(307,781)
2022	(705,425)
2023	(206,512)
Thereafter	<u>(104,619)</u>
	<u>\$ (355,553)</u>

***Changes in Net Pension liability:***

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	<u>\$ 26,236,566</u>	<u>\$ 4,256</u>	<u>\$ 4,726,417</u>	<u>\$ 21,514,405</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

S. Defined Benefit Other Post-Employment Benefit Plans

**Plan Description**

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

**OPEB Plan Fiduciary Net Position**

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

**Benefits Provided**

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

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

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

(Continued)



**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

S. Defined Benefit Other Post-Employment Benefit Plans (cont.)

<b>TRS-Care Plan Premium Rates</b>			
Effective Sept. 1, 2016 - Dec. 31, 2017			
	<b>TRS-Care 1 Basic Plan</b>	<b>TRS-Care 2 Optional Plan</b>	<b>TRS-Care 3 Optional Plan</b>
Retiree*	\$ 0	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82

\*or surviving spouse

**Contributions**

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which was 1.0% and increased to 1.25% 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 0.75percent 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.

**Contributions Rates**

	<u>Plan Fiscal Years</u>	
	<u>2017</u>	<u>2018</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding remitted by Employers	1.00%	1.25%
2018 Employer Contributions	\$	567,728
2018 Member Contributions	\$	445,591
2017 Plan Year NECE On-behalf Contributions (State)	\$	627,815

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

S. Defined Benefit Other Post-Employment Benefit Plans (cont.)

Included in the employer contributions listed above, there is an additional surcharge all TRS employers are subject to, regardless of whether or not they participate in the TRS Care OPEB program. When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree. The District did not hire TRS retirees during the year ended August 31, 2018 and therefore did not pay any amounts for this surcharge.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$212 million in fiscal year 2018.

**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 which were 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 total OPEB liability in the August 31, 2017 actuarial valuation was determined using the actuarial assumptions below. Those 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	

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

S. Defined Benefit Other Post-Employment Benefit Plans (cont.)

*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.

\*\*Includes inflation of 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 year.

**Other Information:** There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

**Discount Rate**

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. 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.

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

S. Defined Benefit Other Post-Employment Benefit Plans (cont.)

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used 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 the Net OPEB Liability:	\$ 43,548,196	\$ 36,897,488	\$ 31,551,819

**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 Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$ 30,720,845	\$ 36,897,488	\$ 45,002,022

**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 \$36,897,488 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:

The District's proportionate share of the collective Net OPEB Liability	\$ 36,897,488
State's proportionate share that is associated with the District	<u>52,512,494</u>
Total	<u><u>\$ 89,409,982</u></u>

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 employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**S. Defined Benefit Other Post-Employment Benefit Plans (cont.)**

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.0848486348%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2017 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

***Changes Since the Prior Actuarial Valuation*** – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

1. 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 assumptions, including participation rates, retirement rates, and spousal participation rates.
2. 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.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

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

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

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

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

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

S. Defined Benefit Other Post-Employment Benefit Plans (cont.)

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 \$17,572,077 and revenue of \$17,572,077 for support provided by the State.

The amount of OPEB expense recognized by the District in the reporting period was \$29,945,597.

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 (OPEB) from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual economic experience	\$ -	\$ 770,263
Changes in actuarial assumptions	-	14,664,026
Difference between projected and actual investment earnings	5,605	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	169	-
Contributions paid to TRS subsequent to the measurement date	<u>567,728</u>	<u>-</u>
Total	<u>\$ 573,502</u>	<u>\$ 15,434,289</u>

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

S. Defined Benefit Other Post-Employment Benefit Plans (cont.)

The \$567,728 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2019. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended August 31:	OPEB Expense Amount
2019	\$ (2,035,810)
2020	(2,035,810)
2021	(2,035,810)
2022	(2,035,810)
2023	(2,037,211)
Thereafter	<u>(5,248,064)</u>
	<u>\$ (15,428,515)</u>

***Changes in Net OPEB liability:***

	Beginning Balance	Additions	Reductions	Ending Balance
Net OPEB Liability	<u>\$ 65,140,652</u>	<u>\$ 469</u>	<u>\$ 28,243,633</u>	<u>\$ 36,897,488</u>

**Negative Operating Grants and Contributions - Statement of Activities**

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. For these plans, the non-employer contributing entities (NECE) also participates 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 actuarial assumptions within the TRS-care plan. The effect of recording the on-behalf amounts for the District's proportionate share of that expense resulted in negative on-behalf revenue and expense amounts. As such, the Statement of Activities includes several functions with negative amounts in operating grants and contributions. However, the net effect on governmental activities was zero for the year ended August 31, 2018.

