

CLINT INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2020



CLINT INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND COMPLIANCE REPORT FOR THE YEAR ENDED AUGUST 31, 2020

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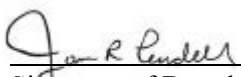
CERTIFICATE OF BOARD

Clint Independent School District
Name of School District

El Paso County
County

071-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) X approved _____ disapproved for the year ended August 31, 2020, at a meeting of the board of trustees of such school district on the 21st day of January 2021.



Signature of Board Secretary
James R. Pendell



Signature of Board President
Arleen Parada

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

(attach list as necessary)

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FINANCIAL SECTION

Independent Auditor's Report

To the Board of Trustees
Clint Independent School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clint Independent School District (District) as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2020, 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 73 through 84 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 District's basic financial statements. The combining and individual nonmajor fund financial statements, and the required TEA schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Gibson Ruddock Patterson, LLC". The signature is fluid and cursive, with the letters "G", "R", "P", and "LLC" being prominent.

Gibson Ruddock Patterson, LLC
El Paso, Texas
January 14, 2021

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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, 2020. 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 \$61.4 million, or 50 percent of the total general fund expenditures, increasing by \$1.4 million.
- During the year, the district had expenses that were less than the \$123.6 million generated in tax and other revenues for the general fund.
- The district's total long-term liabilities, not related to TRS, decreased by \$7.4 million or 4.0 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 21-25 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 27-30 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 31-32 of this report.

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

Figure A-1
Required Components of the District's Annual Financial Report

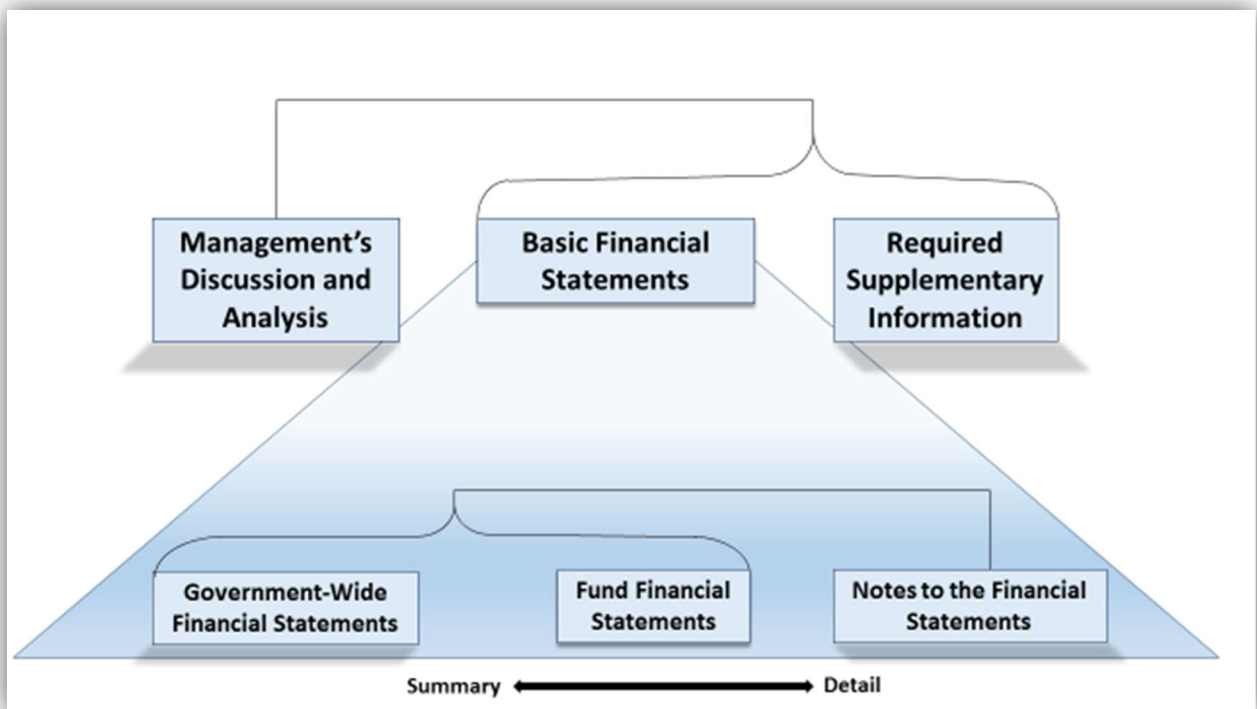


Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of 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 decreased by \$854,686 or 1.9 percent. 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 (\$17.7) million and (\$14.7) million on August 31, 2020, and August 31, 2019, respectively. A deficit unrestricted net position continues to be attributed to the adoption of GASB Statement No. 75. Additional information can be found at Note IV- Q (pages 63-69). The deficit unrestricted net position grew in the current fiscal year primarily because of TRS pension expense.

Food Service operations or the Child Nutrition Program continues 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, 2020	August 31, 2019	Variance	% Change
Current and Other Assets	\$ 78,467,822	\$ 83,248,910	(4,781,088)	-5.7%
Capital Assets	223,843,478	222,339,647	1,503,831	0.7%
Total Assets	\$ 302,311,300	\$ 305,588,557	(3,277,257)	-1.1%
Deferred Charge for Refunding	4,731,155	5,155,301	(424,146)	-8.2%
Deferred Outflow Related to TRS Pension	15,711,943	16,596,855	(884,912)	-5.3%
Deferred Outflow Related to TRS OPEB	7,389,071	3,488,991	3,900,080	111.8%
Total Deferred Outflows of Resources	\$ 27,832,169	\$ 25,241,147	2,591,022	
Current Liabilities	7,488,090	7,220,934	267,156	3.7%
Non-Current Liabilities	252,264,684	259,888,097	(7,623,413)	-2.9%
Total Liabilities	\$ 259,752,774	\$ 267,109,031	(7,356,257)	-2.8%
Deferred Gain on Refunding	390,977	434,511	(43,534)	-10.0%
Deferred Inflow Related to TRS Pension	7,839,720	4,846,080	2,993,640	61.8%
Deferred Inflow Related to TRS OPEB	18,969,815	14,395,213	4,574,602	31.8%
Total Deferred Inflows of Resources	\$ 27,200,512	\$ 19,675,804	7,524,708	38.2%
Net Investment in Capital Assets	51,572,896	47,130,962	4,441,934	9.4%
Restricted	9,396,859	11,652,881	(2,256,022)	-19.4%
Unrestricted	(17,779,572)	(14,738,974)	(3,040,598)	20.6%
Total Net Position	\$ 43,190,183	\$ 44,044,869	(854,686)	-1.9%

The cost of all governmental activities this year was \$153 million compared to \$136 million last year. The change is attributed to the following 1) Pay and step increases, including changes to fulfill House Bill 3 requirements; 2) Improved retention in Instructional Leadership and additional positions; 3) classroom technology enhancements; 4) an increase in GASB 68 pension expense and 5) an increase in depreciation expense. Revenue was relatively flat overall; however, major shifts occurred within the different types of revenue. Most notably, state aid declined as expected due to a drop in pre-COVID enrollment along with TEA's decision to supplant state aid in the form of federal funding due to the COVID 19 pandemic. Investment earnings were down due to lower interest rates.

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

Table II
Clint Independent School District
SUMMARIZED STATEMENT OF ACTIVITIES

Governmental Activities	August 31, 2020	August 31, 2019	Variance	% Change
Revenues				
Program Revenues				
Charges for Services	\$ 659,045	\$ 950,034	(290,989)	-30.6%
Operating Grants and Contributions	42,753,698	40,156,062	2,597,636	6.5%
Capital Grants and Contributions	-	-	-	
General Revenues				
Property Taxes Levied for General Purposes	15,576,137	15,419,234	156,903	1.0%
Property Taxes Levied for Debt Services	3,449,582	3,118,112	331,470	10.6%
State Aid-Formula Grants	88,656,293	90,443,755	(1,787,462)	-2.0%
Investment Earnings	1,054,979	1,959,639	(904,660)	-46.2%
Miscellaneous Revenue	513,255	649,105	(135,850)	-20.9%
Total Revenues	\$ 152,662,989	\$ 152,695,941	(32,952)	0.0%
Expenses				
Instruction	78,840,835	66,656,347	12,184,488	18.3%
Instructional Resources and Media Services	1,413,533	1,321,169	92,364	7.0%
Curriculum and Staff Development	4,523,073	4,046,791	476,282	11.8%
Instructional Leadership	3,628,101	2,852,204	775,897	27.2%
School Leadership	8,314,361	7,429,267	885,094	11.9%
Guidance, Counseling and Evaluation Services	4,973,776	4,307,588	666,188	15.5%
Social Work Services	240,160	214,222	25,938	12.1%
Health Services	1,529,271	1,393,251	136,020	9.8%
Student (Pupil) Transportation	5,238,110	4,603,393	634,717	13.8%
Food Services	9,893,682	9,835,608	58,074	0.6%
Extracurricular Activities	3,256,098	3,518,709	(262,611)	-7.5%
General Administration	3,674,546	3,588,835	85,711	2.4%
Plant Maintenance and Operations	14,802,371	13,254,855	1,547,516	11.7%
Security and Monitoring Services	3,257,403	2,769,556	487,847	17.6%
Data Processing Services	2,717,702	2,527,217	190,485	7.5%
Community Services	259,272	204,994	54,278	26.5%
Debt Service-Interest on Long Term Debt	6,886,172	7,089,827	(203,655)	-2.9%
Debt Service-Bond Issuance Cost and Fees	6,736	6,574	162	2.5%
Capital Outlay	106,591	142,402	(35,811)	-25.1%
Other Intergovernmental Charges	308,943	316,763	(7,820)	-2.5%
Total Expenses	\$ 153,870,736	\$ 136,079,572	17,791,164	13.1%
Increase in Net Position Before Prior Period Adj	(1,207,747)	16,616,369	(17,824,116)	-107.3%
Special Item - E Rate	353,061	410,659	(57,598)	-14.0%
Increase in Net Position	\$ (854,686)	\$ 17,027,028	(17,881,714)	-105.0%
Beginning Net Position	44,044,869	27,017,841	17,027,028	63.0%
Ending Net Position	\$ 43,190,183	\$ 44,044,869	(854,686)	-1.9%

