

CLINT INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2019



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, 2019, at a meeting of the board of trustees of such school district on the 18th day of December 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)

CLINT INDEPENDENT SCHOOL DISTRICT

**ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2019**

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CLINT INDEPENDENT SCHOOL DISTRICT

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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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the 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, 2019, 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.

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 pension and other post employment benefits information on pages 7 through 16 and 75 through 83 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 December 17, 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
December 17, 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, 2019. 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 \$60.0 million, or 52 percent of the total general fund expenditures, increasing by \$12.5 million.
- During the year, the District had expenses that were less than the \$126.9 million generated in tax and other revenues for the general fund.
- The District's total long term liabilities, not related to TRS, decreased by \$7.9 million or 4.1 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 29-32 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 33-34 of this report.

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

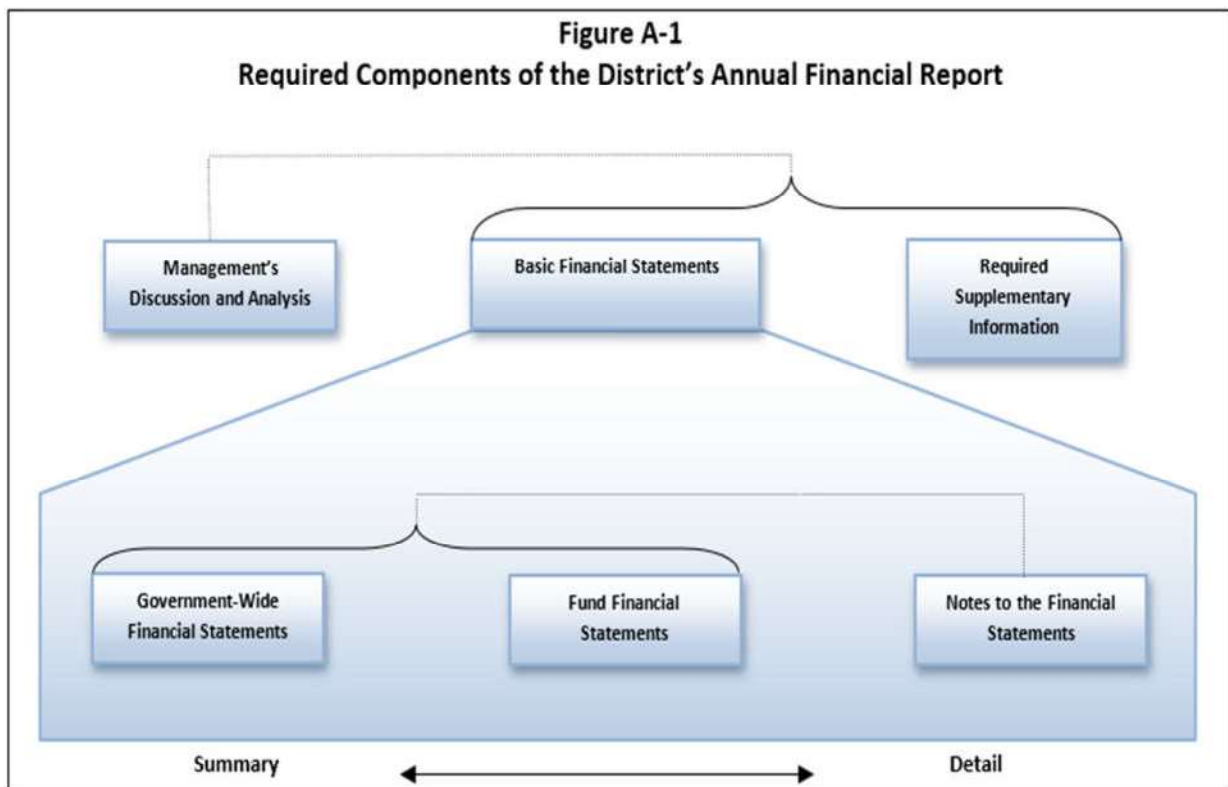


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of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

Figure A-2 Major Features of the District's Government-wide and Fund Financial Statements				
Type of Statements	Government-Wide	Governmental Funds	Fund Statements Proprietary Funds	Fiduciary Funds
<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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Net position • Statement of Revenues, Expenses and changes in Fund Net position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net position
<i>Accounting Basis & 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 increased by \$17 million or 63%. 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 (\$14.7) million and (\$30.0) million at August 31, 2019 and August 31, 2018, respectively. A deficit unrestricted net position is attributed to the adoption of GASB Statement No. 75. Additional information can be found at Note IV-Q (pages 59-71). A smaller deficit unrestricted net position is reported in the current fiscal year primarily because of increases in the deferred outflow of resources related to TRS Pension and TRS OPEB based upon changes in the TRS valuations.

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

Governmental Activities	August 31, 2019	August 31, 2018	Variance	% Change
Current and Other Assets	\$ 83,248,910	\$ 84,235,007	(986,097)	-1.2%
Capital Assets	222,339,647	215,241,444	7,098,203	3.3%
Total Assets	<u>\$ 305,588,557</u>	<u>299,476,451</u>	<u>6,112,106</u>	<u>2.0%</u>
Deferred Charge for Refunding	5,155,301	5,578,617	(423,316)	-7.6%
Deferred Outflow Related to TRS Pension	16,596,855	6,213,533	10,383,322	167.1%
Deferred Outflow Related to TRS OPEB	3,488,991	573,502	2,915,489	508.4%
Total Deferred Outflows of Resources	<u>\$ 25,241,147</u>	<u>12,365,652</u>	<u>12,875,495</u>	<u>104.1%</u>
Current Liabilities	7,220,934	12,501,942	(5,281,008)	-42.2%
Non-Current Liabilities	259,888,097	251,879,863	8,008,234	3.2%
Total Liabilities	<u>\$ 267,109,031</u>	<u>264,381,805</u>	<u>2,727,226</u>	<u>1.0%</u>
Deferred Gain on Refunding	434,511	477,926	(43,415)	-9.1%
Deferred Inflow Related to TRS Pension	4,846,080	4,530,242	315,838	7.0%
Deferred Inflow Related to TRS OPEB	14,395,213	15,434,289	(1,039,076)	-6.7%
Total Deferred Inflows of Resources	<u>\$ 19,675,804</u>	<u>20,442,457</u>	<u>(766,653)</u>	<u>-3.8%</u>
Net Investment in Capital Assets	47,130,962	40,166,781	6,964,181	17.3%
Restricted	11,652,881	17,065,240	(5,412,359)	-31.7%
Unrestricted	(14,738,974)	(30,214,180)	15,475,206	-51.2%
Total Net Position	<u>\$ 44,044,869</u>	<u>27,017,841</u>	<u>17,027,028</u>	<u>63.0%</u>

The cost of all governmental activities this year was \$136 million compared to \$96 million last year. The change is primarily attributed to negative expense recognized upon adoption of GASB Statement No. 75 in the prior year. Revenue increases were expected and planned due to a Tax Rate Election (TRE) which produced additional local and State revenue, but did not increase the tax rate. In addition, the district changed the start date for instructional staff and students to allow for enhanced instruction through a balanced calendar. This change increased revenue and expenditures.

As shown in the *Statement of Activities* on page 19, the amount that taxpayers ultimately financed for these activities through District Taxes was only \$18.5 million, because the majority of the costs continue to be funded by State.

Table II
Clint Independent School District
SUMMARIZED STATEMENT OF ACTIVITIES

	August 31, 2019	August 31, 2018	Variance	% Change
Governmental Activities				
Revenues				
Program Revenues				
Charges for Services	\$ 950,034	\$ 714,785	235,249	32.9%
Operating Grants and Contributions	40,156,062	15,833,332	24,322,730	153.6%
Capital Grants and Contributions	-	-	-	
General Revenues				
Property Taxes Levied for General Purposes	15,419,234	12,351,373	3,067,861	24.8%
Property Taxes Levied for Debt Services	3,118,112	4,304,683	(1,186,571)	-27.6%
State Aid-Formula Grants	90,443,755	80,053,277	10,390,478	13.0%
Investment Earnings	1,959,639	1,641,944	317,695	19.3%
Miscellaneous Revenue	649,105	446,110	202,995	45.5%
Total Revenues	<u>\$ 152,695,941</u>	<u>\$ 115,345,504</u>	<u>37,350,437</u>	<u>32.4%</u>
Expenses				
Instruction	66,656,347	40,933,939	25,722,408	62.8%
Instructional Resources and Media Services	1,321,169	798,687	522,482	65.4%
Curriculum and Staff Development	4,046,791	2,367,921	1,678,870	70.9%
Instructional Leadership	2,852,204	1,851,120	1,001,084	54.1%
School Leadership	7,429,267	4,609,730	2,819,537	61.2%
Guidance, Counseling and Evaluation Services	4,307,588	2,592,079	1,715,509	66.2%
Social Work Services	214,222	113,473	100,749	88.8%
Health Services	1,393,251	789,303	603,948	76.5%
Student (Pupil) Transportation	4,603,393	2,855,709	1,747,684	61.2%
Food Services	9,835,608	8,796,715	1,038,893	11.8%
Extracurricular Activities	3,518,709	2,610,504	908,205	34.8%
General Administration	3,588,835	2,429,757	1,159,078	47.7%
Plant Maintenance and Operations	13,254,855	13,823,502	(568,647)	-4.1%
Security and Monitoring Services	2,769,556	1,939,952	829,604	42.8%
Data Processing Services	2,527,217	1,702,191	825,026	48.5%
Community Services	204,994	156,122	48,872	31.3%
Debt Service-Interest on Long Term Debt	7,089,827	7,348,724	(258,897)	-3.5%
Debt Service-Bond Issuance Cost and Fees	6,574	6,494	80	1.2%
Capital Outlay	142,402	83,910	58,492	69.7%
Other Intergovernmental Charges	316,763	307,492	9,271	3.0%
Total Expenses	<u>\$ 136,079,572</u>	<u>\$ 96,117,324</u>	<u>39,962,248</u>	<u>41.6%</u>
Increase in Net Position Before Prior Period Adj	<u>16,616,369</u>	<u>19,228,180</u>	<u>(2,611,811)</u>	<u>-13.6%</u>
Special Item - E Rate	410,659	630,491	(219,832)	-34.9%
Prior Period Adjustment (TRS)	-	(64,699,523)		
Increase in Net Position	<u>\$ 17,027,028</u>	<u>\$ (44,840,852)</u>	<u>61,867,880</u>	<u>-138.0%</u>
Beginning Net Position	<u>27,017,841</u>	<u>71,858,693</u>	<u>(44,840,852)</u>	<u>-62.4%</u>
Ending Net Position	<u>\$ 44,044,869</u>	<u>\$ 27,017,841</u>	<u>17,027,028</u>	<u>63.0%</u>