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**S. Defined Benefit Other Post-Employment Benefit Plans (cont.)**

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	\$ (2,825,531)	\$ (10,265,403)	\$ 7,439,872
12 - Instructional Resources and Media Services	(206,145)	(241,474)	35,329
13 - Curriculum and Instructional Staff Development	1,115,572	(315,179)	1,430,751
21 - Instructional Leadership	220,620	(289,889)	510,509
23 - School Leadership	(1,251,546)	(1,506,688)	255,142
31 - Guidance, Counseling and Evaluation Services	579,165	(554,483)	1,133,648
32 - Social Work Services	(37,382)	(43,788)	6,406
33 - Health Services	2,196,153	(266,740)	2,462,893
34 - Student (Pupil) Transportation	(639,827)	(749,481)	109,654
35 - Food Services	9,191,795	-	9,191,795
36 - Extracurricular Activities	(300,208)	(351,657)	51,449
41 - General Administration	155,836	(593,420)	749,256
51 - Facilities Maintenance and Operations	(1,255,515)	(1,628,404)	372,889
52 - Security and Monitoring Services	(308,989)	(445,105)	136,116
53 - Data Processing Services	(249,182)	(291,885)	42,703
61 - Community Services	76,609	(28,481)	105,090
72 - Interest on Long Term Debt	9,371,907	-	9,371,907
73 - Bond Issuance Costs and Fees	-	-	-
81 - Capital Outlay	-	-	-
99 - Other Intergovernmental Charges	-	-	-
	<u>\$ 15,833,332</u>	<u>\$ (17,572,077)</u>	<u>\$ 33,405,409</u>

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provision of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Medicare Part D contributions made on behalf of the District's employees for the years ended August 31, 2016, 2017, and 2018 were \$264,059, \$205,726, and \$179,879, respectively. These amounts were recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

(Continued)



**CLINT INDEPENDENT SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

AUGUST 31, 2018

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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

T. Workers' Compensation Program

As required by law the District has acquired adequate workers' compensation insurance coverage contracted through Claims Administrative Services, Inc. since September 1, 2001. The District has chosen to participate in a political subdivision risk pool, which means that the District shares its exposure with other school districts and public entities with similar employee populations. Currently, the District employs more than 1,500 full-time and part-time employees, and pays about \$628,000 in workers' compensation premium annually. This premium is considered sufficient by Claims Administrative Services, Inc. and no contingent liability is required to be reported. This total amount paid for workers' compensation costs is less than 1% of annual payroll, which illustrates that the District is managing and operating its workers' compensation program with comfortable success.

U. E-Rate Program for Schools and Libraries

The E-Rate, (the Schools and Libraries Universal Service Support Mechanism), provides discounts to assist most schools and libraries in the United States to obtain affordable telecommunications and Internet access. Three service categories are funded: Telecommunications Services, Internet Access, and Internal Connections. Discounts range from 20% to 90% of the costs of eligible services. The District applied for two of the three service categories: Telecommunications Services and Internet Access. These services were funded by a 30%, and 90% discount for their respective categories during school year 2017-2018. Amounts received as of August 31, 2018 and for the year then ended for reimbursement of prior period expenditures equal to \$630,491 are presented as Other Resources.

V. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board maintains insurance policies acquired from independent insurance carriers covering all structural property, automobiles, dishonesty, errors and omissions, boiler and machinery, personal property, general liability, and athletic insurance. There have been no reductions in insurance coverage from prior years and settlements have not exceeded insurance coverage.

W. Litigation

During the normal course of business, the District is subject to various legal claims. As of August 31, 2018, management was not aware of any such claim which would have a material adverse effect on the accompanying basic financial statements and accordingly, no provision has been accrued. During the year ended August 31, 2018, one of the District's legal insurers filed for bankruptcy. The Board has agreed to pay the attorney fees in the interim for ongoing litigation expenses for cases filed with the insurer. The District expected to obtain reimbursement from the bankruptcy proceedings which are still ongoing; however, reimbursement is unlikely. As of September 1, 2017, the District has obtained litigation coverage for new legal proceedings.

(Continued)

# CLINT INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2018

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### IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

#### X. Federal and State Funding

The District participates in numerous programs which are subject to audit by the Texas Education Agency and various Federal agencies. These programs have complex compliance requirements, and should State or Federal auditors discover areas of material noncompliance, those District funds may be subject to refund if so determined by administrative audit review.

#### Y. Related Party Transactions

From time to time, the District may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the year ended August 31, 2018.