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 increases to the budget for increasing bleacher seating, improving and securing the grounds at Horizon High School for \$2 million, and purchasing additional interactive teaching boards with sound, microphones, and cameras were also added district-wide for \$5 million. These two projects are still underway and almost at completion. The district expended \$900,000 for new band instruments and equipment for all high schools, upgraded scoreboards for \$350,000, and added additional Voice Over Internet Protocol for \$370,000, purchased security vehicles for \$504,000, and upgraded pole vault pits, added interactive wall projection physical education technology and painted outdoor games for \$259,000. The district did budget for other new and renovation projects for \$3.4 million, but due to the COVID 19 pandemic, these projects are only in the initial phases. The district did plan to reduce the fund balance to fund these projects.

Capital Asset and Debt Administration

Capital Assets

At the end of 2020, the district had \$215 million, net of depreciation, invested in a broad range of capital assets, including land, facilities, vehicles, and other equipment for instruction, transportation, athletics, administration, and maintenance. The depreciation expense was \$8.9 million, with a net increase in capital assets of \$1.5 million. The district continued 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 \$178 million in bonds, a decrease of \$7.4 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 provided numerous repairs, renovations, and additions to school buildings. These projects have included 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 taxpayers.

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. 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-I and Note IV-J.

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 \$61.4 million, an increase of \$1.35 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 ensure fiscal stability, a formal policy has been adopted. Available cash flow and reserves are imperative.

The district continues to use an 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 ensure budgeting practices to 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 ensure federal, state, and local budget requirements are reviewed, monitored, and met.

The COVID 19 pandemic affected all school districts, but Clint Independent School District had already implemented a 1:1 technology plan that placed virtual technology in students' hands. This initiative was in place, and students have been using it for years. The district's students and staff could adapt to virtual teaching quickly and with a limited cost. This allowed the district to move forward quickly addressing the pandemic.

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 2020-2021 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.

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 decreased enrollment for the next few years, continues to monitor it, but remains passive when estimating growth and revenue for budget purposes. Fiscal year 2020 student enrollment decreased slightly. 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 taxpayers.

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 website at www.clintweb.net or contact the district's Business Service Department (915) 925-4000 located at 14521 Horizon Blvd., El Paso, Texas.

BASIC FINANCIAL STATEMENTS

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2020

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 60,806,936
1220 Property Taxes - Delinquent	4,750,176
1230 Allowance for Uncollectible Taxes	(3,127,296)
1240 Due from Other Governments	15,780,121
1290 Other Receivables, Net	14,036
1300 Inventories	243,850
Capital Assets:	
1510 Land	6,930,175
1520 Buildings, Net	195,031,706
1530 Furniture and Equipment, Net	13,519,781
1580 Construction in Progress	8,355,776
1800 Restricted Assets	6,039
1000 Total Assets	302,311,300
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	4,731,155
1705 Deferred Outflow Related to TRS Pension	15,711,943
1706 Deferred Outflow Related to TRS OPEB	7,389,071
1700 Total Deferred Outflows of Resources	27,832,169
LIABILITIES	
2110 Accounts Payable	2,756,796
2140 Interest Payable	308,071
2160 Accrued Wages Payable	4,080,772
2177 Due to Fiduciary Funds	42,967
2180 Due to Other Governments	276,575
2300 Unearned Revenue	22,909
Noncurrent Liabilities:	
2501 Due Within One Year	7,566,281
2502 Due in More Than One Year	170,466,261
2540 Net Pension Liability (District's Share)	33,218,792
2545 Net OPEB Liability (District's Share)	41,013,350
2000 Total Liabilities	259,752,774
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Gain on Refunding	390,977
2605 Deferred Inflow Related to TRS Pension	7,839,720
2606 Deferred Inflow Related to TRS OPEB	18,969,815
2600 Total Deferred Inflows of Resources	27,200,512
NET POSITION	
3200 Net Investment in Capital Assets	51,572,896
3820 Restricted for Federal and State Programs	3,520,594
3850 Restricted for Debt Service	3,000,970
3860 Restricted for Capital Projects	2,827,378
3880 Restricted for Scholarships	47,417
3890 Restricted for Other Purposes	500
3900 Unrestricted	(17,779,572)
3000 Total Net Position	\$ 43,190,183

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, 2020

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
		Charges for	Operating	Primary Gov.
	Expenses	Services	Grants and Contributions	Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 78,840,835	\$ 106,337	\$ 15,832,576	\$ (62,901,922)
12 Instructional Resources and Media Services	1,413,533	-	126,106	(1,287,427)
13 Curriculum and Instructional Staff Development	4,523,073	-	1,354,226	(3,168,847)
21 Instructional Leadership	3,628,101	-	585,627	(3,042,474)
23 School Leadership	8,314,361	-	789,011	(7,525,350)
31 Guidance, Counseling, and Evaluation Services	4,973,776	-	1,487,370	(3,486,406)
32 Social Work Services	240,160	-	24,470	(215,690)
33 Health Services	1,529,271	-	2,086,270	556,999
34 Student (Pupil) Transportation	5,238,110	-	444,602	(4,793,508)
35 Food Services	9,893,682	240,454	9,150,663	(502,565)
36 Extracurricular Activities	3,256,098	43,810	183,191	(3,029,097)
41 General Administration	3,674,546	258,483	891,812	(2,524,251)
51 Facilities Maintenance and Operations	14,802,371	9,961	862,859	(13,929,551)
52 Security and Monitoring Services	3,257,403	-	526,723	(2,730,680)
53 Data Processing Services	2,717,702	-	165,022	(2,552,680)
61 Community Services	259,272	-	124,249	(135,023)
72 Debt Service - Interest on Long-Term Debt	6,886,172	-	8,118,921	1,232,749
73 Debt Service - Bond Issuance Cost and Fees	6,736	-	-	(6,736)
81 Capital Outlay	106,591	-	-	(106,591)
99 Other Intergovernmental Charges	308,943	-	-	(308,943)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 153,870,736	\$ 659,045	\$ 42,753,698	(110,457,993)

Data Control Codes		General Revenues: Taxes:	
MT	Property Taxes, Levied for General Purposes	15,576,137	
DT	Property Taxes, Levied for Debt Service	3,449,582	
SF	State Aid - Formula Grants	88,656,293	
IE	Investment Earnings	1,054,979	
MI	Miscellaneous Local and Intermediate Revenue	513,255	
SI	Special Item - E-Rate	353,061	
TR	Total General Revenues and Special Items	109,603,307	
CN	Change in Net Position	(854,686)	
NB	Net Position - Beginning	44,044,869	
NE	Net Position - Ending	\$ 43,190,183	

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, 2020

Data Control Codes	10 General Fund	Education Stabilization Fund - ESSER	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 52,874,507	\$ -	\$ 7,932,429	\$ 60,806,936
1220 Property Taxes - Delinquent	3,825,605	-	924,571	4,750,176
1230 Allowance for Uncollectible Taxes	(2,527,808)	-	(599,488)	(3,127,296)
1240 Due from Other Governments	11,265,397	3,750,580	764,144	15,780,121
1260 Due from Other Funds	7,954,263	-	252,898	8,207,161
1290 Other Receivables	14,036	-	-	14,036
1300 Inventories	243,850	-	-	243,850
1800 Restricted Assets	-	-	6,039	6,039
1000 Total Assets	<u>\$ 73,649,850</u>	<u>\$ 3,750,580</u>	<u>\$ 9,280,593</u>	<u>\$ 86,681,023</u>
LIABILITIES				
2110 Accounts Payable	\$ 2,658,530	\$ -	\$ 98,266	\$ 2,756,796
2160 Accrued Wages Payable	4,080,772	-	-	4,080,772
2170 Due to Other Funds	4,350,812	3,750,580	1,113,166	9,214,558
2180 Due to Other Governments	-	-	276,575	276,575
2300 Unearned Revenue	22,909	-	-	22,909
2000 Total Liabilities	<u>11,113,023</u>	<u>3,750,580</u>	<u>1,488,007</u>	<u>16,351,610</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	1,107,020	-	282,833	1,389,853
2600 Total Deferred Inflows of Resources	<u>1,107,020</u>	<u>-</u>	<u>282,833</u>	<u>1,389,853</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	69,278	-	-	69,278
3445 Other Non-Spendable Fund Balance	-	-	5,000	5,000
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	3,291,331	-	229,263	3,520,594
3470 Capital Acquisition and Contractual Obligation	-	-	4,139,377	4,139,377
3480 Retirement of Long-Term Debt	-	-	3,026,208	3,026,208
3490 Other Restricted Fund Balance	-	-	42,917	42,917
Committed Fund Balance:				
3510 Construction	8,000,000	-	-	8,000,000
3530 Capital Expenditures for Equipment	4,000,000	-	-	4,000,000
3545 Other Committed Fund Balance	-	-	66,988	66,988
3600 Unassigned Fund Balance	46,069,198	-	-	46,069,198
3000 Total Fund Balances	<u>61,429,807</u>	<u>-</u>	<u>7,509,753</u>	<u>68,939,560</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 73,649,850</u>	<u>\$ 3,750,580</u>	<u>\$ 9,280,593</u>	<u>\$ 86,681,023</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 68,939,560
1 The District uses an internal service fund 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 are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	964,430
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 \$311,547,236 and the accumulated depreciation was (\$89,207,589). 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.	41,262,334
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 2020 capital outlays and debt principal payments is to increase net position.	17,430,682
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 \$15,711,943, a deferred resource inflow in the amount of \$7,839,720 and a net pension liability in the amount of \$33,218,792. This resulted in a decrease in net position.	(25,346,569)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS-Care included a deferred resource outflow in the amount of \$7,389,071, a deferred resource inflow in the amount of \$18,969,815 and a net OPEB liability in the amount of \$41,013,350. This resulted in a decrease in net position.	(52,594,094)
6 The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(8,856,013)
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.	1,389,853
19 Net Position of Governmental Activities	\$ 43,190,183