General Fund Budgetary Highlights

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 an additional staff payment, due to the calendar change, for staff returning early and to begin their first contract or compensation payment for the following fiscal year, to be realized in the 2018-2019 year. This amount was approximately \$3.7M. Amendments were also approved for numerous new staff positions to include fine arts teachers (band and orchestra), music teachers at the elementary level, elective teachers, curriculum coaches, bilingual coaches, additional staff for current and new Special Education programs throughout the district, and additional School Resource Officers (SRO's). These amendments were just over \$2.0M. Finally, amendments were also approved for additional instructional technology and equipment, reading resources, uniforms, buses, instruments, improvements to student drop off zones, parking lots, and other campus renovations.

Capital Asset and Debt Administration

Capital Assets

At the end of 2019, the District had \$222 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 \$7.1 million with a net increase in capital assets of \$7 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 \$185 million in bonds and a capital lease outstanding, a decrease of \$7.9 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 \$60.0 million, which is an increase of \$12.5 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 2019-2020 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.

House Bill 3, approved during the last legislative session, has changed funding. Information, with regard to the House Bill, is being reviewed and preliminary review projects an increase to funding.

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 2019 student enrollment decreased slightly. Over the last 5 years, the district has had a net loss of less than 451 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 or contact the District's Business Service Department, at (915) 925-4000 located at 14521 Horizon Blvd., El Paso, Texas.

BASIC FINANCIAL STATEMENTS

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2019

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 66,716,821
1220 Property Taxes - Delinquent	4,674,761
1230 Allowance for Uncollectible Taxes	(3,053,865)
1240 Due from Other Governments	14,619,089
1290 Other Receivables, Net	14,074
1300 Inventories	272,021
Capital Assets:	
1510 Land	6,930,175
1520 Buildings, Net	200,605,688
1530 Furniture and Equipment, Net	12,714,142
1580 Construction in Progress	2,089,642
1800 Restricted Assets	6,009
1000 Total Assets	305,588,557
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	5,155,301
1703 Deferred Outflow Related to TRS OPEB	3,488,991
1705 Deferred Outflow Related to TRS Pension	16,596,855
1700 Total Deferred Outflows of Resources	25,241,147
LIABILITIES	
2110 Accounts Payable	2,652,846
2140 Interest Payable	314,342
2160 Accrued Wages Payable	3,906,168
2177 Due to Fiduciary Funds	22,077
2180 Due to Other Governments	219,911
2200 Accrued Expenses	69,514
2300 Unearned Revenue	36,076
Noncurrent Liabilities:	
2501 Due Within One Year	7,605,445
2502 Due in More Than One Year	177,878,316
2540 Net Pension Liability (District's Share)	33,312,956
2545 Net OPEB Liability (District's Share)	41,091,380
2000 Total Liabilities	267,109,031
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Gain on Refunding	434,511
2603 Deferred Inflow Related to TRS OPEB	14,395,213
2605 Deferred Inflow Related to TRS Pension	4,846,080
2600 Total Deferred Inflows of Resources	19,675,804
NET POSITION	
3200 Net Investment in Capital Assets	47,130,962
3820 Restricted for Federal and State Programs	3,418,017
3850 Restricted for Debt Service	5,163,141
3860 Restricted for Capital Projects	3,045,836
3880 Restricted for Scholarships	25,387
3890 Restricted for Other Purposes	500
3900 Unrestricted	(14,738,974)
3000 Total Net Position	\$ 44,044,869

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, 2019

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
		3	4	Net (Expense) Revenue and Changes in Net Position
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 66,656,347	\$ 207,227	\$ 10,201,215	\$ (56,247,905)
12 Instructional Resources and Media Services	1,321,169	-	101,026	(1,220,143)
13 Curriculum and Instructional Staff Development	4,046,791	-	1,528,216	(2,518,575)
21 Instructional Leadership	2,852,204	-	540,124	(2,312,080)
23 School Leadership	7,429,267	-	664,026	(6,765,241)
31 Guidance, Counseling and Evaluation Services	4,307,588	-	1,309,772	(2,997,816)
32 Social Work Services	214,222	-	18,499	(195,723)
33 Health Services	1,393,251	-	3,632,978	2,239,727
34 Student (Pupil) Transportation	4,603,393	-	350,801	(4,252,592)
35 Food Services	9,835,608	329,726	9,627,681	121,799
36 Extracurricular Activities	3,518,709	43,146	160,145	(3,315,418)
41 General Administration	3,588,835	358,747	846,316	(2,383,772)
51 Facilities Maintenance and Operations	13,254,855	11,188	703,013	(12,540,654)
52 Security and Monitoring Services	2,769,556	-	417,555	(2,352,001)
53 Data Processing Services	2,527,217	-	118,326	(2,408,891)
61 Community Services	204,994	-	121,016	(83,978)
72 Debt Service - Interest on Long-Term Debt	7,089,827	-	9,815,353	2,725,526
73 Debt Service - Bond Issuance Cost and Fees	6,574	-	-	(6,574)
81 Capital Outlay	142,402	-	-	(142,402)
99 Other Intergovernmental Charges	316,763	-	-	(316,763)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 136,079,572	\$ 950,034	\$ 40,156,062	(94,973,476)

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		15,419,234
DT	Property Taxes, Levied for Debt Service		3,118,112
SF	State Aid - Formula Grants		90,443,755
IE	Investment Earnings		1,959,639
MI	Miscellaneous Local and Intermediate Revenue		649,105
SI	Special Item - E-Rate		410,659
TR	Total General Revenues and Special Items		112,000,504
CN	Change in Net Position		17,027,028
NB	Net Position - Beginning		27,017,841
NE	Net Position--Ending		\$ 44,044,869

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, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 51,996,958	\$ 5,445,948	\$ 9,093,177
1220 Property Taxes - Delinquent	3,738,991	935,770	-
1230 Allowance for Uncollectible Taxes	(2,462,453)	(591,412)	-
1240 Due from Other Governments	14,059,030	-	-
1260 Due from Other Funds	3,729,908	-	-
1290 Other Receivables	14,036	-	-
1300 Inventories	272,021	-	-
1800 Restricted Assets	-	-	-
1000 Total Assets	<u>\$ 71,348,491</u>	<u>\$ 5,790,306</u>	<u>\$ 9,093,177</u>
LIABILITIES			
2110 Accounts Payable	\$ 2,196,793	\$ -	\$ 162,793
2160 Accrued Wages Payable	3,906,168	-	-
2170 Due to Other Funds	4,132,543	92,912	230,748
2180 Due to Other Governments	-	219,911	-
2200 Accrued Expenditures	-	-	69,514
2300 Unearned Revenue	36,076	-	-
2000 Total Liabilities	<u>10,271,580</u>	<u>312,823</u>	<u>463,055</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,000,465	288,529	-
2600 Total Deferred Inflows of Resources	<u>1,000,465</u>	<u>288,529</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	87,449	-	-
3445 Other Non-Spendable Fund Balance	-	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	3,200,134	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	8,630,122
3480 Retirement of Long-Term Debt	-	5,188,954	-
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	42,788,863	-	-
3000 Total Fund Balances	<u>60,076,446</u>	<u>5,188,954</u>	<u>8,630,122</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 71,348,491</u>	<u>\$ 5,790,306</u>	<u>\$ 9,093,177</u>

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

Other Funds	Total Governmental Funds
\$ 180,738	\$ 66,716,821
-	4,674,761
-	(3,053,865)
560,059	14,619,089
430,549	4,160,457
38	14,074
-	272,021
6,009	6,009
<u>\$ 1,177,393</u>	<u>\$ 87,409,367</u>
\$ 293,260	\$ 2,652,846
-	3,906,168
487,498	4,943,701
-	219,911
-	69,514
-	36,076
<u>780,758</u>	<u>11,828,216</u>
-	1,288,994
<u>-</u>	<u>1,288,994</u>
-	87,449
5,000	5,000
217,883	3,418,017
-	8,630,122
-	5,188,954
20,887	20,887
-	8,000,000
-	4,000,000
152,865	152,865
-	1,000,000
-	1,000,000
-	42,788,863
<u>396,635</u>	<u>74,292,157</u>
<u>\$ 1,177,393</u>	<u>\$ 87,409,367</u>