#### Z. New Accounting Pronouncements

The District has not completed the process of evaluating the impact on its financial position that will result from adopting the following Governmental Accounting Standards Board (GASB) Statements:

- GASB No. 83, *Certain Asset Retirement Obligations*, effective for fiscal years beginning after June 15, 2018. GASB No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs).
- GASB No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. GASB No. 84 establishes criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. GASB No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases.

#### AA. Prior Period Adjustment

During fiscal year 2018, the District adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. With GASB 75, the District must assume its 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 \$(64,699,523) which caused a restated beginning net position balance of \$7,159,170. Furthermore, as a result of recognizing the Net OPEB liability, the District ended the fiscal year with a deficit in unrestricted net position in the amount of (\$30,214,180). For more detailed information regarding the implementation of GASB 75, see Note IV. S.

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**REQUIRED SUPPLEMENTARY INFORMATION**

CLINT INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 14,055,667	\$ 14,055,667	\$ 14,009,731	\$ (45,936)
5800	State Program Revenues	79,369,577	79,369,577	84,626,379	5,256,802
5900	Federal Program Revenues	11,911,028	11,911,028	12,470,097	559,069
5020	Total Revenues	105,336,272	105,336,271	111,106,207	5,769,936
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	51,675,891	51,401,571	50,791,699	609,872
0012	Instructional Resources and Media Services	1,162,156	1,177,156	1,149,892	27,264
0013	Curriculum and Instructional Staff Development	1,794,650	1,780,671	1,712,543	68,128
0021	Instructional Leadership	2,244,662	2,137,679	1,992,232	145,447
0023	School Leadership	6,696,024	6,704,857	6,690,316	14,541
0031	Guidance, Counseling and Evaluation Services	2,561,415	2,595,859	2,576,445	19,414
0032	Social Work Services	163,315	173,315	165,709	7,606
0033	Health Services	1,148,194	1,164,165	1,152,221	11,944
0034	Student (Pupil) Transportation	3,608,652	7,281,652	7,118,863	162,789
0035	Food Services	9,201,338	9,381,338	8,607,906	773,432
0036	Extracurricular Activities	3,085,347	3,515,893	3,305,432	210,461
0041	General Administration	3,338,919	3,338,964	3,182,405	156,559
0051	Facilities Maintenance and Operations	18,568,173	24,674,281	17,755,629	6,918,652
0052	Security and Monitoring Services	2,131,493	2,131,493	1,999,762	131,731
0053	Data Processing Services	2,142,160	2,483,027	2,059,549	423,478
0061	Community Services	120,855	120,855	108,110	12,745
Debt Service:					
0071	Principal on Long-Term Debt	400,000	222,125	196,164	25,961
0072	Interest on Long-Term Debt	-	4,875	5,121	(246)
Capital Outlay:					
0081	Facilities Acquisition and Construction	6,758,120	2,008,512	762,741	1,245,771
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	35,000	35,000	-	35,000
0099	Other Intergovernmental Charges	300,000	307,500	307,492	8
6030	Total Expenditures	117,136,364	122,640,788	111,640,231	11,000,557
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,800,092)	(17,304,517)	(534,024)	16,770,493
<b>OTHER FINANCING SOURCES (USES):</b>					
7913	Capital Leases	299,280	299,280	-	(299,280)
7915	Transfers In	-	-	27,917	27,917
7949	Other Resources	-	-	630,491	630,491
7080	Total Other Financing Sources (Uses)	299,280	299,280	658,408	359,128
1200	Net Change in Fund Balances	(11,500,812)	(17,005,237)	124,384	17,129,621
0100	Fund Balance - September 1 (Beginning)	47,449,369	47,449,369	47,449,369	-
3000	Fund Balance - August 31 (Ending)	\$ 35,948,557	\$ 30,444,132	\$ 47,573,753	\$ 17,129,621

## CLINT INDEPENDENT SCHOOL DISTRICT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED AUGUST 31, 2018

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#### **Budgets and Budgetary Accounting**

The Board of Trustees adopts an "appropriated budget" for the General Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for this fund. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1.

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. No expenditures were made prior to approval of the budget.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

#### **Amendments to Adopted Budget**

There is a net \$5.5 million difference between the original budget and the final one. The Board approved to amend the budget by increasing expenditures by \$3.5 million to purchase buses and another \$2 million for construction and capital equipment.

#### **Expenditures in Excess of Appropriations**

During the fiscal year ended August 31, 2018, the District did not have any expenditures in excess of appropriations in the General Fund.