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

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

Data Control Codes	10 General Fund	Education Stabilization Fund - ESSER	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 17,246,648	\$ -	\$ 3,927,491	\$ 21,174,139
5800 State Program Revenues	94,498,752	-	9,724,496	104,223,248
5900 Federal Program Revenues	11,864,576	3,750,580	7,334,531	22,949,687
5020 Total Revenues	123,609,976	3,750,580	20,986,518	148,347,074
EXPENDITURES:				
Current:				
0011 Instruction	60,907,565	3,750,580	6,228,199	70,886,344
0012 Instructional Resources and Media Services	1,237,826	-	-	1,237,826
0013 Curriculum and Instructional Staff Development	2,905,221	-	1,069,319	3,974,540
0021 Instructional Leadership	2,839,069	-	343,083	3,182,152
0023 School Leadership	7,216,951	-	4,755	7,221,706
0031 Guidance, Counseling, and Evaluation Services	3,237,378	-	1,112,183	4,349,561
0032 Social Work Services	208,768	-	-	208,768
0033 Health Services	1,339,949	-	-	1,339,949
0034 Student (Pupil) Transportation	3,819,560	-	1,270,770	5,090,330
0035 Food Services	9,341,515	-	-	9,341,515
0036 Extracurricular Activities	2,973,013	-	269,778	3,242,791
0041 General Administration	3,309,681	-	-	3,309,681
0051 Facilities Maintenance and Operations	15,885,659	-	2,401,090	18,286,749
0052 Security and Monitoring Services	2,658,828	-	287,273	2,946,101
0053 Data Processing Services	2,415,846	-	-	2,415,846
0061 Community Services	121,135	-	108,742	229,877
Debt Service:				
0071 Principal on Long-Term Debt	-	-	5,305,823	5,305,823
0072 Interest on Long-Term Debt	-	-	8,657,227	8,657,227
0073 Bond Issuance Cost and Fees	-	-	6,736	6,736
Capital Outlay:				
0081 Facilities Acquisition and Construction	1,882,769	-	627,498	2,510,267
Intergovernmental:				
0099 Other Intergovernmental Charges	308,943	-	-	308,943
6030 Total Expenditures	122,609,676	3,750,580	27,692,476	154,052,732
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000,300	-	(6,705,958)	(5,705,658)
OTHER FINANCING SOURCES (USES):				
7949 Other Resources	353,061	-	-	353,061
1200 Net Change in Fund Balances	1,353,361	-	(6,705,958)	(5,352,597)
0100 Fund Balance - September 1 (Beginning)	60,076,446	-	14,215,711	74,292,157
3000 Fund Balance - August 31 (Ending)	\$ 61,429,807	\$ -	\$ 7,509,753	\$ 68,939,560

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

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (5,352,597)
The District uses an internal service fund 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.	203,263
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 2020 capital outlays and debt principal payments is to increase net position.	17,430,682
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.	(8,856,013)
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.	100,859
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. The contributions made after the measurement date of the plan caused the change in ending net position to increase by \$2,449,353. 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 the change in net position totaling \$2,236,265. 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 \$3,997,476. The net result is a decrease in the change in net position.	(3,784,388)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. The contributions made after the measurement date of the plan caused the change in ending net position to increase by \$644,118. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$615,388. Finally the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$625,222. The net result is a decrease in the change in net position.	(596,492)
Change in Net Position of Governmental Activities	\$ (854,686)

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

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PROPRIETARY FUND FINANCIAL STATEMENTS

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2020

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Due from Other Funds	\$ 964,430
Total Assets	964,430
NET POSITION	
Unrestricted Net Position	964,430
Total Net Position	\$ 964,430

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, 2020

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 803,394
Total Operating Revenues	803,394
OPERATING EXPENSES:	
Other Operating Costs	600,131
Total Operating Expenses	600,131
Operating Income	203,263
Total Net Position - September 1 (Beginning)	761,167
Total Net Position - August 31 (Ending)	\$ 964,430

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, 2020

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 600,131
Cash Payments for Insurance Claims	(600,131)
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:	\$ 203,263
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase in Due From Other Funds	(203,263)
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, 2020

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 418,755
Due from Other Funds	42,967
	<hr/>
Total Assets	\$ 461,722
	<hr/>
LIABILITIES	
Accounts Payable	\$ 42,964
Due to Student Groups	418,758
	<hr/>
Total Liabilities	\$ 461,722
	<hr/>

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

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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, 2020

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, 2020

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.

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Education Stabilization Fund - ESSER –The District accounts for emergency relief funds restricted to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation.

Additionally, the District reports the following fund types:

GOVERNMENTAL FUNDS:

3. 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.
4. 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.
5. 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.
6. 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.

PROPRIETARY FUNDS:

7. Enterprise Funds - The District has no Enterprise Funds.
8. 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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020, the District's investment in the LoneStar Investment Pool was rated AA+ 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.

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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2020 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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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.
17. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government - wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
18. The District co-sponsors a self-insured plan to provide workers' compensation benefits to employees. Revenues of this Internal Service Fund are received from both the General and Special Revenue Funds. Expenses are comprised of professional services paid to the Plan Supervisor. These costs provide for the administration of claims, loss control, record keeping and the Cost of Excess Insurance. The Plan Supervisor charges a fixed cost based upon estimated payroll figures which are subsequently adjusted when actual payroll figures are available. The General Fund is contingently liable for liabilities of these funds.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 implemented GASB Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*, which provides temporary relief to governments and other stakeholders in light of the COVID 19 pandemic. The objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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, 2020

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, 2020

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At August 31, 2020 the carrying amount of the District's deposits in the general fund, major, and nonmajor governmental funds (including restricted cash of \$6,039), internal service funds, and agency funds were \$4,786,344 and the total bank balance was \$5,812,358. The District's cash deposits at August 31, 2020 and during the year ended August 31, 2020 were fully insured by federal depository insurance or pledged collateral held by the District's agent bank in the District's name at a minimum of 110%, as required by state statute. In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: **WestStar Bank.**
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$18,413,065.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$12,053,322 and occurred during the month of April 2020.
- 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, 2020 are included in cash and cash equivalents and are shown below at amortized cost or fair value, which approximates the value of the pool shares:

	Governmental Activities			Total Governmental Activities
	General Fund	Debt Service Fund	Capital Projects Fund	
<u>Temporary Investments</u>				
Lone Star Investment Pool				
Corporate Overnight Plus				
Fund at fair value:	\$ 48,802,671	\$3,351,509	\$ 4,291,206	\$ 56,445,386
Total	\$ 48,802,671	\$ 3,351,509	\$ 4,291,206	\$ 56,445,386

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. 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, 2020

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, 2020 from TEA through the Foundation and Per Capita Programs are based on projected ADA and the number of school days in July 2020 and August 2020 for the 2020-2021 school year and make up the majority of the receivables from other governments. Amounts due from federal and state governments as of August 31, 2020, are summarized below.

	General Fund	Education Stabilization Fund - ESSER	Nonmajor Governmental Funds	Total
State and Local Entitlements	\$ 10,852,601	\$ -	\$ 48,063	\$ 10,900,664
Federal Grants	412,796	3,750,580	716,081	4,879,457
Total	<u>\$ 11,265,397</u>	<u>\$ 3,750,580</u>	<u>\$ 764,144</u>	<u>\$ 15,780,121</u>

C. Interfund Balances and Transfers

Interfund balances at August 31, 2020 consisted of the following individual fund balances:

	Due from Other Funds	Due to Other Funds
General Fund:		
General Fund	\$ 3,133,484	\$ 3,133,484
Education Stabilization Fund - ESSER	3,750,580	-
Nonmajor Governmental Funds	1,070,199	252,898
Internal Service Fund	-	964,430
General Fund Total	<u>7,954,263</u>	<u>4,350,812</u>
Education Stabilization Fund - ESSER:		
General Fund	-	3,750,580
Nonmajor Governmental Funds:		
General Fund	252,898	1,070,199
Fiduciary Fund	-	42,967
Nonmajor Governmental Funds Total	<u>252,898</u>	<u>1,113,166</u>
Internal Service Fund		
General Fund	<u>964,430</u>	-

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

	Due from Other Funds	Due to Other Funds
Fiduciary Fund:		
Nonmajor Governmental Funds	42,967	-
Total	<u>\$ 9,214,558</u>	<u>\$ 9,214,558</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 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. There were no interfund transfers for the year ended August 31, 2020.