CLINT INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2019

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	74,292,157
1 The District uses internal service funds to charge the costs of self-insurance for workers' compensation to appropriate functions in other funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		761,167
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$297,275,016 and the accumulated depreciation was (\$82,033,572). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		26,551,925
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2019 capital outlays and debt principal payments is to increase net position.		21,884,426
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$16,596,855, a deferred resource inflow in the amount of \$4,846,080 and a net pension liability in the amount of \$33,312,956. The resulted in an decrease in net position.		(21,562,181)
5 Included in the items related to debt is the recognition of the District's porportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$3,488,991 and a deferred resource inflow of \$14,395,213, an a net OPEB liability in the amount of \$41,091,380. This resulted in decrease in net position.		(51,997,602)
6 The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(7,174,017)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		1,288,994
19 Net Position of Governmental Activities	\$	44,044,869

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

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CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 17,908,894	\$ 3,559,992	\$ 334,269
5800 State Program Revenues	95,207,834	9,815,353	-
5900 Federal Program Revenues	13,846,920	-	-
5020 Total Revenues	<u>126,963,648</u>	<u>13,375,345</u>	<u>334,269</u>
EXPENDITURES:			
Current:			
0011 Instruction	54,749,258	-	28,357
0012 Instructional Resources and Media Services	1,191,762	-	-
0013 Curriculum and Instructional Staff Development	2,363,036	-	-
0021 Instructional Leadership	2,203,377	-	-
0023 School Leadership	6,627,053	-	-
0031 Guidance, Counseling and Evaluation Services	2,844,676	-	-
0032 Social Work Services	191,598	-	-
0033 Health Services	1,240,394	-	5,529
0034 Student (Pupil) Transportation	6,003,787	-	-
0035 Food Services	9,381,988	-	26,239
0036 Extracurricular Activities	3,289,991	-	-
0041 General Administration	3,298,935	-	-
0051 Facilities Maintenance and Operations	15,925,747	-	2,692,507
0052 Security and Monitoring Services	2,245,478	-	12,946
0053 Data Processing Services	2,693,126	-	-
0061 Community Services	76,692	-	-
Debt Service:			
0071 Principal on Long-Term Debt	99,735	5,789,634	-
0072 Interest on Long-Term Debt	2,598	8,810,066	-
0073 Bond Issuance Cost and Fees	-	6,574	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	130,595	-	4,888,085
Intergovernmental:			
0099 Other Intergovernmental Charges	316,763	-	-
6030 Total Expenditures	<u>114,876,589</u>	<u>14,606,274</u>	<u>7,653,663</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,087,059</u>	<u>(1,230,929)</u>	<u>(7,319,394)</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	4,975	-	-
7949 Other Resources	410,659	-	-
8911 Transfers Out (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	<u>415,634</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	12,502,693	(1,230,929)	(7,319,394)
0100 Fund Balance - September 1 (Beginning)	<u>47,573,753</u>	<u>6,419,883</u>	<u>15,949,516</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 60,076,446</u>	<u>\$ 5,188,954</u>	<u>\$ 8,630,122</u>

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

Other Funds	Total Governmental Funds
\$ 210,155	\$ 22,013,310
674,553	105,697,740
7,928,681	21,775,601
8,813,389	149,486,651
5,454,538	60,232,153
-	1,191,762
1,346,361	3,709,397
385,899	2,589,276
37,365	6,664,418
1,062,036	3,906,712
-	191,598
-	1,245,923
-	6,003,787
63,041	9,471,268
-	3,289,991
1,975	3,300,910
-	18,618,254
227,697	2,486,121
-	2,693,126
112,429	189,121
-	5,889,369
-	8,812,664
-	6,574
-	5,018,680
-	316,763
8,691,341	145,827,867
122,048	3,658,784
-	4,975
-	410,659
(4,975)	(4,975)
(4,975)	410,659
117,073	4,069,443
279,562	70,222,714
\$ 396,635	\$ 74,292,157

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, 2019

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 4,069,443
The District uses internal service funds to charge the costs of self-insurance for workers' compensation to appropriate functions in other funds. The net income of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.	134,756
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2019 capital outlays and debt principal payments is to increase net position.	21,884,426
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(7,174,017)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	82,814
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 cause the change in ending net position to increase by \$2,236,265. Contributions made before the measurement date 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 by \$2,038,844. 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 \$1,928,488. The net result is a decrease in the change in net position.	(1,731,067)
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 \$615,388. Contributions made before the measurement date 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 by \$567,728. 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 \$286,987. The net result is a decrease in the change in net position.	(239,327)
Change in Net Position of Governmental Activities	\$ 17,027,028

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

PROPRIETARY FUND FINANCIAL STATEMENTS

CLINT INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 AUGUST 31, 2019

	Governmental Activities -
	Internal Service Fund
<hr/>	
ASSETS	
Current Assets:	
Due from Other Funds	\$ 761,167
Total Assets	<u>761,167</u>
NET POSITION	
Unrestricted Net Position	<u>761,167</u>
Total Net Position	<u><u>\$ 761,167</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, 2019

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 746,242
Total Operating Revenues	746,242
OPERATING EXPENSES:	
Professional and Contracted Services	611,486
Total Operating Expenses	611,486
Operating Income	134,756
Total Net Position - September 1 (Beginning)	626,411
 Total Net Position - August 31 (Ending)	 \$ 761,167

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, 2019

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 611,486
Cash Payments for Insurance Claims	(611,486)
Net Cash Provided by Operating Activities	-
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	\$ -
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 134,756
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in	(134,756)
Net Cash Provided by Operating Activities	\$ -

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, 2019

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 349,575
Due from Other Funds	22,077
Total Assets	<u>\$ 371,652</u>
LIABILITIES	
Accounts Payable	\$ 22,074
Due to Student Groups	349,578
Total Liabilities	<u>\$ 371,652</u>

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

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. 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, 2019

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, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
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, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019, 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.

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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019 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.

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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
- **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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
 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. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which improves disclosures related to debt, including direct borrowings and direct placements. The District’s financial statements as of August 31, 2019 are presented in accordance with the guidance provided by this Statement.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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, 2019

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, 2019

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At August 31, 2019 the carrying amount of the District's deposits in the general fund, major, and nonmajor governmental funds (including restricted cash of \$6,009), internal service funds, and agency funds were \$6,282,044 and the total bank balance was \$8,259,901. Except as noted below, the District's cash deposits at August 31, 2019 and during the year ended August 31, 2019 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 \$15,188,169.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$15,271,097 and occurred during the month of February 2019. Deposits were collateralized at 101% and considered to be under-collateralized based upon state statute which requires collateralization at 110%. The transfer from the investment pool to the depository was made in advance of the debt service payment, causing a higher balance than anticipated for one day only as the debt service payment was wired the following day.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

Due to the immediate availability of the funds, the District's temporary investments at August 31, 2019 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:

<u>Temporary Investments</u>	<u>Governmental Activities</u>			Total Governmental Activities
	General Fund	Debt Service Fund	Capital Projects Fund	
Lone Star Investment Pool Government Overnight Plus Fund at fair value:	\$ 46,611,184	\$ 5,444,012	\$ 8,732,884	\$ 60,788,080
Government Overnight Fund at amortized cost:	2,273	8	-	2,281
Total	\$ 46,613,457	\$ 5,444,020	\$ 8,732,884	\$ 60,790,361

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, 2019

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. A majority of the federal grants are passed through the Texas Education Agency (TEA). In addition, the District receives entitlements from the State through the Foundation School and Per Capita Programs. TEA funds the District based on estimated average daily attendance (ADA) and begins payment each September through July for the District. Amounts due at August 31, 2019 from TEA through the Foundation and Per Capita Programs are based on projected ADA and the number of school days in July 2019 and August 2019 for the 2019-2020 school year and make up the majority of the receivables from other governments. Amounts due from federal and state governments as of August 31, 2019, are summarized below.