CLINT INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2018

	Measurement Year Ended August 31,			
	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0672858958%	0.0694300038%	0.0744378000%	0.0553606000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 21,514,405	\$ 26,236,566	\$ 26,312,772	\$ 14,787,583
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	32,528,251	39,094,734	38,325,970	32,787,766
Total	<u>\$ 54,042,656</u>	<u>\$ 65,331,300</u>	<u>\$ 64,638,742</u>	<u>\$ 47,575,349</u>
District's Covered Payroll	\$ 69,185,538	\$ 68,239,797	\$ 67,596,256	\$ 65,837,034
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	31.10%	38.45%	38.93%	22.46%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, paragraph 82 requires that the information on this schedule be presented for the Plan's measurement year (September 1st - August 31st) as opposed to the District's fiscal year.

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

CLINT INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	Fiscal Year Ended August 31,			
	2018	2017	2016	2015
Contractually Required Contribution	\$ 2,038,844	\$ 2,205,239	\$ 2,205,967	\$ 2,204,690
Contribution in Relation to the Contractually Required Contribution	<u>(2,038,844)</u>	<u>(2,205,239)</u>	<u>(2,205,967)</u>	<u>(2,204,690)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 68,567,380	\$ 69,185,538	\$ 68,239,797	\$ 67,596,256
Contributions as a percentage of Covered Payroll	2.97%	3.19%	3.23%	3.26%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1st - August 31st.

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



**CLINT INDEPENDENT SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR PENSIONS  
TEACHER RETIREMENT SYSTEM**

**FOR THE YEAR ENDED AUGUST 31, 2018**

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***Changes of benefit terms***

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

***Changes of assumptions***

There were no changes to assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

CLINT INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	Measurement Year Ended August 31, 2017
District's Proportion of the Net OPEB Liability (Asset)	0.0848486348%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 36,897,488
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	52,512,494
Total	\$ 89,409,982
District's Covered Payroll	\$ 69,185,538
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	53.33%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.91%

Note: GASB 75, paragraph 97 requires that the information on this schedule be presented for the Plan's measurement year (September 1st - August 31st) as opposed to the District's fiscal year.

Note: Only one year of data is presented in accordance with GASB No. 75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

CLINT INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	Fiscal Year Ended August 31,				
	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 567,728	\$ 441,129	\$ 436,304	\$ 437,509	\$ 425,914
Contribution in Relation to the Contractually Required Contribution	(567,728)	(441,129)	(436,304)	(437,509)	(425,914)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 68,567,380	\$ 69,185,538	\$ 68,239,797	\$ 67,596,256	\$ 65,837,034
Contributions as a percentage of Covered Payroll	0.83%	0.64%	0.64%	0.65%	0.65%

Note: GASB 75, paragraph 97 requires that the information on this schedule be presented for the District's fiscal year as opposed to the time period covered by the measurement date of September 1st - August 31st.

Note: Only five years of data are presented in accordance with GASB No. 75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.

**CLINT INDEPENDENT SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR OPEB  
TEACHER RETIREMENT SYSTEM**

**FOR THE YEAR ENDED AUGUST 31, 2018**

---

***Changes of benefit terms***

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

***Changes of assumptions***

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

1. 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 assumptions, including participation rates, retirement rates, and spousal participation rates.
2. 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.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

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

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

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

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

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**SUPPLEMENTARY INFORMATION**

CLINT INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2018

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Due from Other Governments	159	593,137	142,554
1260	Due from Other Funds	-	-	-
1800	Restricted Assets	-	-	-
1000	<b>Total Assets</b>	<u>\$ 159</u>	<u>\$ 593,137</u>	<u>\$ 142,554</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	\$ -	\$ -	\$ -
2170	Due to Other Funds	159	593,137	142,554
2300	Unearned Revenue	-	-	-
2000	<b>Total Liabilities</b>	<u>159</u>	<u>593,137</u>	<u>142,554</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3445	Other Non-Spendable Fund Balance	-	-	-
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3490	Other Restricted Fund Balance	-	-	-
Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 159</u>	<u>\$ 593,137</u>	<u>\$ 142,554</u>

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	6,703	49,112	21,000	-	74,525	-	37,383
-	-	-	-	86,074	-	2,249	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 6,703</u>	<u>\$ 49,112</u>	<u>\$ 21,000</u>	<u>\$ 86,074</u>	<u>\$ 74,525</u>	<u>\$ 2,249</u>	<u>\$ 37,383</u>
\$ -	\$ -	\$ 2,299	\$ -	\$ -	\$ -	\$ -	\$ 5,665
-	6,703	46,813	21,000	-	74,525	-	29,501
-	-	-	-	-	-	-	2,217
-	6,703	49,112	21,000	-	74,525	-	37,383
-	-	-	-	-	-	-	-
-	-	-	-	86,074	-	2,249	-
-	-	-	-	-	-	-	-
-	-	-	-	86,074	-	2,249	-
<u>\$ -</u>	<u>\$ 6,703</u>	<u>\$ 49,112</u>	<u>\$ 21,000</u>	<u>\$ 86,074</u>	<u>\$ 74,525</u>	<u>\$ 2,249</u>	<u>\$ 37,383</u>