D. Capital Asset Activity

Capital asset activity for the District for the year ended August 31, 2020 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	274,408,194	789,489	148,673	275,346,356
Furniture and equipment	28,119,225	3,149,508	(1,377,634)	29,891,099
Construction in progress	2,089,642	6,414,807	(148,673)	8,355,776
Totals at historical cost	311,547,236	10,353,804	(1,377,634)	320,523,406
Less accumulated depreciation for:				
Buildings and improvements	73,802,506	6,512,144	-	80,314,650
Furniture and equipment	15,405,083	2,343,869	(1,377,634)	16,371,318
Total accumulated depreciation	89,207,589	8,856,013	-	96,685,968
Governmental activities capital assets, net	<u>\$ 222,339,647</u>	<u>\$ 1,497,791</u>	<u>\$ -</u>	<u>\$ 223,837,438</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS**

AUGUST 31, 2020

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

Depreciation expense was charged to governmental functions as follows:

11	Instruction	\$ 3,957,300
12	Instructional resources and media services	76,620
13	Curriculum and staff development	224,905
21	Instructional leadership	193,071
23	School leadership	482,484
31	Guidance, counseling & evaluation services	260,092
32	Social work services	14,157
33	Health services	84,084
34	Student (pupil) transportation	1,215,612
35	Food services	406,743
36	Extracurricular activities	156,531
41	General administration	167,271
51	Facilities maintenance and operations	1,169,246
52	Security and monitoring services	240,367
53	Data processing services	195,313
61	Community services	<u>12,217</u>
	Total depreciation expense	<u><u>\$ 8,856,013</u></u>

E. Property Insurance and Personnel Bonds

For the year ended August 31, 2020, the District carried insurance for building and personal property with a combined limit for both in the amount of \$404,951,935 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, 2020, presented as deferred outflows of resources, was as follows:

Description	Beginning Balance	Deferred Charge on New Issues	Net Recognized	Ending Balance
Series 2011	\$ 162,041	\$ -	\$ 41,042	\$ 120,999
Series 2014	1,442,622	-	120,136	1,322,486
Series 2015	1,609,914	-	124,074	1,485,840
Series 2016	<u>1,940,724</u>	<u>-</u>	<u>138,894</u>	<u>1,801,830</u>
	<u>\$ 5,155,301</u>	<u>\$ -</u>	<u>\$ 424,146</u>	<u>\$ 4,731,155</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

Deferred gain on refunding of bonds for the year ended August 31, 2020, presented as deferred inflows of resources, was as follows:

Description	Beginning Balance	Deferred Gain on New Issues	Amortization Recognized	Ending Balance
Series 2015A	\$ 434,511	\$ -	\$ 43,534	\$ 390,977
	\$ 434,511	\$ -	\$ 43,534	\$ 390,977

G. 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, 2020, 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, 2020 consisted of the following:

	Nonmajor Governmental Funds
Existing Debt Allotment	\$ 83,850
Instructional Facilities Allotment	192,725
	<u>\$ 276,575</u>

H. Unearned Revenue

Unearned revenue as of August 31, 2020 was as follows:

	General Fund
USDA Commodities	\$ 22,909
Total Unearned Revenue	<u>\$ 22,909</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

I. Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2020 was as follows:

	Funded by:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:						
Bonds Payable	Debt Service	\$ 164,676,635	\$ -	\$ 5,305,823	\$ 159,370,812	\$ 5,271,816
Accretion Payable	Debt Service	3,137,164	154,226	1,129,177	2,162,213	1,124,020
Unamortized Premium on Bonds		17,669,962	-	1,170,445	16,499,517	1,170,445
Total Governmental Long-term Liabilities		\$ 185,483,761	\$ 154,226	\$ 7,605,445	\$ 178,032,542	\$ 7,566,281

J. General Long-term Debt

A summary of changes in general long-term debt for the year ended August 31, 2020 was as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balance 8/31/19	Issued	Retired	Ending Balance 8/31/20	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	\$ 418,066	\$ -	\$ 98,730	\$ 319,336	\$ 90,341
Unlimited Tax Refunding Bonds - Series 2009: Final maturity 2-15-2025	3% - 4.5%	6,385,000	62,575	1,190,000	-	215,000	975,000	220,000
Unlimited Tax Refunding Bonds - Series 2010 Capital appreciation bonds Final maturity 2-15-2021	2.8% - 3.85%	231,377	727,064	28,569	-	17,093	11,476	11,475
Unlimited Tax Refunding Bonds - Series 2010A Final maturity 2-15-2027	2% - 4%	12,305,000	108,200	1,320,000	-	145,000	1,175,000	150,000
Unlimited Tax Refunding Bonds - Series 2011 Current interest bonds Final maturity 8-15-2027	2% - 3.5%	8,725,000	211,625	4,555,000	-	990,000	3,565,000	1,025,000
Unlimited Tax Refunding Bonds - Series 2014 Current interest bonds Final maturity 8-15-2031	2% - 5%	23,815,000	990,300	20,125,000	-	1,290,000	18,835,000	1,340,000
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	-	380,000	22,675,000	205,000

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balance 8/31/19	Issued	Retired	Ending Balance 8/31/20	Due Within One Year
Unlimited Tax Refunding Bonds - Series 2015A Final maturity 2-15-2029	2%-5%	15,890,000	606,750	12,520,000	-	895,000	11,625,000	930,000
Unlimited Tax Refunding Bonds - Series 2016 Final maturity 8-15-2033	2%-5%	24,735,000	977,400	23,105,000	-	1,275,000	21,830,000	1,300,000
		<u>\$ 194,406,361</u>	<u>\$ 8,956,196</u>	<u>\$ 164,676,635</u>	<u>\$ -</u>	<u>\$ 5,305,823</u>	<u>\$159,370,812</u>	<u>\$ 5,271,816</u>

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, 2020, was as follows:

Description	Accretion Outstanding 8/31/2019	Issued	Accrual of Accretion	Accretion Retired	Accretion Outstanding 8/31/2020	Due Within One Year
Tax Refunding Bond Series 2002	\$ 1,716,326		\$ 112,797	\$ 391,270	\$ 1,437,853	\$ 399,659
Tax Refunding Bond Series 2010	1,420,838		41,429	737,906	724,361	724,361
	<u>\$ 3,137,164</u>	<u>\$ -</u>	<u>\$ 154,226</u>	<u>\$ 1,129,176</u>	<u>\$ 2,162,214</u>	<u>\$ 1,124,020</u>

Unamortized premiums on bonds for the year ended August 31, 2020 were as follows:

Description	Beginning Balance	Premiums on New Issues	Write-Off	Amortization Recognized	Ending Balance	Due Within One Year
Series 2009	\$ 40,949	\$ -	\$ -	\$ 6,824	\$ 34,125	\$ 6,824
Series 2010A	870,900	-	-	112,368	758,532	112,368
Series 2011	429,921	-	-	53,740	376,181	53,740
Series 2014	2,075,682	-	-	172,974	1,902,708	172,974
Series 2015 (Building)	7,536,865	-	-	289,879	7,246,986	289,879
Series 2015 (Refunding)	2,116,688	-	-	162,822	1,953,866	162,822
Series 2015A	1,516,902	-	-	151,691	1,365,211	151,691
Series 2016	3,082,055	-	-	220,147	2,861,908	220,147
Total Unamortized Premium	<u>\$ 17,669,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,170,445</u>	<u>\$ 16,499,517</u>	<u>\$ 1,170,445</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

Debt service requirements are as follows:

Year Ended August 31,	General Obligations		
	Principal	Interest	Total Requirements
2021	\$ 5,271,816	\$ 8,505,884	\$ 13,777,700
2022	6,202,663	7,593,793	13,796,456
2023	6,251,414	7,352,543	13,603,957
2024	6,309,919	7,050,381	13,360,300
2025	6,775,000	6,315,238	13,090,238
2026-2030	35,090,000	26,957,600	62,047,600
2031-2035	29,325,000	19,834,600	49,159,600
2036-2040	28,180,000	13,355,750	41,535,750
2041-2045	35,965,000	5,569,750	41,534,750
Total	\$ 159,370,812	\$ 102,535,539	\$ 261,906,351

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, 2020.