	General Fund	Nonmajor Governmental	Total
State and Local Entitlements	\$ 12,907,781	\$ 61,690	\$ 12,969,471
Federal Grants	1,151,249	498,369	1,649,618
Total	\$ 14,059,030	\$ 560,059	\$ 14,619,089

C. Interfund Balances and Transfers

Interfund balances at August 31, 2019 consisted of the following individual fund balances:

	Due from Other Funds	Due to Other Funds
General Fund:		
General Fund	\$ 2,940,827	\$ 2,940,827
Debt Service Fund	92,912	-
Nonmajor Governmental Funds	465,421	430,549
Internal Service Fund	-	761,167
Capital Projects	230,748	-
General Fund Total	3,729,908	4,132,543
Debt Service Fund:		
General Fund	-	92,912
Debt Service Fund Total	-	92,912
Capital Projects Fund:		
General Fund	-	230,748
Capital Projects Fund Total	-	230,748

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Nonmajor Governmental Funds:		
General Fund	430,549	465,421
Fiduciary Fund	<u>-</u>	<u>22,077</u>
Nonmajor Governmental Funds Total	<u>430,549</u>	<u>487,498</u>
Internal Service Fund		
General Fund	<u>761,167</u>	<u>-</u>
Internal Service Fund Total	<u>761,167</u>	<u>-</u>
Fiduciary Fund:		
Nonmajor Governmental Funds	<u>22,077</u>	<u>-</u>
Fiduciary Fund Total	<u>22,077</u>	<u>-</u>
Total	<u>\$ 4,943,701</u>	<u>\$ 4,943,701</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, 2019, consisted of the following amounts:

	<u>Transfers In</u>	<u>Transfers Out</u>
Transfers in from other funds:		
General Fund	<u>\$ 4,975</u>	<u>\$ -</u>
Total General Fund	<u>4,975</u>	<u>-</u>
Transfers out to other funds:		
Nonmajor Governmental Funds:		
Special Revenue	<u>-</u>	<u>4,975</u>
Total Nonmajor Governmental Funds	<u>\$ 4,975</u>	<u>\$ 4,975</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, 2019

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, 2019 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	244,495,755	8,949,959	20,962,480	274,408,194
Furniture and equipment	24,385,621	3,434,324	299,280	28,119,225
Capital Leases	299,280	-	(299,280)	-
Construction in progress	21,164,185	1,887,937	(20,962,480)	2,089,642
Totals at historical cost	297,275,016	14,272,220	-	311,547,236
Less accumulated depreciation for:				
Buildings and improvements	68,068,337	5,734,169	-	73,802,506
Furniture and equipment	13,918,474	1,393,087	93,522	15,405,083
Capital leases	46,761	46,761	(93,522)	-
Total accumulated depreciation	82,033,572	7,174,017	-	89,207,589
Governmental activities capital assets, net	<u>\$ 215,241,444</u>	<u>\$ 7,098,203</u>	<u>\$ -</u>	<u>\$ 222,339,647</u>

Depreciation expense was charged to governmental functions as follows:

11 Instruction	\$ 3,497,720
12 Instructional resources and media services	69,013
13 Curriculum and staff development	182,409
21 Instructional leadership	147,779
23 School leadership	422,322
31 Guidance, counseling & evaluation services	214,442
32 Social work services	12,458
33 Health services	78,546
34 Student (pupil) transportation	923,313
35 Food services	388,508
36 Extracurricular activities	147,951
41 General administration	154,108
51 Facilities maintenance and operations	567,722
52 Security and monitoring services	213,674
53 Data processing services	145,665
61 Community services	8,387
Total depreciation expense	<u>\$ 7,174,017</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

E. Property Insurance and Personnel Bonds

For the year ended August 31, 2019, the District carried insurance for building and personal property with a combined limit for both in the amount of \$366,198,239 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 and Deferred Gain for Refunding of Bonds

Deferred charge for refunding of bonds for the fiscal year ended August 31, 2019, presented as deferred outflows of resources, was as follows:

Description	Beginning Balance	Deferred Charge on New Issues	Net Amortization Recognized	Ending Balance
Series 2011	\$ 202,971	\$ -	\$ 40,930	\$ 162,041
Series 2014	1,562,758	-	120,136	1,442,622
Series 2015	1,733,649	-	123,735	1,609,914
Series 2016	2,079,239	-	138,515	1,940,724
	<u>\$ 5,578,617</u>	<u>\$ -</u>	<u>\$ 423,316</u>	<u>\$ 5,155,301</u>

Deferred gain on refunding of bonds for the year ended August 31, 2019, presented as deferred inflows of resources, was as follows:

Description	Beginning Balance	Deferred Gain on New Issues	Amortization Recognized	Ending Balance
Series 2015A	\$ 477,926	\$ -	\$ 43,415	\$ 434,511
	<u>\$ 477,926</u>	<u>\$ -</u>	<u>\$ 43,415</u>	<u>\$ 434,511</u>

G. Accrued Expenditures

Accrued expenditures as of August 31, 2019, consisted of the following:

Description	Capital Projects Fund
Capital Outlay	\$ 69,514
	<u>\$ 69,514</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

H. Due to Other Governments

The Texas Education Agency (TEA) provides funds from the Existing Debt Allotment (EDA) and Instructional Facilities Allotment (IFA) to the District based on eligible debt and other factors. Adjustments to the current fiscal year's allotments are made subsequent to year-end based on TEA receiving updated information 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, 2019, TEA indicates that it overpaid the District for the EDA and IFA. TEA has recouped this amount by reducing its payments to the District for fiscal year 2020. The balance in Due to Other Governments as of August 31, 2019 consisted of the following:

	Debt Service
Existing Debt Allotment	\$ 139,630
Instructional Facilities Allotment	80,281
	\$ 219,911

I. Unearned Revenue

Unearned revenue as of August 31, 2019 was as follows:

	General Fund
USDA Commodities	\$ 36,076
Total Unearned Revenue	\$ 36,076

J. Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2019 was as follows:

	Funded by:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:						
Bonds Payable	Debt Service	\$ 170,466,269	\$ -	\$ 5,789,634	\$ 164,676,635	\$ 5,305,823
Accretion Payable	Debt Service	4,061,559	200,971	1,125,366	3,137,164	1,129,177
Unamortized Premium on Bonds		18,840,407	-	1,170,445	17,669,962	1,170,445
Capital Leases	General Fund	99,735	-	99,735	-	-
Total Governmental Long-term Liabilities		\$ 193,467,970	\$ 200,971	\$ 8,185,180	\$ 185,483,761	\$ 7,605,445

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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, 2019 was as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balance 8/31/18	Issued	Retired	Ending Balance 8/31/19	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	\$ 527,065	\$ -	\$ 108,999	\$ 418,066	\$ 98,730
Unlimited Tax School Building Bonds-Series 2008 Final maturity 8-15-2018	3.5% - 5%	29,935,000	51,075	-	-	-	-	-
Unlimited Tax Refunding Bonds - Series 2009: Final maturity 2-15-2025	3% - 4.5%	6,385,000	62,575	1,395,000	-	205,000	1,190,000	215,000
Unlimited Tax Refunding Bonds - Series 2010 Capital appreciation bonds Final maturity 2-15-2021	2.8% - 3.85%	231,377	727,064	54,204	-	25,635	28,569	17,093
Unlimited Tax Refunding Bonds - Series 2010A Final maturity 2-15-2027	2% - 4%	12,305,000	108,200	2,255,000	-	935,000	1,320,000	145,000
Unlimited Tax Refunding Bonds - Series 2011 Current interest bonds Final maturity 8-15-2027	2% - 3.5%	8,725,000	211,625	5,520,000	-	965,000	4,555,000	990,000
Unlimited Tax Refunding Bonds - Series 2014 Current interest bonds Final maturity 8-15-2031	2% - 5%	23,815,000	990,300	21,375,000	-	1,250,000	20,125,000	1,290,000
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	380,000
Unlimited Tax Refunding Bonds - Series 2015A Final maturity 2-15-2029	2%-5%	15,890,000	606,750	13,570,000	-	1,050,000	12,520,000	895,000
Unlimited Tax Refunding Bonds - Series 2016 Final maturity 8-15-2033	2%-5%	24,735,000	977,400	24,355,000	-	1,250,000	23,105,000	1,275,000
		<u>\$ 224,341,361</u>	<u>\$ 9,007,271</u>	<u>\$ 170,466,269</u>	<u>\$ -</u>	<u>\$ 5,789,634</u>	<u>\$164,676,635</u>	<u>\$ 5,305,823</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

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, 2019, was as follows:

Description	Accretion Outstanding 8/31/2018	Issued	Accrual of Accretion	Accretion Retired	Accretion Outstanding 8/31/2019	Due Within One Year
Tax Refunding Bond Series 2002	\$ 1,968,414	\$ -	\$ 133,913	\$ 386,001	\$ 1,716,326	\$ 391,270
Tax Refunding Bond Series 2010	2,093,145	-	67,058	739,365	1,420,838	737,907
	<u>\$ 4,061,559</u>	<u>\$ -</u>	<u>\$ 200,971</u>	<u>\$ 1,125,366</u>	<u>\$ 3,137,164</u>	<u>\$ 1,129,177</u>

Unamortized premiums on bonds for the year ended August 31, 2019 were as follows:

Description	Beginning Balance	Premiums on New Issues	Write-Off	Amortization Recognized	Ending Balance	Due Within One Year
Series 2009	\$ 47,773	\$ -	\$ -	\$ 6,824	\$ 40,949	\$ 6,824
Series 2010A	983,268	-	-	112,368	870,900	112,368
Series 2011	483,661	-	-	53,740	429,921	53,740
Series 2014	2,248,656	-	-	172,974	2,075,682	172,974
Series 2015 (Building)	7,826,744	-	-	289,879	7,536,865	289,879
Series 2015 (Refunding)	2,279,510	-	-	162,822	2,116,688	162,822
Series 2015A	1,668,593	-	-	151,691	1,516,902	151,691
Series 2016	3,302,202	-	-	220,147	3,082,055	220,147
Total Unamortized Premium	<u>\$ 18,840,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,170,445</u>	<u>\$ 17,669,962</u>	<u>\$ 1,170,445</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

Debt service requirements are as follows:

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
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	\$ 164,676,635	\$ 111,192,766	\$ 275,869,401

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, 2019.