CLINT INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2018

Data Control Codes	422 Matching Fund for Library Purchases	429 Other State Special Revenue Funds	461 Campus Activity Funds	497 TASP
<b>ASSETS</b>				
1110	\$ -	\$ -	\$ 180,287	\$ -
1240	-	5,538	-	-
1260	4,232	1,050	-	500
1800	-	-	-	-
1000	<u>\$ 4,232</u>	<u>\$ 6,588</u>	<u>\$ 180,287</u>	<u>\$ 500</u>
<b>LIABILITIES</b>				
2110	\$ -	\$ -	\$ 5,196	\$ -
2170	-	5,509	22,724	-
2300	-	-	-	-
2000	<u>-</u>	<u>5,509</u>	<u>27,920</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3445	-	-	-	-
Restricted Fund Balance:				
3450	4,232	1,079	-	-
3490	-	-	-	500
Committed Fund Balance:				
3545	-	-	152,367	-
3000	<u>4,232</u>	<u>1,079</u>	<u>152,367</u>	<u>500</u>
4000	<u>\$ 4,232</u>	<u>\$ 6,588</u>	<u>\$ 180,287</u>	<u>\$ 500</u>

498 CREEED	Total Nonmajor Special Revenue Funds	807 David Cramer Memorial Scholarship	Total Nonmajor Governmental Funds
\$ -	\$ 180,287	\$ -	\$ 180,287
-	940,693	-	940,693
27,085	121,190	-	121,190
-	-	5,976	5,976
<u>\$ 27,085</u>	<u>\$ 1,242,170</u>	<u>\$ 5,976</u>	<u>\$ 1,248,146</u>
\$ -	\$ 13,160	\$ -	\$ 13,160
-	953,207	-	953,207
-	2,217	-	2,217
<u>-</u>	<u>968,584</u>	<u>-</u>	<u>968,584</u>
-	-	5,000	5,000
-	93,634	-	93,634
27,085	27,585	976	28,561
-	152,367	-	152,367
<u>27,085</u>	<u>273,586</u>	<u>5,976</u>	<u>279,562</u>
<u>\$ 27,085</u>	<u>\$ 1,242,170</u>	<u>\$ 5,976</u>	<u>\$ 1,248,146</u>

CLINT 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	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	15,169	4,300,558	1,955,793	23,676
5020 Total Revenues	15,169	4,300,558	1,955,793	23,676
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	12,696	2,775,225	1,044,823	23,676
0013 Curriculum and Instructional Staff Development	-	786,891	87,157	-
0021 Instructional Leadership	2,368	261,706	201,116	-
0023 School Leadership	-	25,918	-	-
0031 Guidance, Counseling and Evaluation Services	-	350,000	622,697	-
0035 Food Services	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	105	100,818	-	-
6030 Total Expenditures	15,169	4,300,558	1,955,793	23,676
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
8911 Transfers Out (Use)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Textbook Fund
\$ 334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	1,353,277
92,220	153,959	479,310	403,262	33,589	105,283	-	-
92,554	153,959	479,310	403,262	33,589	105,283	-	1,353,277
-	62,103	23,305	374,012	-	34,289	-	1,353,277
-	12,028	444,312	29,250	-	-	-	-
-	-	2,906	-	-	-	-	-
-	-	8,787	-	-	-	-	-
-	79,828	-	-	-	-	-	-
64,637	-	-	-	-	-	-	-
-	-	-	-	-	70,994	-	-
-	-	-	-	-	-	-	-
64,637	153,959	479,310	403,262	-	105,283	-	1,353,277
27,917	-	-	-	33,589	-	-	-
(27,917)	-	-	-	-	-	-	-
-	-	-	-	33,589	-	-	-
-	-	-	-	52,485	-	2,249	-
\$ -	\$ -	\$ -	\$ -	\$ 86,074	\$ -	\$ 2,249	\$ -

CLINT 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	422 Matching Fund for Library Purchases	429 Other State Special Revenue Funds	461 Campus Activity Funds	497 TASP
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 212,224	\$ 500
5800 State Program Revenues	-	1,236	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	-	1,236	212,224	500
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	-	5,057	220,976	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0035 Food Services	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	-	5,057	220,976	-
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(3,821)	(8,752)	500
<b>OTHER FINANCING SOURCES (USES):</b>				
8911 Transfers Out (Use)	-	-	-	-
1200 Net Change in Fund Balance	-	(3,821)	(8,752)	500
0100 Fund Balance - September 1 (Beginning)	4,232	4,900	161,119	-
3000 Fund Balance - August 31 (Ending)	\$ 4,232	\$ 1,079	\$ 152,367	\$ 500