K. 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, 2020.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

L. Fund Balances

As of August 31, 2020, fund balances are composed of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Inventories	\$ 69,278	\$ -	\$ 69,278
Corpus for Scholarship Fund	-	5,000	5,000
Restricted:			
Food Services	3,291,331	-	3,291,331
Federal and State Programs	-	229,263	229,263
Capital Acquisition	-	4,139,377	4,139,377
Retirement of Long-Term Debt	-	3,026,208	3,026,208
Scholarships	-	42,417	42,417
Other	-	500	500
Committed:			
Future Construction	8,000,000	-	8,000,000
Future Capital Equipment	4,000,000	-	4,000,000
Campus Activities	-	66,988	66,988
Unassigned Fund Balance	46,069,198	-	46,069,198
Total fund balances	<u>\$ 61,429,807</u>	<u>\$ 7,509,753</u>	<u>\$ 68,939,560</u>

M. 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, 2020, the District did not have any encumbrances.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

N. Construction Commitments

The District had ongoing construction projects under non-cancelable contracts at August 31, 2020. Construction commitments as of August 31, 2020 are as follows:

Project Name	Spent To Date	Remaining Commitment
Architectural/Engineering Services	\$ 406,946	\$ 572,488
Campus Access Control	1,690,650	422,731
Horizon High School Culinary Arts	77,771	22,872
Mountain View High School Renovations	57,203	4,048,518
Other construction	-	42,217
Total	<u>\$ 2,232,570</u>	<u>\$ 5,108,826</u>

O. Revenue from Local and Intermediate Sources

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

	General Fund	Nonmajor Governmental Funds	Internal Service Fund	Total
Property taxes	\$ 15,402,149	\$ 3,442,607	\$ -	\$ 18,844,756
Penalties, interest and other tax revenues	488,942	104,387	-	593,329
Investment income	802,849	252,160	-	1,055,009
Rent income	9,961	-	-	9,961
Food sales	211,734	-	-	211,734
Athletic activities	43,810	-	-	43,810
Worker's compensation	-	-	803,394	803,394
Enterprising services	-	106,337	-	106,337
Other	287,203	22,000	-	309,203
Total	<u>\$ 17,246,648</u>	<u>\$ 3,927,491</u>	<u>\$ 803,394</u>	<u>\$ 21,977,533</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

P. 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.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee and employer contribution rates for fiscal years 2020 through 2025.

	<u>Contribution Rates</u>	
	<u>Plan Fiscal Year</u>	
	<u>2019</u>	<u>2020</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%

<u>Contributions Required and Made</u>	
FY 2020 Employer Contributions	\$ 2,449,353
FY 2020 Member Contributions	5,975,124
2019 Plan Year NECE On-Behalf Contributions (State)	3,513,456

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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

- 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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.
- When the employing district is a public or charter school, the employer shall contribute 1.5 percent of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non-OASDI surcharge that was in effect in fiscal year 2019.

Included in the employer contributions amount listed above for fiscal year 2020, the District did not pay a retiree surcharge during the fiscal year and paid \$936,213 for non-OASDI employees. These two additional surcharges an employer is subject to are summarized as follows:

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

Actuarial Assumptions: The actuarial valuation was performed as of August 31, 2018. Update procedures were used to roll forward the total pension liability to August 31, 2019. The actuarial methods and assumption used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018. The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three year period ending August 31, 2018 and were adopted in July 2018. The following table discloses the assumptions that were applied to this measurement period:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

Mortality Assumption	The active mortality rates were based on 90 percent of RP 2014 Employee Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates 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 projection scale U-MP.
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.63%. Source for the rate is the Fixed Income Market Data/Yield Curve/ Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30%
Salary Increases	3.50% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

Discount Rate: The single discount rate used to measure the total pension liability was 7.25 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and State contributions for active and rehired retirees. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

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 geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019 are summarized below:

Asset Class	FY 2019 Target Allocation*	New Target Allocation**	Long-Term Expected Geometric Real Rate of Return***
Global Equity			
U.S.	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	-	-
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries****	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return	0.0%	0.0%	0.0%
Real Return			
Global Inflation Linked Bonds*****	3.0%	-	-
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources and Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/6.5%*****
Leverage			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	-	-6.0%	2.7%
Expected Return	100%	100.0%	7.23%

*Target allocations are based on the Strategic Asset Allocation as of FY2019

**New allocations are based on the Strategic Asset Allocation to be implemented FY 2020

***10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

****New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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 (7.25%) in measuring the Net Pension Liability:

	1% Decrease 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$ 51,062,109	\$ 33,218,792	\$ 18,762,261

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At August 31, 2020, the District reported a liability of \$33,218,792 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	\$ 33,218,792
State's proportionate share that is associated with the District	<u>52,183,391</u>
Total	<u><u>\$ 85,402,183</u></u>

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

At August 31, 2019, the employer's proportion of the collective net pension liability was 0.0639030281 % which was an increase of 0.0033807035% from its proportion measured as of August 31, 2018.

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 single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

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, 2020, the District recognized pension expense of \$8,197,275 and revenue of \$8,197,275 for support provided by the State.

The amount of pension expense recognized by the District in the reporting period was \$14,431,016.

At August 31, 2020, 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	\$ 139,549	\$ 1,153,409
Changes in actuarial assumptions	10,306,101	4,258,968
Net difference between projected and actual investment earnings	333,555	-
Changes in proportion and difference between District's contributions and proportionate share of contributions	2,483,385	2,427,343
District contributions to TRS subsequent to the measurement date	2,449,353	-
Total	<u>\$ 15,711,943</u>	<u>\$ 7,839,720</u>

The \$2,449,353 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 ending August 31, 2021.

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
2021	\$ 1,337,029
2022	955,806
2023	1,397,557
2024	1,451,387
2025	514,131
Thereafter	(233,040)
	<u>\$ 5,422,870</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

Changes in Net Pension Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	\$ 33,312,956	\$ 2,142,519	\$ 2,236,683	\$ 33,218,792

Q. 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: Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <http://www.trs.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 health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

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

TRS-Care Monthly Plan Premium Rates			
	Medicare		Non-Medicare
Retiree or Surviving Spouse	\$	135	\$ 200
Retiree and Spouse		529	689
Retiree or Surviving Spouse and Children		468	408
Retiree and Family		1,020	999

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

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 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent 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>	
	2019	2020
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 2020 Employer Contributions	\$	644,118
FY 2020 Member Contributions		504,398
2019 Plan Year NECE On-behalf Contributions (State)		817,823

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, 2020, the District did not employ retirees and therefore no surcharge was paid.

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

House Bill 1, 86th Texas Legislature, Regular Session, 2019 was passed to provide an additional \$230 million to continue to support the program. The District's proportionate share of this amount totaled \$200,124, representing the 12 months TRS received payments from September 1, 2019 through August 31, 2020.

Actuarial Assumptions: The total OPEB liability (TOL) in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019. The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

The total OPEB liability in the August 31, 2019 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, 2019 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Salary Increases
Rates of Disability Incidence	

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
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).
Health Care Trend Rates	Initial medical trend rates of 10.25 percent for Medicare retirees and 7.5 percent for non-Medicare retirees. Initial prescription drug trend rate of 10.25 percent for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50 percent over a period of 13 years.
Election Rates	Normal Retirement: 65 percent participation prior to age 65 and 50 percent participation 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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

Notes

Assumption changes include a discount rate change from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, lower participation rates, and updates to the health care trend assumptions.

The impact of the Cadillac Tax that was expected to return in the plan's fiscal year 2023 has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.30 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. On December 20, 2019, the President signed into law a full repeal of the Cadillac Tax.

Discount Rate: A single discount rate of 2.63 percent was used to measure the total OPEB liability. There was a decrease of 1.06 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 1.63%	Current Single Discount Rate 2.63%	1% Increase in Discount Rate 3.63%
District's proportionate share of the Net OPEB Liability:	\$ 49,516,276	\$ 41,013,350	\$ 34,361,507

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

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:	\$ 33,457,254	\$ 41,013,350	\$ 51,135,054

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At August 31, 2020, the District reported a liability of \$41,013,350 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	\$ 41,013,350
State's proportionate share that is associated with the District	<u>54,497,571</u>
Total	<u><u>\$ 95,510,921</u></u>

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

At August 31, 2019, the employer's proportion of the collective Net OPEB Liability was 0.0867250793%, which was an increase of 0.0044286115% from its proportion measured as of August 31, 2018.

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 discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the total OPEB liability.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the total OPEB liability.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumptions for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the total OPEB liability.

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, 2020, the District recognized OPEB expense of \$1,436,332 and revenue of \$1,436,332 for support provided by the State.

The amount of OPEB expense recognized by the District in the reporting period was \$2,676,942.

At August 31, 2020, 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	\$ 2,012,054	\$ 6,711,400
Changes in actuarial assumptions	2,277,972	11,031,585
Difference between projected and actual investment earnings	4,425	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	2,450,502	1,226,830
Contributions paid to TRS subsequent to the measurement date	644,118	-
Total	<u>\$ 7,389,071</u>	<u>\$ 18,969,815</u>

The \$644,118 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, 2021. 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:

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

Year Ended August 31:	OPEB Expense Amount
2021	\$ (2,132,238)
2022	(2,132,238)
2023	(2,133,670)
2024	(2,134,490)
2025	(2,134,265)
Thereafter	<u>(1,557,961)</u>
	<u><u>\$ (12,224,862)</u></u>

Changes in Net OPEB Liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net OPEB Liability	<u>\$ 41,091,380</u>	<u>\$ 540,494</u>	<u>\$ 618,524</u>	<u>\$ 41,013,350</u>

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the 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, 2020, 2019 and 2018 were \$365,219, \$265,389 and \$216,473, respectively. These amounts are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

R. 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 \$600,000 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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

S. 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 90%, 90% and 85% discount for their respective categories during school year 2019-2020. Amounts received as of August 31, 2020 and for the year then ended for reimbursement of prior period expenditures equal to \$353,061 are presented as Other Resources.