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, 2019.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

M. Fund Balances

As of August 31, 2019, fund balances are composed of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ 87,449	\$ -	\$ -	\$ -	\$ 87,449
Corpus for Scholarship Fund	-	-	-	5,000	5,000
Restricted:					
Food Services	3,200,134	-	-	-	3,200,134
Federal and State Programs	-	-	-	217,883	217,883
Capital Acquisition	-	-	8,630,122	-	8,630,122
Retirement of Long-Term Debt	-	5,188,954	-	-	5,188,954
Scholarships	-	-	-	20,387	20,387
Other	-	-	-	500	500
Committed:					
Future Construction	8,000,000	-	-	-	8,000,000
Future Capital Equipment	4,000,000	-	-	-	4,000,000
Campus Activities	-	-	-	152,865	152,865
Assigned:					
Future Construction	1,000,000	-	-	-	1,000,000
Future Capital Equipment	1,000,000	-	-	-	1,000,000
Unassigned Fund Balance	42,788,863	-	-	-	42,788,863
Total fund balances	<u>\$ 60,076,446</u>	<u>\$ 5,188,954</u>	<u>\$ 8,630,122</u>	<u>\$ 396,635</u>	<u>\$ 74,292,157</u>

N. 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, 2019, the District did not have any encumbrances.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

O. Construction Commitments

The District had ongoing construction projects under non-cancelable contracts at August 31, 2019. Construction commitments as of August 31, 2019 are as follows:

Project Name	Spent To Date	Remaining Commitment
Architectural Services	\$ 471,681	\$ 436,548
Campus Access Control	1,075,064	1,038,317
Clint Junior High School Renovations	3,431,747	646,135
Carroll T. Welch Renovations	1,052,977	1,114,149
Furniture & Furnishings	-	25,566
Horizon High School Culinary Arts	94,100	100,644
Mountain View High School Renovations	57,204	5,429,861
Third-Party Inspections	-	12,711
Total	\$ 6,182,773	\$ 8,803,931

P. 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	\$ 15,392,489	\$ 3,169,670	\$ -	\$ -	\$ -	\$ 18,562,159
Penalties, interest and other tax revenues	431,436	100,870	-	-	-	532,306
Investment income	1,335,884	289,452	334,269	67	-	1,959,672
Rent income	11,188	-	-	-	-	11,188
Food sales	323,242	-	-	2,860	-	326,102
Athletic activities	43,146	-	-	-	-	43,146
Worker's compensation	-	-	-	-	746,242	746,242
Enterprising services	-	-	-	207,228	-	207,228
Insurance recovery	9,137	-	-	-	-	9,137
Other	362,372	-	-	-	-	362,372
Total	\$ 17,908,894	\$ 3,559,992	\$ 334,269	\$ 210,155	\$ 746,242	\$ 22,759,552

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

Q. 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.

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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

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

	<u>Contribution Rates</u>	
	<u>Plan Fiscal Year</u>	
	<u>2018</u>	<u>2019</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

<u>Contributions Required and Made</u>	
FY 2019 Employer Contributions	\$ 2,236,265
FY 2019 Member Contributions	5,634,691
2018 Plan Year NECE On-Behalf Contributions (State)	3,383,973

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 2019, the District paid \$57 in retiree surcharges and \$879,973 for non-OASDI employees. These two additional surcharges an employer is subject to are summarized as follows:

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

- 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.

Actuarial Assumptions: A change was made in the measurement date of the total pension liability for the 2018 fiscal year of the plan. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total pension liability to August 31, 2018. This is the first year using roll forward procedures. The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three year period ending August 31, 2017 and were adopted in July 2018. The following table discloses the assumptions that were applied to this measurement period:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Mortality Assumption	The active mortality rates were based on 90 percent of RP 201 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables.
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate	3.69%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in the 2017 to 2116 projection period (100 years)	2116
Inflation	2.30%
Salary Increases including inflation	3.50% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

Discount Rate: The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. 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 sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term expected rate of return on pension plan investments is 7.25 percent and 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 arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

Asset Class	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	5.70%	1.04%
Non-U.S. Developed	13.00%	6.90%	0.90%
Emerging Markets	9.00%	8.95%	0.80%
Directional Hedge Funds	4.00%	3.53%	0.14%
Private Equity	13.00%	10.18%	1.32%
Stable Value			
U.S. Treasuries	11.00%	1.11%	0.12%
Absolute Return	0.00%	0.00%	0.00%
Stable Value Hedge Funds	4.00%	3.09%	0.12%
Cash	1.00%	-0.30%	0.00%
Real Return			
Global Inflation Linked Bonds	3.00%	0.70%	0.02%
Real Assets	14.00%	5.21%	0.73%
Energy and Natural Resources	5.00%	7.48%	0.37%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	3.70%	0.18%
Inflation Expectation			2.30%
Volatility Drag**			-0.79%
Total	<u>100%</u>		<u>7.25%</u>

*Target allocations are based on the FY2016 policy model.

**The Expected Contribution to Long-term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

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

	1% Decrease in Discount Rate 5.907%	Current Discount Rate 6.907%	1% Increase in Discount Rate 7.907%
District's proportionate share of the net pension liability	\$ 50,277,239	\$ 33,312,956	\$ 19,579,363

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At August 31, 2019, the District reported a liability of \$33,312,956 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	\$ 33,312,956
State's proportionate share that is associated with the District	<u>55,325,649</u>
Total	<u><u>\$ 88,638,605</u></u>

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31, 2018. 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, 2017 through August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.0605223246% which was an increase of 0.0067635712% from its proportion measured as of August 31, 2017.

Changes since the Prior Actuarial Valuation: The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The Total Pension Liability as of August 31, 2018 was developed using a roll forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

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

For the year ended August 31, 2019, the District recognized pension expense of \$5,475,765 and revenue of \$5,475,765 for support provided by the State.

The amount of pension expense recognized by the District in the reporting period was \$9,443,097.

At August 31, 2019, 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 experience	\$ 207,646	\$ 817,368
Changes in actuarial assumptions	12,010,925	375,342
Net difference between projected and actual investment earnings	-	632,089
Changes in proportion and difference between District’s contributions and proportionate share of contributions	2,142,019	3,021,281
District contributions to TRS subsequent to the measurement date	2,236,265	-
Total	<u>\$ 16,596,855</u>	<u>\$ 4,846,080</u>

The \$2,236,265 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, 2020.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

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
2020	\$ 2,803,822
2021	1,473,644
2022	1,108,831
2023	1,493,456
2024	1,550,991
Thereafter	<u>1,083,766</u>
	<u>\$ 9,514,510</u>

Changes in Net Pension Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	\$ 21,514,405	\$ 13,837,395	\$ 2,038,844	\$ 33,312,956

R. Defined Other Post-Employment Benefit Plan

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

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 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 the high deductible health plans. Eligible retirees and their dependents enrolled in Medicare may pay premiums to participate in the Medicare Advantage health plans. 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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

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 a retiree with Medicare and without Medicare coverage.

TRS-Care Monthly Plan Premium Rates				
Effective January 1, 2018 - Dec. 31, 2018				
	Medicare		Non-Medicare	
Retiree*	\$	135	\$	200
Retiree and Spouse		529		689
Retiree* and Children		468		408
Retiree and Family		1,020		999

**or surviving spouse*

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% 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 0.75 percent of the salary of each active employee of the public school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contributions Rates</u>	
	<u>2018</u>	<u>2019</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
FY 2019 Employer Contributions	\$	615,388
FY 2019 Member Contributions		475,659
2018 Plan Year NECE On-behalf Contributions (State)		803,750

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. During the year ended August 31, 2019, the District did not employ TRS retirees and therefore did not pay any surcharge amounts to the TRS-Care OPEB program.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

Actuarial Assumptions: A change was made in the measurement date of the total OPEB liability (TOL) for the plan’s fiscal year ending August 31, 2018. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total OPEB liability to August 31, 2018. This is the first year using the roll forward procedures. 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. The assumptions were based upon a recent actuarial experience study performed and they were reasonable for the OPEB valuation.

The total OPEB liability in the August 31, 2018 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, 2018 TRS pension actuarial valuation:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.69%. Sourced from fixed income municipal bonds with 20 years to maturity that include only federal tax exempt municipal bonds as reported in Fidelity’s Index’s “20-Year Municipal GO AA Index” as of August 31, 2018
Salary Increases	3.05% to 9.05%, including inflation
Demographic Assumptions	The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of TRS. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.
Mortality Assumption	The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

Health Care Trend Rates	Initial medical trend rates of 107.74% and 9.00% for Medicare retirees and initial medical trend rate of 6.75% for non-Medicare retirees. Initial prescription drug trend rate of 11.00% for all retirees. The first year medical trend for Medicare retirees (107.74%) reflects the anticipated return of the Health Insurer Fee (HIF) in 2020. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 9 years.
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% after age 65.
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.
Other Information	
Ad hoc post-employment benefit changes	None
Notes	Assumption changes include an updated health care trend assumption to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020, revised demographic and economic assumptions based on the TRS experience study, and a discount rate change from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018.

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 the non-Medicare retirees over 55.

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

Discount Rate: A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of .27 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.