498 CREEED	Total Nonmajor Special Revenue Funds	807 David Cramer Memorial Scholarship	Total Nonmajor Governmental Funds
\$ 25,000	\$ 238,058	\$ 23	\$ 238,081
-	1,354,513	-	1,354,513
-	7,562,819	-	7,562,819
25,000	9,155,390	23	9,155,413
-	5,929,439	-	5,929,439
88	1,359,726	-	1,359,726
-	468,096	-	468,096
-	34,705	-	34,705
-	1,052,525	-	1,052,525
-	64,637	-	64,637
-	70,994	-	70,994
-	100,923	-	100,923
88	9,081,045	-	9,081,045
24,912	74,345	23	74,368
-	(27,917)	-	(27,917)
24,912	46,428	23	46,451
2,173	227,158	5,953	233,111
\$ 27,085	\$ 273,586	\$ 5,976	\$ 279,562

CLINT INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	BALANCE SEPTEMBER 1 2017	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2018
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 303,005	\$ 658,740	\$ 657,051	\$ 304,694
Due From Other Funds	3	-	-	3
Total Assets	<u>\$ 303,008</u>	<u>\$ 658,740</u>	<u>\$ 657,051</u>	<u>\$ 304,697</u>
Liabilities:				
Due to Student Groups	<u>\$ 303,008</u>	<u>\$ 658,740</u>	<u>\$ 657,051</u>	<u>\$ 304,697</u>
<b>SUNSHINE ACCOUNT</b>				
Assets:				
Due From Other Funds	<u>\$ 23,665</u>	<u>\$ 42,114</u>	<u>\$ 43,658</u>	<u>\$ 22,121</u>
Liabilities:				
Accounts Payable	<u>\$ 23,665</u>	<u>\$ 42,114</u>	<u>\$ 43,658</u>	<u>\$ 22,121</u>
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 303,005	\$ 658,740	\$ 657,051	\$ 304,694
Due From Other Funds	23,668	42,114	43,658	22,124
Total Assets	<u>\$ 326,673</u>	<u>\$ 700,854</u>	<u>\$ 700,709</u>	<u>\$ 326,818</u>
Liabilities:				
Accounts Payable	\$ 23,665	\$ 42,114	\$ 43,658	\$ 22,121
Due to Student Groups	303,008	658,740	657,051	304,697
Total Liabilities	<u>\$ 326,673</u>	<u>\$ 700,854</u>	<u>\$ 700,709</u>	<u>\$ 326,818</u>

**OTHER INFORMATION - REQUIRED TEA SCHEDULES**



CLINT INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2018

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2009 and prior years	Various	Various	\$ 7,633,116,403
2010	1.040050	0.295000	922,847,582
2011	1.040050	0.295000	941,462,049
2012	1.040050	0.295000	997,553,147
2013	1.040050	0.295000	1,026,403,818
2014	1.040050	0.295000	1,057,975,193
2015	1.040050	0.295000	1,067,074,400
2016	1.040100	0.366500	1,023,854,363
2017	1.040100	0.366500	1,069,176,764
2018 (School year under audit)	1.040100	0.365500	1,173,520,402
1000 TOTALS			

(10) Beginning Balance 9/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2018
\$ 1,717,630	\$ -	\$ 42,088	\$ 10,008	\$ (316,669)	\$ 1,348,865
136,570	-	7,242	2,054	(934)	126,340
159,033	-	10,221	2,899	(823)	145,090
175,730	-	15,164	4,301	(414)	155,851
253,301	-	50,370	14,287	12,038	200,682
308,008	-	86,240	24,461	63,851	261,158
365,053	-	102,384	29,040	80,646	314,275
491,738	-	145,155	51,148	98,243	393,678
779,942	-	212,807	74,987	10,242	502,390
-	16,506,738	11,604,033	4,088,913	-	813,792
<u>\$ 4,387,005</u>	<u>\$ 16,506,738</u>	<u>\$ 12,275,704</u>	<u>\$ 4,302,098</u>	<u>\$ (53,820)</u>	<u>\$ 4,262,121</u>