T. 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.

U. Litigation

During the normal course of business, the District is subject to various legal claims. As of August 31, 2020, 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.

V. 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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

W. 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, 2020.

X. 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, 2019. 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 June 15, 2021. 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, 2020. 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, 2021. GASB No. 91 requires issuers to disclose information about their conduit debt obligations.
- GASB No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangement*, effective for periods beginning after June 15, 2022. GASB No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements as well as availability payment arrangements.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

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

Y. Significant Event - COVID-19

In January 2020, the President of the United States declared a public health emergency for the COVID-19 pandemic. Subsequently, on March 13th, districts across the state of Texas were ordered to shut down and initiate distance learning through the remainder of the 2019-2020 school year. With the pandemic ongoing, the districts had to begin their 2020-2021 academic year via distance learning as well.

The Texas Education Agency awarded federal funds to the districts under the CARES Act to help fund the additional costs incurred to provide distance learning and to prevent, prepare for, and respond to the pandemic. This program was tested as a major federal program. For Clint ISD, receipt of these federal funds reduced state funding for fiscal year 2020 by a similar amount. For fiscal year 2021, TEA put into place a Hold Harmless Agreement for the first two-six week attendance reporting periods having a favorable impact on state funding for the District. The agreement was extended for districts in the El Paso County area for another reporting period and beyond that is unknown. Absent of the agreement, state funding distributed to districts by the TEA will continue to be impacted, the future effects of which are unknown. The District continues to closely monitor its budget and cash flows to address the needs of its students and personnel. Although future developments and mitigation strategies are out of the control of the District, Clint ISD is committed to fulfilling its mission to prepare all students to be successful citizens. The District will work in partnership with the community and the family to create opportunities for the student to maximize personal potential.

Z. Subsequent Events

On September 29, 2020, in an effort to take advantage of low interest rates, the District issued Unlimited Tax Refunding Bonds, Taxable Series 2020, in the amount of \$78,359,890 to retire a portion of existing debt.

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, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 17,366,850	\$ 17,366,850	\$ 17,246,648	\$ (120,202)
5800 State Program Revenues	93,450,230	93,450,230	94,498,752	1,048,522
5900 Federal Program Revenues	11,265,482	11,265,482	11,864,576	599,094
5020 Total Revenues	122,082,562	122,082,562	123,609,976	1,527,414
EXPENDITURES:				
Current:				
0011 Instruction	59,869,080	68,962,251	60,907,565	8,054,686
0012 Instructional Resources and Media Services	1,334,366	1,353,046	1,237,826	115,220
0013 Curriculum and Instructional Staff Development	3,242,927	3,237,033	2,905,221	331,812
0021 Instructional Leadership	2,802,261	2,897,751	2,839,069	58,682
0023 School Leadership	7,156,126	7,266,192	7,216,951	49,241
0031 Guidance, Counseling, and Evaluation Services	3,285,990	3,286,500	3,237,378	49,122
0032 Social Work Services	207,498	222,498	208,768	13,730
0033 Health Services	1,226,204	1,354,204	1,339,949	14,255
0034 Student (Pupil) Transportation	3,975,921	5,335,921	3,819,560	1,516,361
0035 Food Services	9,340,276	10,406,276	9,341,515	1,064,761
0036 Extracurricular Activities	3,097,824	3,392,488	2,973,013	419,475
0041 General Administration	3,735,434	3,735,434	3,309,681	425,753
0051 Facilities Maintenance and Operations	23,471,969	26,953,271	15,885,659	11,067,612
0052 Security and Monitoring Services	3,002,275	3,046,275	2,658,828	387,447
0053 Data Processing Services	2,395,367	2,552,695	2,415,846	136,849
0061 Community Services	84,432	124,432	121,135	3,297
Capital Outlay:				
0081 Facilities Acquisition and Construction	6,869,820	8,901,518	1,882,769	7,018,749
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	35,000	35,000	-	35,000
0099 Other Intergovernmental Charges	328,000	328,000	308,943	19,057
6030 Total Expenditures	135,460,770	153,390,785	122,609,676	30,781,109
1100 Excess (Deficiency) of Revenues Over (Under)	(13,378,208)	(31,308,223)	1,000,300	32,308,523
Expenditures				
OTHER FINANCING SOURCES (USES):				
7949 Other Resources	-	-	353,061	353,061
1200 Net Change in Fund Balances	(13,378,208)	(31,308,223)	1,353,361	32,661,584
0100 Fund Balance - September 1 (Beginning)	60,076,446	60,076,446	60,076,446	-
3000 Fund Balance - August 31 (Ending)	\$ 46,698,238	\$ 28,768,223	\$ 61,429,807	\$ 32,661,584

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED AUGUST 31, 2020

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 Board does not adopt a budget for the Education Stabilization Fund - ESSER major special revenue fund because it is not legally required to do so; however, grantor personnel maintain an internal budget based upon the District's entitlement designated by the Texas Education Agency.

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 \$17.9 million difference between the original and final budgeted expenditures resulting from four significant budget amendments. The Board approved to amend the budget by increasing expenditures by (1) \$2 million to begin Horizon High School improvements and 0.6 million for classroom technology enhancements; (2) \$1.4 million to purchase buses and security vehicles and 0.2 million for PE equipment; (3) \$5.3 million for additional classroom technology enhancements, \$1.8 million for refrigerated air and drop off covers; \$1.6 million for bus yard paving and a covered building for activity buses; \$1 million for band instrument replacements and upgrades, \$2.3 million to expend the new Early Education Allotment, \$0.8 million for score board upgrades and Child Nutrition operations; and (4) an additional \$0.9 million for expected increases in Child Nutrition operations due to COVID-19.

Expenditures in Excess of Appropriations

During the fiscal year ended August 31, 2020, the District did not have any expenditures in excess of appropriations in the General Fund.

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

	Measurement Year Ended August 31,		
	2019	2018	2017
District's Proportion of the Net Pension Liability (Asset)	0.0639030281%	0.0605223246%	0.0672858958%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 33,218,792	\$ 33,312,956	\$ 21,514,405
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	52,183,391	55,325,649	32,528,251
Total	<u>\$ 85,402,183</u>	<u>\$ 88,638,605</u>	<u>\$ 54,042,656</u>
District's Covered Payroll	\$ 73,181,705	\$ 68,567,380	\$ 69,185,538
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	45.39%	48.58%	31.10%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.24%	73.74%	82.17%

Note: Only six 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."

Measurement Year Ended August 31,		
2016	2015	2014
0.0694300038%	0.0744378000%	0.0553606000%
\$ 26,236,566	\$ 26,312,772	\$ 14,787,583
39,094,734	38,325,970	32,787,766
<u>\$ 65,331,300</u>	<u>\$ 64,638,742</u>	<u>\$ 47,575,349</u>
\$ 68,239,797	\$ 67,596,256	\$ 65,837,034
38.45%	38.93%	22.46%
78.00%	78.43%	83.25%

CLINT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020

	Fiscal Year Ended August 31,		
	2020	2019	2018
Contractually Required Contribution	\$ 2,449,353	\$ 2,236,265	\$ 2,038,844
Contribution in Relation to the Contractually Required Contribution	<u>(2,449,353)</u>	<u>(2,236,265)</u>	<u>(2,038,844)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 77,642,144	\$ 73,181,705	\$ 68,567,380
Contributions as a percentage of Covered Payroll	3.15%	3.06%	2.97%

Note: Only six 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."

Fiscal Year Ended August 31,		
2017	2016	2015
\$ 2,205,239	\$ 2,205,967	\$ 2,204,690
<u>(2,205,239)</u>	<u>(2,205,967)</u>	<u>(2,204,690)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 69,185,538	\$ 68,239,797	\$ 67,596,256
3.19%	3.23%	3.26%

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR PENSIONS

FOR THE YEAR AUGUST 31, 2020

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 single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

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, 2020

	Measurement Year Ended August 31,		
	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0867250793%	0.0822964678%	0.0848486348%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 41,013,350	\$ 41,091,380	\$ 36,897,488
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	54,497,571	58,257,387	52,512,494
Total	<u>\$ 95,510,921</u>	<u>\$ 99,348,767</u>	<u>\$ 89,409,982</u>
District's Covered Payroll	\$ 73,181,705	\$ 68,567,380	\$ 69,185,538
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	56.04%	59.93%	53.33%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	2.66%	1.57%	0.91%

Note: Only three 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, 2020

	Fiscal Year Ended August 31,			
	2020	2019	2018	2017
Contractually Required Contribution	\$ 644,118	\$ 615,388	\$ 567,728	\$ 441,129
Contribution in Relation to the Contractually Required Contribution	(644,118)	(615,388)	(567,728)	(441,129)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 77,642,144	\$ 73,181,705	\$ 68,567,380	\$ 69,185,538
Contributions as a percentage of Covered Payroll	0.83%	0.84%	0.83%	0.64%

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 seven 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.