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 2.69%	Current Single Discount Rate 3.69%	1% Increase in Discount Rate 4.69%
District’s proportionate share of the Net OPEB Liability:	\$ 48,912,860	\$ 41,091,380	\$ 34,904,085

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 one-percentage point lower or one-percentage point higher than the assumed health-care cost trend rate:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
District’s proportionate share of the Net OPEB Liability:	\$ 34,127,060	\$ 41,091,380	\$ 50,263,539

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At August 31, 2019, the District reported a liability of \$41,091,380 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	\$ 41,091,380
State’s proportionate share that is associated with the District	<u>58,257,387</u>
Total	<u><u>\$ 99,348,767</u></u>

The Net OPEB Liability was measured as of August 31, 2018 using update procedures to roll forward the total OPEB liability from the actuarial valuation performed as of August 31, 2017 to August 31, 2018. The employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

At August 31, 2018, the employer’s proportion of the collective Net OPEB Liability was 0.0822964678%, which was an increase of 0.0025521670% from its proportion measured as of August 31, 2017.

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:

- The Total OPEB Liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discounted their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

There were no changes to benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

For the year ended August 31, 2019, the District recognized OPEB expense of \$2,119,054 and revenue of \$2,119,054 for support provided by the State.

The amount of OPEB expense recognized by the District in the reporting period was \$2,973,769.

At August 31, 2019, 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
Differences between expected and actual economic experience	\$ 2,180,567	\$ 648,482
Changes in actuarial assumptions	685,704	12,345,602
Difference between projected and actual investment earnings	7,186	-
Changes in proportion and difference between the District’s contributions and the proportionate share of contributions	146	1,401,129
Contributions paid to TRS subsequent to the measurement date	615,388	-
Total	\$ 3,488,991	\$ 14,395,213

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

The \$615,388 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 OPEB liability in the year ended August 31, 2020. 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
2020	\$ (1,791,537)
2021	(1,791,537)
2022	(1,791,537)
2023	(1,792,896)
2024	(1,793,673)
Thereafter	(2,560,430)
	\$ (11,521,610)

Changes in Net OPEB Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net OPEB Liability	\$ 36,897,488	\$ 4,761,620	\$ 567,728	\$ 41,091,380

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive 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 year ended August 31, 2019, 2018 and 2017 were \$265,389, \$179,879, and \$205,726, respectively. These amounts are 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, 2019

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

S. 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 \$611,000 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.

T. E-Rate Program for Schools and Libraries

The E-Rate program, (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 all three service categories. These services were funded by a 10%, 90% and 85% discount for their respective categories during school year 2018-2019. Amounts received as of August 31, 2019 and for the year then ended for reimbursement of prior period expenditures equal to \$410,659 are presented as Other Resources.

U. 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.

V. Litigation

During the normal course of business, the District is subject to various legal claims. As of August 31, 2019, 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 for ongoing litigation expenses for cases filed with the insurer. Although the District has filed claims in bankruptcy court; it is probable the District will not be paid, including reimbursement of ongoing litigation expenses because there will be more claims than available assets. As of September 1, 2017, the District had obtained litigation coverage for any new legal proceedings from another insurer.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

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

W. 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.

X. 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, 2019.

Y. 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. 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.
- GASB No. 89, *Accounting for Interest Cost incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019. GASB No. 89 requires that interest costs incurred during a construction period be recognized as an expense for business-type activities.
- GASB No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2019. GASB No. 90 amends the method of reporting majority equity interest.
- GASB No. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2019. GASB No. 91 requires issuers to disclose information about their conduit debt obligations.

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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, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 17,767,806	\$ 17,767,806	\$ 17,908,894	\$ 141,088
5800 State Program Revenues	88,657,835	88,657,835	95,207,834	6,549,999
5900 Federal Program Revenues	13,865,907	13,865,907	13,846,920	(18,987)
5020 Total Revenues	120,291,548	120,291,547	126,963,648	6,672,101
EXPENDITURES:				
Current:				
0011 Instruction	51,129,304	56,706,041	54,749,258	1,956,783
0012 Instructional Resources and Media Services	1,179,922	1,226,244	1,191,762	34,482
0013 Curriculum and Instructional Staff Development	2,297,868	2,505,897	2,363,036	142,861
0021 Instructional Leadership	2,054,565	2,217,356	2,203,377	13,979
0023 School Leadership	6,581,729	6,635,538	6,627,053	8,485
0031 Guidance, Counseling and Evaluation Services	2,691,946	2,945,814	2,844,676	101,138
0032 Social Work Services	181,610	191,610	191,598	12
0033 Health Services	1,147,446	1,277,445	1,240,394	37,051
0034 Student (Pupil) Transportation	3,655,875	6,247,542	6,003,787	243,755
0035 Food Services	8,869,388	9,302,388	9,381,988	(79,600)
0036 Extracurricular Activities	3,194,448	3,621,304	3,289,991	331,313
0041 General Administration	3,227,959	3,502,959	3,298,935	204,024
0051 Facilities Maintenance and Operations	20,393,410	26,266,150	15,925,747	10,340,403
0052 Security and Monitoring Services	2,335,051	2,585,051	2,245,478	339,573
0053 Data Processing Services	2,695,854	2,817,112	2,693,126	123,986
0061 Community Services	120,075	120,075	76,692	43,383
Debt Service:				
0071 Principal on Long-Term Debt	215,000	102,333	99,735	2,598
0072 Interest on Long-Term Debt	-	-	2,598	(2,598)
Capital Outlay:				
0081 Facilities Acquisition and Construction	4,218,685	5,293,685	130,595	5,163,090
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	35,000	35,000	-	35,000
0099 Other Intergovernmental Charges	315,000	318,500	316,763	1,737
6030 Total Expenditures	116,540,135	133,918,044	114,876,589	19,041,455
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	3,751,413	(13,626,497)	12,087,059	25,713,556
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	4,975	4,975
7949 Other Resources	-	-	410,659	410,659
7080 Total Other Financing Sources (Uses)	-	-	415,634	415,634
1200 Net Change in Fund Balances	3,751,413	(13,626,497)	12,502,693	26,129,190
0100 Fund Balance - September 1 (Beginning)	47,573,753	47,573,753	47,573,753	-
3000 Fund Balance - August 31 (Ending)	\$ 51,325,166	\$ 33,947,256	\$ 60,076,446	\$ 26,129,190

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED AUGUST 31, 2019

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 \$17.4 million difference between the original budgeted expenditures and final budgeted expenditures resulting from three significant budget amendments. The Board approved to amend the budget by increasing expenditures by (1) \$10 million to purchase buses and complete bond projects and other renovations; (2) \$5 million to cover several additional positions and the first contract payment for school year 2019-2020 due to the change in the school start date and contract payment schedule; and (3) \$2 million to hire for new positions and energy management upgrades to be funded from the tax ratification election and energy management rebate program.

Expenditures in Excess of Appropriations

During the fiscal year ended August 31, 2019, the District did not have any expenditures in excess of appropriations in the General Fund, except for function 35, Food Services. Actual expenditures exceeded final budgeted expenditures by \$79,600 as a result of year-end adjustments for food service inventories.

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, 2019

	Measurement Year Ended August 31,				
	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0605223246%	0.0672858958%	0.0694300038%	0.0744378000%	0.0553606000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 33,312,956	\$ 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	55,325,649	32,528,251	39,094,734	38,325,970	32,787,766
Total	<u>\$ 88,638,605</u>	<u>\$ 54,042,656</u>	<u>\$ 65,331,300</u>	<u>\$ 64,638,742</u>	<u>\$ 47,575,349</u>
District's Covered Payroll	\$ 68,567,380	\$ 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	48.58%	31.10%	38.45%	38.93%	22.46%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.74%	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, paragraph 81 requires that the information on this schedule be presented for the Plan's measurement year (September 1st - August 31st) as opposed to the District' fiscal year.

Note: Only five 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, 2019

	Fiscal Year Ended August 31,				
	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 2,236,265	\$ 2,038,844	\$ 2,205,239	\$ 2,205,967	\$ 2,204,690
Contribution in Relation to the Contractually Required Contribution	<u>(2,236,265)</u>	<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>	<u>\$ -</u>
District's Covered Payroll	\$ 73,181,705	\$ 68,567,380	\$ 69,185,538	\$ 68,239,797	\$ 67,596,256
Contributions as a percentage of Covered Payroll	3.06%	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 five 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, 2019

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 pension liability since the prior measurement period.

- The Total Pension Liability as of August 31, 2018 was developed using a roll forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

Changes since the Prior Actuarial Valuation

The Board adopted new assumptions on July 27, 2018 based on the recommendations from the experience study for the period ending August 31, 2017.