CLINT INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 350,250	\$ 350,250	\$ 350,243	\$ (7)
5800	State Program Revenues	44,145	44,145	44,145	-
5900	Federal Program Revenues	8,443,357	8,443,357	9,190,075	746,718
5020	Total Revenues	8,837,752	8,837,752	9,584,463	746,711
<b>EXPENDITURES:</b>					
0035	Food Services	9,200,338	9,380,338	8,607,860	772,478
0041	General Administration	15,000	15,000	-	15,000
0051	Facilities Maintenance and Operations	371,640	191,640	127,369	64,271
6030	Total Expenditures	9,586,978	9,586,978	8,735,229	851,749
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(749,226)	(749,226)	849,234	1,598,460
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	27,917	27,917
7949	Other Resources	-	-	20,067	20,067
7080	Total Other Financing Sources (Uses)	-	-	47,984	47,984
1200	Net Change in Fund Balances	(749,226)	(749,226)	897,218	1,646,444
0100	Fund Balance - September 1 (Beginning)	1,713,548	1,713,548	1,713,548	-
3000	Fund Balance - August 31 (Ending)	\$ 964,322	\$ 964,322	\$ 2,610,766	\$ 1,646,444

CLINT INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 4,039,100	\$ 4,039,100	\$ 4,613,643	\$ 574,543
5800	State Program Revenues	10,749,025	10,749,025	9,371,907	(1,377,118)
5020	Total Revenues	14,788,125	14,788,125	13,985,550	(802,575)
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long-Term Debt	5,530,855	5,530,855	5,530,855	-
0072	Interest on Long-Term Debt	9,007,270	9,007,270	9,007,270	-
0073	Bond Issuance Cost and Fees	250,000	250,000	6,494	243,506
6030	Total Expenditures	14,788,125	14,788,125	14,544,619	243,506
1200	Net Change in Fund Balances	-	-	(559,069)	(559,069)
0100	Fund Balance - September 1 (Beginning)	6,978,952	6,978,952	6,978,952	-
3000	Fund Balance - August 31 (Ending)	\$ 6,978,952	\$ 6,978,952	\$ 6,419,883	\$ (559,069)

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**FEDERAL AWARDS SECTION**

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

To the Board of Trustees  
Clint Independent School District

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 Clint Independent School District (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 and have issued our report thereon dated January 4, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Clint 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 Clint Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 Clint Independent School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Gibson Ruddock Patterson, LLC  
El Paso, Texas  
January 4, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees  
Clint Independent School District

**Report on Compliance for Each Major Federal Program**

We have audited Clint 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 Clint Independent School District's major federal programs for the year ended August 31, 2018. Clint 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 Clint 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 Clint 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 Clint Independent School District's compliance.

### ***Opinion of Each Major Federal Program***

In our opinion, the Clint 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 Clint 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 Clint 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 Clint 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Gibson Ruddock Patterson, LLC  
El Paso, Texas  
January 4, 2019

CLINT INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2018

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**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of Auditor's Report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

**Internal control over financial reporting:**

Were significant deficiencies in internal control disclosed? None reported

Were material weaknesses in internal control disclosed? No

Was any noncompliance disclosed that is material to the financial statements of the auditee, which would be required to be reported in accordance with Government Auditing Standards? No

**Federal Awards**

**Internal control over major federal award programs:**

Were significant deficiencies in internal control over major programs disclosed? None reported

Were material weaknesses in internal control over major programs disclosed? No

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

Were there any audit findings that the auditor is required to disclose under Title 2 CFR 200.516 Audit findings paragraph (a)? No

**Major Federal Programs:**

**Child Nutrition Cluster:**  
CFDA 10.553  
School Breakfast Program  
CFDA 10.555  
National School Lunch Program  
CFDA 10.559  
Summer Food Service Program

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

Did auditee qualify as a low-risk auditee under 2 CFR 200.520 Criteria for a low-risk auditee? Yes

**CLINT INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED AUGUST 31, 2018**

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**FINANCIAL STATEMENT FINDINGS**

There were no current year findings.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no current year findings or questioned costs.

**CLINT INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF STATUS OF PRIOR FINDINGS**

**FOR THE YEAR ENDED AUGUST 31, 2018**

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**FINANCIAL STATEMENT FINDINGS**

There were no prior year findings.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no prior year findings or questioned costs.