Fiscal Year Ended August 31,		
2016	2015	2014
\$ 436,304	\$ 437,509	\$ 425,914
(436,304)	(437,509)	(425,914)
\$ -	\$ -	\$ -
\$ 68,239,797	\$ 67,596,256	\$ 65,837,034
0.64%	0.65%	0.65%

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR OPEB

FOR THE YEAR ENDED AUGUST 31, 2020

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:

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

SUPPLEMENTARY INFORMATION

CLINT INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2020

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	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	15,587	285,153	145,267	2,373
1260	Due from Other Funds	-	-	-	-
1800	Restricted Assets	-	-	-	-
1000	Total Assets	<u>\$ 15,587</u>	<u>\$ 285,153</u>	<u>\$ 145,267</u>	<u>\$ 2,373</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ (18)	\$ (20)	\$ -
2170	Due to Other Funds	15,587	285,171	145,287	2,373
2180	Due to Other Governments	-	-	-	-
2000	Total Liabilities	<u>15,587</u>	<u>285,153</u>	<u>145,267</u>	<u>2,373</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3445	Other Non-Spendable Fund Balance	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 15,587</u>	<u>\$ 285,153</u>	<u>\$ 145,267</u>	<u>\$ 2,373</u>

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	276 Title I - SIP Academy Grant	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
54,880	84,159	37,743	18,243	49,000	23,676	-	42,525
-	-	-	169,163	-	-	2,589	-
-	-	-	-	-	-	-	-
<u>\$ 54,880</u>	<u>\$ 84,159</u>	<u>\$ 37,743</u>	<u>\$ 187,406</u>	<u>\$ 49,000</u>	<u>\$ 23,676</u>	<u>\$ 2,589</u>	<u>\$ 42,525</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54,880	84,159	37,743	-	49,000	23,676	-	42,525
-	-	-	-	-	-	-	-
<u>54,880</u>	<u>84,159</u>	<u>37,743</u>	<u>-</u>	<u>49,000</u>	<u>23,676</u>	<u>-</u>	<u>42,525</u>
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>187,406</u>	<u>-</u>	<u>-</u>	<u>2,589</u>	<u>-</u>
<u>\$ 54,880</u>	<u>\$ 84,159</u>	<u>\$ 37,743</u>	<u>\$ 187,406</u>	<u>\$ 49,000</u>	<u>\$ 23,676</u>	<u>\$ 2,589</u>	<u>\$ 42,525</u>

CLINT INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2020

Data Control Codes		422 Matching Fund for Library Purchases	429 Other State Special Revenue Funds	461 Campus Activity Funds	497 TASP
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 115,752	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	-	5,538	-	-
1260	Due from Other Funds	4,232	35,036	-	500
1800	Restricted Assets	-	-	-	-
1000	Total Assets	<u>\$ 4,232</u>	<u>\$ 40,574</u>	<u>\$ 115,752</u>	<u>\$ 500</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 5,197	\$ -
2170	Due to Other Funds	-	5,538	43,567	-
2180	Due to Other Governments	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>5,538</u>	<u>48,764</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3445	Other Non-Spendable Fund Balance	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	4,232	35,036	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	500
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	66,988	-
3000	Total Fund Balances	<u>4,232</u>	<u>35,036</u>	<u>66,988</u>	<u>500</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 4,232</u>	<u>\$ 40,574</u>	<u>\$ 115,752</u>	<u>\$ 500</u>

498	Total	599	699	807	Total
CREED	Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects Fund	David Cramer Memorial Scholarship	Nonmajor Governmental Funds
\$ -	\$ 115,752	\$ 3,353,445	\$ 4,463,232	\$ -	\$ 7,932,429
-	-	924,571	-	-	924,571
-	-	(599,488)	-	-	(599,488)
-	764,144	-	-	-	764,144
41,378	252,898	-	-	-	252,898
-	-	-	-	6,039	6,039
<u>\$ 41,378</u>	<u>\$ 1,132,794</u>	<u>\$ 3,678,528</u>	<u>\$ 4,463,232</u>	<u>\$ 6,039</u>	<u>\$ 9,280,593</u>
\$ -	\$ 5,159	\$ -	\$ 93,107	\$ -	\$ 98,266
-	789,506	92,912	230,748	-	1,113,166
-	-	276,575	-	-	276,575
<u>-</u>	<u>794,665</u>	<u>369,487</u>	<u>323,855</u>	<u>-</u>	<u>1,488,007</u>
-	-	282,833	-	-	282,833
<u>-</u>	<u>-</u>	<u>282,833</u>	<u>-</u>	<u>-</u>	<u>282,833</u>
-	-	-	-	5,000	5,000
-	229,263	-	-	-	229,263
-	-	-	4,139,377	-	4,139,377
-	-	3,026,208	-	-	3,026,208
41,378	41,878	-	-	1,039	42,917
-	66,988	-	-	-	66,988
<u>41,378</u>	<u>338,129</u>	<u>3,026,208</u>	<u>4,139,377</u>	<u>6,039</u>	<u>7,509,753</u>
<u>\$ 41,378</u>	<u>\$ 1,132,794</u>	<u>\$ 3,678,528</u>	<u>\$ 4,463,232</u>	<u>\$ 6,039</u>	<u>\$ 9,280,593</u>

CLINT INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

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	25,401	3,975,246	1,843,300	16,383
5020 Total Revenues	25,401	3,975,246	1,843,300	16,383
EXPENDITURES:				
Current:				
0011 Instruction	25,027	2,669,119	1,017,017	16,383
0013 Curriculum and Instructional Staff Development	-	642,750	8,075	-
0021 Instructional Leadership	374	185,880	156,829	-
0023 School Leadership	-	4,755	-	-
0031 Guidance, Counseling, and Evaluation Services	-	364,000	661,379	-
0034 Student (Pupil) Transportation	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	108,742	-	-
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	25,401	3,975,246	1,843,300	16,383
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

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	276 Title I - SIP Academy Grant	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	340	1,569,878
180,778	449,536	405,130	48,663	49,000	341,094	-	-
180,778	449,536	405,130	48,663	49,000	341,094	340	1,569,878
89,234	35,782	405,130	72,630	49,000	53,821	-	1,569,878
4,740	413,754	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
86,804	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	287,273	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
180,778	449,536	405,130	72,630	49,000	341,094	-	1,569,878
-	-	-	(23,967)	-	-	340	-
-	-	-	211,373	-	-	2,249	-
\$ -	\$ -	\$ -	187,406	\$ -	\$ -	2,589	\$ -

CLINT INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	422 Matching Fund for Library Purchases	429 Other State Special Revenue Funds	461 Campus Activity Funds	497 TASP
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 106,532	\$ -
5800 State Program Revenues	-	35,357	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	-	35,357	106,532	-
EXPENDITURES:				
Current:				
0011 Instruction	-	350	192,409	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	-	350	192,409	-
1200 Net Change in Fund Balance	-	35,007	(85,877)	-
0100 Fund Balance - September 1 (Beginning)	4,232	29	152,865	500
3000 Fund Balance - August 31 (Ending)	\$ 4,232	\$ 35,036	\$ 66,988	\$ 500

498	Total	599	699	807	Total
CREED	Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects Fund	David Cramer Memorial Scholarship	Nonmajor Governmental Funds
\$ 22,000	\$ 128,532	\$ 3,688,119	\$ 110,810	\$ 30	\$ 3,927,491
-	1,605,575	8,118,921	-	-	9,724,496
-	7,334,531	-	-	-	7,334,531
22,000	9,068,638	11,807,040	110,810	30	20,986,518
-	6,195,780	-	32,419	-	6,228,199
-	1,069,319	-	-	-	1,069,319
-	343,083	-	-	-	343,083
-	4,755	-	-	-	4,755
-	1,112,183	-	-	-	1,112,183
-	-	-	1,270,770	-	1,270,770
-	-	-	269,778	-	269,778
-	-	-	2,401,090	-	2,401,090
-	287,273	-	-	-	287,273
-	108,742	-	-	-	108,742
-	-	5,305,823	-	-	5,305,823
-	-	8,657,227	-	-	8,657,227
-	-	6,736	-	-	6,736
-	-	-	627,498	-	627,498
-	9,121,135	13,969,786	4,601,555	-	27,692,476
22,000	(52,497)	(2,162,746)	(4,490,745)	30	(6,705,958)
19,378	390,626	5,188,954	8,630,122	6,009	14,215,711
\$ 41,378	\$ 338,129	\$ 3,026,208	\$ 4,139,377	\$ 6,039	\$ 7,509,753