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, 2019

	Measurement Year Ended August 31,	
	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0822964678%	0.0848486348%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 41,091,380	\$ 36,897,488
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	<u>58,257,387</u>	<u>52,512,494</u>
Total	<u>\$ 99,348,767</u>	<u>\$ 89,409,982</u>
District's Covered Payroll	\$ 68,567,380	\$ 69,185,538
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	59.93%	53.33%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	1.57%	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 two years of data is presented in accordance with GASB #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, 2019

	Fiscal Year Ended August 31,					
	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 615,388	\$ 567,728	\$ 441,129	\$ 436,304	\$ 437,509	\$ 425,914
Contribution in Relation to the Contractually Required Contribution	(615,388)	(567,728)	(441,129)	(436,304)	(437,509)	(425,914)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 73,181,705	\$ 68,567,380	\$ 69,185,538	\$ 68,239,797	\$ 67,596,256	\$ 65,837,034
Contributions as a percentage of Covered Payroll	0.84%	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 six 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, 2019

Changes of Benefit Terms Since the Prior Measurement Period

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

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:

- Due to a database conversion, the total OPEB liability (TOL) as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discounted their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.
- Note: The roll forward valuation excluded 32,439 of the 274,219 retirees and beneficiaries as of August 31, 2017 because they were known to have discontinued their health care coverage for reasons other than death during fiscal year 2018. The roll-forward process also excluded 141 of the 712,260 actives employees as of August 31, 2017 because they were known to have discontinued their health care coverage (for reasons other than death) during the plan's 2018 fiscal year.

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SUPPLEMENTARY INFORMATION

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2019

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
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Due from Other Governments	3,700	246,875	81,269
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	18	20
1800	Restricted Assets	-	-	-
1000	Total Assets	<u>\$ 3,700</u>	<u>\$ 246,893</u>	<u>\$ 81,289</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ -	\$ -
2170	Due to Other Funds	3,700	246,893	81,289
2000	Total Liabilities	<u>3,700</u>	<u>246,893</u>	<u>81,289</u>
FUND BALANCES				
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	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,700</u>	<u>\$ 246,893</u>	<u>\$ 81,289</u>

226	242	244	255	263	272	289	397
IDEA - Part B Discretionary	Summer Feeding Program	Career and Technical - Basic Grant	ESEA II,A Training and Recruiting	Title III, A English Lang. Acquisition	Medicaid Admin. Claim MAC	Other Federal Special Revenue Funds	Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	23,370	86,217	2,750	39,095	15,093	-
-	-	-	-	-	172,278	-	2,249
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,370</u>	<u>\$ 86,217</u>	<u>\$ 2,750</u>	<u>\$ 211,373</u>	<u>\$ 15,093</u>	<u>\$ 2,249</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	23,370	86,217	2,750	-	15,093	-
-	-	23,370	86,217	2,750	-	15,093	-
-	-	-	-	-	-	-	-
-	-	-	-	-	211,373	-	2,249
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,370</u>	<u>\$ 86,217</u>	<u>\$ 2,750</u>	<u>\$ 211,373</u>	<u>\$ 15,093</u>	<u>\$ 2,249</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2019

Data Control Codes	410 State Instructional Materials	422 Matching Fund for Library Purchases	429 Other State Special Revenue Funds	461 Campus Activity Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 180,738
1240	Due from Other Governments	56,152	-	5,538	-
1260	Due from Other Funds	231,912	4,232	-	-
1290	Other Receivables	-	-	-	-
1800	Restricted Assets	-	-	-	-
1000	Total Assets	<u>\$ 288,064</u>	<u>\$ 4,232</u>	<u>\$ 5,538</u>	<u>\$ 180,738</u>
LIABILITIES					
2110	Accounts Payable	\$ 288,064	\$ -	\$ -	\$ 5,196
2170	Due to Other Funds	-	-	5,509	22,677
2000	Total Liabilities	<u>288,064</u>	<u>-</u>	<u>5,509</u>	<u>27,873</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3445	Other Non-Spendable Fund Balance	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	4,232	29	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	152,865
3000	Total Fund Balances	<u>-</u>	<u>4,232</u>	<u>29</u>	<u>152,865</u>
4000	Total Liabilities and Fund Balances	<u>\$ 288,064</u>	<u>\$ 4,232</u>	<u>\$ 5,538</u>	<u>\$ 180,738</u>

497	498	Total	807	Total
TASP	CREED	Nonmajor Special Revenue Funds	David Cramer Memorial Scholarship	Nonmajor Governmental Funds
\$ -	\$ -	\$ 180,738	\$ -	\$ 180,738
-	-	560,059	-	560,059
500	19,378	430,549	-	430,549
-	-	38	-	38
-	-	-	6,009	6,009
<u>\$ 500</u>	<u>\$ 19,378</u>	<u>\$ 1,171,384</u>	<u>\$ 6,009</u>	<u>\$ 1,177,393</u>
\$ -	\$ -	\$ 293,260	\$ -	\$ 293,260
-	-	487,498	-	487,498
-	-	780,758	-	780,758
-	-	-	5,000	5,000
-	-	217,883	-	217,883
500	19,378	19,878	1,009	20,887
-	-	152,865	-	152,865
<u>500</u>	<u>19,378</u>	<u>390,626</u>	<u>6,009</u>	<u>396,635</u>
<u>\$ 500</u>	<u>\$ 19,378</u>	<u>\$ 1,171,384</u>	<u>\$ 6,009</u>	<u>\$ 1,177,393</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2019

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
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	20,714	4,396,554	1,862,320	14,355
5020 Total Revenues	20,714	4,396,554	1,862,320	14,355
EXPENDITURES:				
Current:				
0011 Instruction	18,070	2,981,839	1,027,490	14,355
0013 Curriculum and Instructional Staff Development	-	693,663	88,564	-
0021 Instructional Leadership	2,644	212,939	170,226	-
0023 School Leadership	-	30,643	-	-
0031 Guidance, Counseling and Evaluation Services	-	365,041	576,040	-
0035 Food Services	-	-	-	-
0041 General Administration	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	112,429	-	-
6030 Total Expenditures	20,714	4,396,554	1,862,320	14,355
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

226 IDEA - Part B Discretionary	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
\$ -	\$ 2,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
40,000	65,156	197,579	568,365	353,906	125,299	284,433	-
40,000	68,016	197,579	568,365	353,906	125,299	284,433	-
-	-	90,871	28,904	353,906	-	56,736	-
-	-	25,753	530,674	-	-	-	-
-	-	-	90	-	-	-	-
-	-	-	6,722	-	-	-	-
40,000	-	80,955	-	-	-	-	-
-	63,041	-	-	-	-	-	-
-	-	-	1,975	-	-	-	-
-	-	-	-	-	-	227,697	-
-	-	-	-	-	-	-	-
40,000	63,041	197,579	568,365	353,906	-	284,433	-
-	4,975	-	-	-	125,299	-	-
-	(4,975)	-	-	-	-	-	-
-	-	-	-	-	125,299	-	-
-	-	-	-	-	86,074	-	2,249
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,373	\$ -	\$ 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, 2019

Data Control Codes	410 State Instructional Materials	422 Matching Fund for Library Purchases	429 Other State Special Revenue Funds	461 Campus Activity Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 207,262
5800 State Program Revenues	671,053	-	3,500	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	671,053	-	3,500	207,262
EXPENDITURES:				
Current:				
0011 Instruction	671,053	-	4,550	206,764
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0035 Food Services	-	-	-	-
0041 General Administration	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	671,053	-	4,550	206,764
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(1,050)	498
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	-	-
1200 Net Change in Fund Balance	-	-	(1,050)	498
0100 Fund Balance - September 1 (Beginning)	-	4,232	1,079	152,367
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 4,232	\$ 29	\$ 152,865

497	498	Total	807	Total
TASP	CREED	Nonmajor Special Revenue Funds	David Cramer Memorial Scholarship	Nonmajor Governmental Funds
\$ -	\$ -	\$ 210,122	\$ 33	\$ 210,155
-	-	674,553	-	674,553
-	-	7,928,681	-	7,928,681
-	-	8,813,356	33	8,813,389
-	-	5,454,538	-	5,454,538
-	7,707	1,346,361	-	1,346,361
-	-	385,899	-	385,899
-	-	37,365	-	37,365
-	-	1,062,036	-	1,062,036
-	-	63,041	-	63,041
-	-	1,975	-	1,975
-	-	227,697	-	227,697
-	-	112,429	-	112,429
-	7,707	8,691,341	-	8,691,341
-	(7,707)	122,015	33	122,048
-	-	(4,975)	-	(4,975)
-	(7,707)	117,040	33	117,073
500	27,085	273,586	5,976	279,562
\$ 500	\$ 19,378	\$ 390,626	\$ 6,009	\$ 396,635

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2019

	BALANCE SEPTEMBER 1 2018	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2019
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 304,694	\$ 685,552	\$ 640,671	\$ 349,575
Due From Other Funds	3	-	-	3
Total Assets	<u>\$ 304,697</u>	<u>\$ 685,552</u>	<u>\$ 640,671</u>	<u>\$ 349,578</u>
Liabilities:				
Due to Student Groups	<u>\$ 304,697</u>	<u>\$ 685,552</u>	<u>\$ 640,671</u>	<u>\$ 349,578</u>
SUNSHINE ACCOUNT				
Assets:				
Due From Other Funds	<u>\$ 22,121</u>	<u>\$ 43,821</u>	<u>\$ 43,868</u>	<u>\$ 22,074</u>
Liabilities:				
Accounts Payable	<u>\$ 22,121</u>	<u>\$ 43,821</u>	<u>\$ 43,868</u>	<u>\$ 22,074</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 304,694	\$ 685,552	\$ 640,671	\$ 349,575
Due From Other Funds	22,124	43,821	43,868	22,077
Total Assets	<u>\$ 326,818</u>	<u>\$ 729,373</u>	<u>\$ 684,539</u>	<u>\$ 371,652</u>
Liabilities:				
Accounts Payable	\$ 22,121	\$ 43,821	\$ 43,868	\$ 22,074
Due to Student Groups	304,697	685,552	640,671	349,578
Total Liabilities	<u>\$ 326,818</u>	<u>\$ 729,373</u>	<u>\$ 684,539</u>	<u>\$ 371,652</u>