CLINT INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2018

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<u>Direct Programs</u>			
NJROTC	12.000	N/A	\$ 193,718
Total Direct Programs			193,718
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			193,718
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through Region ESC 10</u>			
ESEA, Title X, Part C - Homeless Children	84.196A	18-010	15,548
Total Passed Through Region ESC 10			15,548
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101071901	4,430,482
*IDEA - Part B, Formula	84.027A	186600010719016600	1,955,793
*IDEA - Part B, Preschool	84.173A	186610010719016610	23,676
Total Special Education Cluster (IDEA)			1,979,469
Career and Technical - Basic Grant	84.048A	18420006071901	158,555
Title III, Part A - English Language Acquisition	84.365A	18671001071901	406,767
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	17694501071901	9,599
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	18694501071901	471,775
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	186945677110003	8,883
Total CFDA Number 84.367A			490,257
Summer School LEP	84.369A	69551702	11,000
Student Support and Academic Enrichment Program	84.424A	18680101071901	94,283
Total Passed Through State Department of Education			7,570,813
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			7,586,361
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-150048-00004	33,589
Total Passed Through Texas Dept of Human Services			33,589
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			33,589
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
**School Breakfast Program - Cash Assistance	10.553	71401801	3,037,076
**School Breakfast Program - Cash Assistance	10.553	71401701	393,091
Total CFDA Number 10.553			3,430,167
**National School Lunch Program - Cash Assistance	10.555	71301801	4,625,782
**National School Lunch Prog. - Cash Assistance	10.555	71301701	600,859
**National School Lunch Prog. - Non-Cash Assist.	10.555	071901	587,722
Total CFDA Number 10.555			5,814,363
**Summer Feeding Program - Cash Assistance	10.559	71401801	34,300
**Summer Feeding Program - Cash Assistance	10.559	71301801	57,920
Total CFDA Number 10.559			92,220
Total Child Nutrition Cluster			9,336,750

CLINT INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Child & Adult Care Food Program - Cash Assistance	10.558	071901	285,090
Fresh Fruit and Vegetable Prog. - Cash Assistance	10.582	00345	<u>173,540</u>
Total Passed Through the State Department of Agriculture			<u>9,795,380</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>9,795,380</u>
 <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			 <u><u>\$ 17,609,048</u></u>

\* and \*\* are Clustered Programs



# CLINT INDEPENDENT SCHOOL DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2018

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1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or committed for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, if balances have not been expended by the end of the project period, the grantor may require the District to refund all or part of the unused amount.

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

2. Accounting and Financial Reporting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in either the General Fund or in a Special Revenue Fund, a component of the Governmental Fund type. For specifics, see reconciliation at item number 4 and 6. Indirect costs were accounted for in the General Fund. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources and the fund balance are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Such 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. Due to the nature of the reporting process for the SHARS program, the District recognizes revenue upon receipt of the reimbursement notice from the granting agency.

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2018

2. Period of Performance - The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Awards, Part 3, OMB Compliance Supplement - April 2018.

Matching - Matching contributions were not required for any of the federal awards.

Program Income - The Child Nutrition Cluster and Summer Feeding Program generated program income in the amount of \$350,243 and \$334, respectively, for the year ended August 31, 2018.

3. Commodity assistance is reported by the CFDA number of the programs under which USDA donated the commodities.
4. Of the federal expenditures presented in schedule K-1, the District accounted for certain funds in the General Fund as follows:

Program Title	Federal CFDA Number	Amount
School Breakfast Program - Cash Assistance	10.553	\$ 3,224,933
National School Lunch Program - Cash Assistance	10.555	4,918,790
National School Lunch Prog. - Non-Cash Assistance	10.555	587,722
Child & Adult Care Food Program - Cash Assistance	10.558	285,090
Fresh Fruits and Vegetables - Cash Assistance	10.582	173,540
NJROTC	12.000	193,718
Indirect Costs - CNP	10.XXX	513,085
Indirect Costs - Other	84.XXX	<u>149,351</u>
		10,046,229
SHARS (not included in Exhibit K-1)		<u>2,423,868</u>
Total General Fund federal revenue per Exhibit C-3		<u><u>\$ 12,470,097</u></u>

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED AUGUST 31, 2018**

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5. The District did not elect to use the 10% de minimis indirect cost rate but used the indirect cost rate assigned by the Texas Education Agency.

The District accounted for federally funded indirect costs in the General Fund as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
School Breakfast Program - Cash Assistance	10.553	\$ 205,234
National School Lunch Program - Cash Assistance	10.555	307,851
ESEA, Title I, Part A - Improving Basic Programs	84.010A	129,924
Career and Technical - Basic Grant	84.048A	4,595
Texas Support for Homeless Education Program	84.196A	379
Title III, Part A - English Language Acquisition	84.365A	3,505
Title II, Part A - Teacher/Principal Training	84.367A	<u>10,947</u>
Total Indirect Costs		<u>\$ 662,435</u>

6. The total federal revenue presented on schedule K-1 can be reconciled to Exhibit C-3 as follows:

Expenditures of federal awards per Exhibit K-1	\$ 17,609,048
School Health and Related Services (SHARS) reimbursements	<u>2,423,868</u>
Total federal revenue per Exhibit C-3	<u>\$ 20,032,916</u>