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 AUGUST 31, 2020

	BALANCE SEPTEMBER 1 2019	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2020
Student Activity Account				
Assets:				
Cash and Temporary Investments	\$ 349,575	\$ 528,769	\$ 459,589	\$ 418,755
Due From Other Funds	3	-	-	3
Total Assets	<u>\$ 349,578</u>	<u>\$ 528,769</u>	<u>\$ 459,589</u>	<u>\$ 418,758</u>
Liabilities:				
Due to Student Groups	<u>\$ 349,578</u>	<u>\$ 528,769</u>	<u>\$ 459,589</u>	<u>\$ 418,758</u>
Sunshine Account				
Assets:				
Due From Other Funds	<u>\$ 22,074</u>	<u>\$ 44,557</u>	<u>\$ 23,667</u>	<u>\$ 42,964</u>
Liabilities:				
Accounts Payable	<u>\$ 22,074</u>	<u>\$ 44,557</u>	<u>\$ 23,667</u>	<u>\$ 42,964</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 349,575	\$ 528,769	\$ 459,589	\$ 418,755
Due From Other Funds	<u>22,077</u>	<u>44,557</u>	<u>23,667</u>	<u>42,967</u>
Total Assets	<u>\$ 371,652</u>	<u>\$ 573,326</u>	<u>\$ 483,256</u>	<u>\$ 461,722</u>
Liabilities:				
Accounts Payable	\$ 22,074	\$ 44,557	\$ 23,667	\$ 42,964
Due to Student Groups	<u>349,578</u>	<u>528,769</u>	<u>459,589</u>	<u>418,758</u>
Total Liabilities	<u>\$ 371,652</u>	<u>\$ 573,326</u>	<u>\$ 483,256</u>	<u>\$ 461,722</u>

OTHER INFORMATION - REQUIRED TEA SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2011 and prior years	Various	Various	\$ Various
2012	1.040050	0.295000	997,553,147
2013	1.040050	0.295000	1,026,403,818
2014	1.040050	0.295000	1,057,975,193
2015	1.040050	0.295000	1,067,074,400
2016	1.040100	0.366500	1,023,854,363
2017	1.040100	0.366500	1,069,176,764
2018	1.040100	0.366500	1,173,520,402
2019	1.170000	0.236600	1,331,887,487
2020 (School year under audit)	1.068350	0.236600	1,490,415,332
1000 TOTALS			

(10) Beginning Balance 9/1/2019	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2020
\$ 1,481,862	\$ -	\$ 55,251	\$ 10,333	\$ (1,915)	\$ 1,414,363
144,056	-	5,660	1,607	(464)	136,325
175,555	-	10,537	3,024	(464)	161,530
216,903	-	25,539	7,279	(464)	183,621
297,157	-	54,090	15,377	(530)	227,160
353,949	-	61,870	21,824	1,888	272,143
427,469	-	72,361	25,500	(3,733)	325,875
545,763	-	86,760	30,575	(32,807)	395,621
1,032,047	-	293,540	59,363	(74,058)	605,086
-	19,112,822	14,805,464	3,278,906	-	1,028,452
<u>\$ 4,674,761</u>	<u>\$ 19,112,822</u>	<u>\$ 15,471,072</u>	<u>\$ 3,453,788</u>	<u>\$ (112,547)</u>	<u>\$ 4,750,176</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, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 240,860	\$ 240,860	\$ 282,935	\$ 42,075
5800 State Program Revenues	39,864	39,864	39,864	-
5900 Federal Program Revenues	8,596,220	8,596,220	9,153,262	557,042
5020 Total Revenues	8,876,944	8,876,944	9,476,061	599,117
EXPENDITURES:				
Current:				
0035 Food Services	9,339,276	10,405,276	9,341,515	1,063,761
0051 Facilities Maintenance and Operations	25,000	181,000	43,348	137,652
6030 Total Expenditures	9,364,276	10,586,276	9,384,863	1,201,413
1200 Net Change in Fund Balances	(487,332)	(1,709,332)	91,198	1,800,530
0100 Fund Balance - September 1 (Beginning)	3,200,134	3,200,134	3,200,134	-
3000 Fund Balance - August 31 (Ending)	\$ 2,712,802	\$ 1,490,802	\$ 3,291,332	\$ 1,800,530

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, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 3,702,715	\$ 3,702,715	\$ 3,688,119	\$ (14,596)
5800 State Program Revenues	8,105,675	8,105,675	8,118,921	13,246
5020 Total Revenues	11,808,390	11,808,390	11,807,040	(1,350)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	6,435,000	6,435,000	5,305,823	1,129,177
0072 Interest on Long-Term Debt	7,528,050	7,528,050	8,657,227	(1,129,177)
0073 Bond Issuance Cost and Fees	25,000	25,000	6,736	18,264
6030 Total Expenditures	13,988,050	13,988,050	13,969,786	18,264
1200 Net Change in Fund Balances	(2,179,660)	(2,179,660)	(2,162,746)	16,914
0100 Fund Balance - September 1 (Beginning)	5,188,954	5,188,954	5,188,954	-
3000 Fund Balance - August 31 (Ending)	\$ 3,009,294	\$ 3,009,294	\$ 3,026,208	\$ 16,914

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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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

A handwritten signature in black ink that reads "Gibson Ruddock Patterson, LLC". The signature is written in a cursive, flowing style.

Gibson Ruddock Patterson, LLC
El Paso, Texas
January 14, 2021

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 (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion of Each Major Federal Program

In our opinion, the 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, 2020.

Report on Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 District's internal control over compliance.

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

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

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



Gibson Ruddock Patterson, LLC
El Paso, Texas
January 14, 2021

CLINT INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2020

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Were significant deficiencies in internal control disclosed? None reported

Were material weaknesses in internal control disclosed? No

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

Federal Awards

Internal control over major federal award programs:

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

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

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

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

Major Federal Programs: **Child Nutrition Cluster Program:**
CFDA 10.553
School Breakfast Program
CFDA 10.555
National School Lunch Program

**Education Stabilization Fund
(ESSER - Elementary and
Secondary School Emergency
Relief Fund):**
CFDA 84.425D

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, 2020

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, 2020

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, 2020

(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	12.000	N/A	\$ 194,324
Total Direct Programs			194,324
TOTAL U.S. DEPARTMENT OF DEFENSE			194,324
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101071901	4,136,768
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101071901	44,864
Total CFDA Number 84.010A			4,181,632
*IDEA - Part B, Formula	84.027A	206600010719016600	1,843,300
*IDEA - Part B, Preschool	84.173A	206610010719016610	16,383
Total Special Education Cluster (IDEA)			1,859,683
Career and Technical - Basic Grant	84.048A	20420006071901	190,266
ESEA, Title X, Part C -Homeless Children	84.196A	204600057110015	26,727
Title III, Part A - English Language Acquisition	84.365A	20671001071901	426,368
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	20694501071901	464,727
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	19694501071901	1,492
Total CFDA Number 84.367A			466,219
Summer School LEP	84.369A	69551902	16,900
Title I School Improvement Grants	84.377A	17610740071901	49,000
Title IV, Part A, SSAE	84.424A	20680101071901	341,146
COVID-19 - Education Stabilization Fund (ESSER)	84.425D	20521001071901	3,750,580
Total Passed Through State Department of Education			11,308,521
TOTAL U.S. DEPARTMENT OF EDUCATION			11,308,521
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Thru Texas Health & Human Svcs Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-15-0048-00004	48,663
Total Passed Thru Texas Health & Human Svcs Commission			48,663
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			48,663
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
**School Breakfast Program - Cash Assistance	10.553	71402001	3,010,360
**School Breakfast Program - Cash Assistance	10.553	71401901	396,363
Total CFDA Number 10.553			3,406,723
**National School Lunch Program - Cash Assistance	10.555	71302001	4,548,189
**National School Lunch Program - Cash Assistance	10.555	71301901	583,095
**National School Lunch Program - Non-Cash Assist.	10.555	071901	688,339
Total CFDA Number 10.555			5,819,623
Total Child Nutrition Cluster			9,226,346
Child & Adult Care Food Program - Cash Assistance	10.558	071901	226,916
Total Passed Through the State Department of Agriculture			9,453,262
TOTAL U.S. DEPARTMENT OF AGRICULTURE			9,453,262
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 21,004,770

* and ** are Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2020

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, 2020, 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 August 31, 2020. 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 2020 and the Compliance Supplement Addendum - December 2020.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2020

2. BASIS OF PRESENTATION (Continued)

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

Program Income - The Child Nutrition Cluster generated program income in the amount of \$282,935 and, respectively, for the year ended August 31, 2020.

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:

Program Title	Federal CFDA Number	Amount
School Breakfast Program - Cash Assistance	10.553	\$ 120,000
National School Lunch Program - Cash Assistance	10.555	180,000
ESEA, Title I, Part A - Improving Basic Programs	84.010A	206,386
Career and Technical - Basic Grant	84.048A	9,488
Texas Support for Homeless Education Program	84.196A	1,326
Title III, Part A - English Language Acquisition	84.365A	21,238
Title II, Part A - Supporting Effective Inst.	84.367A	16,683
Title IV, Part A, SSAE	84.424A	16,952
Total Indirect Costs		<u>\$ 572,073</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****YEAR ENDED AUGUST 31, 2020****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	\$ 3,286,723
National School Lunch Program - Cash Assistance	10.555	4,951,284
National School Lunch Prog. - Non-Cash Assistance	10.555	688,339
Child & Adult Care Food Program - Cash Assistance	10.558	226,916
NJROTC	12.000	194,324
Indirect Costs - CNP	10.XXX	300,000
Indirect Costs - Other	84.XXX	<u>272,073</u>
Total Federal Expenditures Presented in Exhibit K-1		9,919,659
SHARS (not included in Exhibit K-1)		<u>1,944,917</u>
Total General Fund federal revenue per Exhibit C-3		<u><u>\$ 11,864,576</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	\$ 21,004,770
School Health and Related Services (SHARS) reimbursements	<u>1,944,917</u>
Total federal revenue per Exhibit C-3	<u><u>\$ 22,949,687</u></u>