OTHER INFORMATION - REQUIRED TEA SCHEDULES

CLINT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2019

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2010 and prior years	Various	Various	\$ 8,555,963,985
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	1.040110	0.366500	1,023,854,363
2017	1.040100	0.366500	1,069,176,764
2018	1.040100	0.365500	1,173,520,402
2019 (School year under audit)	1.170000	0.236600	1,331,887,487
1000 TOTALS			

(10) Beginning Balance 9/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2019
\$ 1,475,205	\$ -	\$ 23,970	\$ 5,354	\$ (100,063)	\$ 1,345,818
145,090	-	7,047	1,999	-	136,044
155,851	-	9,189	2,606	-	144,056
200,682	-	19,575	5,552	-	175,555
261,158	-	39,453	11,191	6,389	216,903
314,275	-	68,214	19,348	70,444	297,157
393,678	-	88,662	31,242	80,175	353,949
502,390	-	105,746	37,262	68,087	427,469
813,792	-	203,968	71,872	7,811	545,763
-	18,734,329	14,724,634	2,977,648	-	1,032,047
<u>\$ 4,262,121</u>	<u>\$ 18,734,329</u>	<u>\$ 15,290,458</u>	<u>\$ 3,164,074</u>	<u>\$ 132,843</u>	<u>\$ 4,674,761</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, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 403,071	\$ 403,071	\$ 402,946	\$ (125)
5800 State Program Revenues	41,315	41,315	41,315	-
5900 Federal Program Revenues	9,574,424	9,574,424	9,569,410	(5,014)
5020 Total Revenues	<u>10,018,810</u>	<u>10,018,810</u>	<u>10,013,671</u>	<u>(5,139)</u>
EXPENDITURES:				
Current:				
0035 Food Services	8,862,388	9,295,388	9,381,988	(86,600)
0051 Facilities Maintenance and Operations	180,000	180,000	47,290	132,710
6030 Total Expenditures	<u>9,042,388</u>	<u>9,475,388</u>	<u>9,429,278</u>	<u>46,110</u>
1100 Excess of Revenues Over Expenditures	976,422	543,422	584,393	40,971
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	4,975	4,975
1200 Net Change in Fund Balances	976,422	543,422	589,368	45,946
0100 Fund Balance - September 1 (Beginning)	<u>2,610,766</u>	<u>2,610,766</u>	<u>2,610,766</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 3,587,188</u>	<u>\$ 3,154,188</u>	<u>\$ 3,200,134</u>	<u>\$ 45,946</u>

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, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 3,589,286	\$ 3,589,286	\$ 3,559,992	\$ (29,294)
5800 State Program Revenues	10,142,807	10,142,807	9,815,353	(327,454)
5020 Total Revenues	13,732,093	13,732,093	13,375,345	(356,748)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	5,789,634	5,789,634	5,789,634	-
0072 Interest on Long-Term Debt	8,820,066	8,820,066	8,810,066	10,000
0073 Bond Issuance Cost and Fees	240,000	240,000	6,574	233,426
6030 Total Expenditures	14,849,700	14,849,700	14,606,274	243,426
1200 Net Change in Fund Balances	(1,117,607)	(1,117,607)	(1,230,929)	(113,322)
0100 Fund Balance - September 1 (Beginning)	6,419,883	6,419,883	6,419,883	-
3000 Fund Balance - August 31 (Ending)	\$ 5,302,276	\$ 5,302,276	\$ 5,188,954	\$ (113,322)

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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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 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
December 17, 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, 2019. 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, 2019.

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
December 17, 2019

CLINT INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2019

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: ESEA, Title I, Part A - Improving Basic Programs:
CFDA 84.010A

Special Education Cluster:
IDEA, Part B
CFDA 84.027
IDEA Preschool
CFDA 84.173

ESEA, Title II, Part A - Supporting Effective Instruction:
CFDA 84.367A

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, 2019

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, 2019

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, 2019

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
NJROTC	12.00	N/A	\$ 179,248
Total Direct Programs			179,248
TOTAL U.S. DEPARTMENT OF DEFENSE			179,248
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Region ESC 20</u>			
*IDEA - Part B, Discretionary	84.173A	2265431919003	40,000
Total Passed Through Region ESC 20			40,000
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101071901	4,569,609
*IDEA - Part B, Formula	84.027A	196600010719016000	1,862,320
*IDEA - Part B, Preschool	84.173A	196610010719016000	14,355
Total Special Education Cluster (IDEA)			1,916,675
Career and Technical - Basic Grant	84.048	19420006071901	203,267
Title III, Part A - English Language Acquisition	84.365A	19671001071901	355,297
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	19694501071901	455,369
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	18694501071901	16,264
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	186945677110003	111,645
Total CFDA Number 84.367A			583,278
Summer School LEP	84.369A	69551802	12,100
Title IV, Part A, SSAE	84.424A	19680101071901	274,457
ESEA, Title X, Part C - Homeless Children	84.196A	194600057110015	21,333
Total Passed Through State Department of Education			7,896,016
TOTAL U.S. DEPARTMENT OF EDUCATION			7,936,016
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-15048-00004	125,299
Total Passed Through Texas Dept of Human Services			125,299
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			125,299
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
**School Breakfast Program - Cash Assistance	10.553	71401901	3,435,397
**School Breakfast Program - Cash Assistance	10.553	71401801	370,415
Total CFDA Number 10.553			3,805,812
**National School Lunch Program - Cash Assistance	10.555	71301901	4,630,441
**National School Lunch Prog. - Cash Assistance	10.555	71301801	565,656
**National School Lunch Prog. - Non-Cash Assist.	10.555	071901	580,361
Total CFDA Number 10.555			5,776,458
**Summer Feeding Program - Cash Assistance	10.559	71401901	27,715
**Summer Feeding Program - Cash Assistance	10.559	71301901	37,441
Total CFDA Number 10.559			65,156
Total Child Nutrition Cluster			9,647,426

CLINT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2019

(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	263,401
Fresh Fruit and Vegetable Prog. - Cash Assistance	10.582	00345	<u>113,722</u>
Total Passed Through the State Department of Agriculture			<u>10,024,549</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>10,024,549</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 18,265,112</u>

* and ** are Clustered Programs

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2019

1. BASIS OF ACCOUNTING

The District accounts for all awards under federal programs in the general fund or a special revenue fund in accordance with the 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 is generally accounted for in a special revenue fund. 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. For the year ended August 31, 2019, the District predominately accounted for federal grant funds in special revenue funds, with the exception of those noted in the reconciliation within Note 4, which were accounted for in the general fund.

These programs are accounted for using a current financial measurement focus. With this measurement focus, only current assets, deferred outflow of resources, current liabilities, and deferred inflow of resources generally 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 these funds. 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 long-term debt, which is recognized when due, and certain compensated absences, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When grant funds are received before expenditures are made, they are recorded as unearned revenues until earned. Due to the nature of the reporting process for the SHARS program, the District recognizes SHARS revenue upon receipt of the reimbursement notice from the federal government.

2. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal activity of the District under programs of the federal government for the year ended June 30, 2019. 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.

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 Funds, Part 3, OMB Compliance Supplement - August 2019.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2019

2. BASIS OF PRESENTATION (Continued)

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 \$402,946 and \$2,860, respectively, for the year ended August 31, 2019.

Commodities - Commodity assistance is reported by the CFDA number of the programs under which USDA donated the commodities.

3. INDIRECT COST RATE

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	\$ 155,993
National School Lunch Program - Cash Assistance	10.555	233,990
ESEA, Title I, Part A - Improving Basic Programs	84.010A	173,055
Career and Technical - Basic Grant	84.048A	5,688
Texas Support for Homeless Education Program	84.196A	619
Title III, Part A - English Language Acquisition	84.365A	1,391
Title II, Part A - Supporting Effective Inst.	84.367A	14,913
Title IV, Part A, SSAE	84.424A	2,124
Total Indirect Costs		<u>\$ 587,773</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2019

4. RECONCILIATIONS

Of the federal expenditures presented in Exhibit 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	\$ 3,649,819
National School Lunch Program - Cash Assistance	10.555	4,962,107
National School Lunch Prog. - Non-Cash Assistance	10.555	580,361
Child & Adult Care Food Program - Cash Assistance	10.558	263,401
Fresh Fruits and Vegetables - Cash Assistance	10.582	113,722
NJROTC	12.000	179,248
Indirect Costs - CNP	10.XXX	389,983
Indirect Costs - Other	84.XXX	<u>197,790</u>
Total Federal Expenditures Presented in Exhibit K-1		10,336,431
SHARS (not included in Exhibit K-1)		<u>3,510,489</u>
Total General Fund federal revenue per Exhibit C-3		<u><u>\$ 13,846,920</u></u>

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

Expenditures of federal awards per Exhibit K-1	\$ 18,265,112
School Health and Related Services (SHARS) reimbursements	<u>3,510,489</u>
Total federal revenue per Exhibit C-3	<u><u>\$ 21,775,601</u></u>