



JUDSON INDEPENDENT  
SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2019

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**JUDSON INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**June 30, 2019**

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## **INTRODUCTORY SECTION**

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**JUDSON INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**June 30, 2019**

CERTIFICATE OF BOARD

Judson Independent School District  
Name of School District

Bexar  
County

015-916  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial report of the above named School District were reviewed and approved for the year ended June 30, 2019, at a meeting of the Board of Trustees of such School District on the 21st day of November, 2019.

//Signature on file//  
Signature of Board Secretary

//Signature on file//  
Signature of Board President

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## **FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Judson Independent School District  
Live Oak, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Judson Independent School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements 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 Judson Independent School District as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension and OPEB liability – Teacher Retirement System of Texas; schedule of District contributions - Teacher Retirement System of Texas, and notes to the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is 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* 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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information 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 other schedules presented by the District, as listed in the table of contents, 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 November 21, 2019, on our consideration of Judson Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas  
November 21, 2019

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**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**Year ended June 30, 2019**

This section of the annual financial report presents our discussion and analysis of the District’s financial performance during the year ended June 30, 2019. Please read it in conjunction with the District’s financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

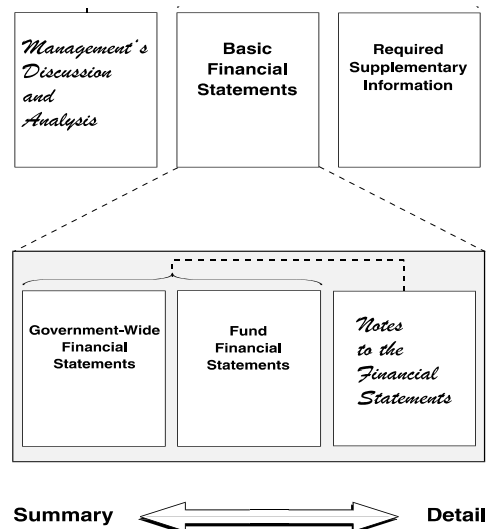
- The liabilities of the District exceeded its assets by \$35,809,262 at the close of the fiscal year ending June 30, 2019. Of this amount, \$(82,379,027) is a deficit unrestricted net position. The deficit net position is a result of implementing GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, which recognized additional liabilities, deferred inflows and outflows for postemployment benefits other than pensions of \$104,843,675 as of June 30, 2019.
- As of the close of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$255,150,243. Approximately 24 percent of this total amount \$62,442,702 is available for spending at the District’s discretion (unassigned fund balance). Fund balance of \$99,335,689, about 39 percent, is restricted for current and future capital projects. The administration has also assigned fund balance in the amount of \$8,790,228 for outstanding encumbrances and \$2,356,114 for accrued compensated absences. These amounts represent approximately 3 percent, and 1 percent, respectively.
- The general fund reported a total fund balance this year of \$78,385,273 at June 30, 2019. Of this fund balance, \$62,442,702 is unassigned and available for spending at the District’s discretion.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government services* were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong

**Figure A-1, Required Components of the District’s Annual Financial Report**



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

## Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Both current period and prior year data are represented with discussion of significant changes in the accounts. Our analysis focuses on the net position (Table A-1) and changes in net position (Table A-2) of the District's government-wide activities. This period-over-period comparison provides an indication of the District's financial well-being. Increases and decreases in net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2019, the District's liabilities and deferred inflows of resources exceeded combined assets and deferred outflows of resources by \$35,809,262, which is an increase of \$307,820 compared to the prior year net position.

**Table A-1**  
Judson Independent School District's Net Position  
(In millions)

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2019	2018	2019 - 2018
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 278.0	\$ 332.1	(16.3%)
Property taxes receivable (net)	4.3	3.9	10.3%
Due from other governments	20.2	21.8	(7.3%)
Inventories – supplies and materials	0.6	0.5	20.0%
Deferred expenditures	0.3	0.4	(25.0%)
Total current assets	<u>303.4</u>	<u>358.7</u>	(15.4%)
<b>Noncurrent Assets:</b>			
Capital assets	809.6	739.4	9.5%
Less accumulated depreciation	(274.6)	(254.3)	8.0%
Total noncurrent assets	<u>535.0</u>	<u>485.1</u>	10.3%
Total assets	<u>838.4</u>	<u>843.8</u>	(0.6%)
<b>Deferred Outflows of Resources:</b>			
Unamortized loss on refunded bonds	8.0	8.5	(5.9%)
Deferred outflows related to TRS and OPEB	49.4	14.9	231.5%
Total deferred outflows of resources	<u>57.4</u>	<u>23.4</u>	145.3%
<b>Current Liabilities:</b>			
Accounts payable and interest payable	12.4	22.3	(44.4%)
Payroll deductions/withholdings	10.4	10.8	(3.7%)
Accrued wages	32.5	21.8	49.1%
Deferred revenue	0.2	0.1	100.0%
Bond premium - deferred	58.8	61.6	(4.5%)
Total current liabilities	<u>114.3</u>	<u>116.6</u>	(2.0%)
<b>Long-Term Liabilities:</b>			
Bonds and lease payable	620.8	631.9	(1.8%)
Net pension and net OPEB liability (District's share)	164.1	116.8	40.5%
Total long-term liabilities	<u>784.9</u>	<u>748.7</u>	4.8%
Total liabilities	<u>899.2</u>	<u>865.3</u>	3.9%
<b>Deferred Inflows of Resources:</b>			
Deferred inflows related to TRS and OPEB	32.4	37.9	(14.5%)
Total deferred inflows of resources	<u>32.4</u>	<u>37.9</u>	(14.5%)
<b>Net Position:</b>			
Net investment in capital assets	12.0	18.6	(35.5%)
Restricted for:			
State and federal	8.2	6.6	24.2%
Debt	26.4	25.1	5.2%
Unrestricted	(82.4)	(86.5)	(4.7%)
Total net position	<u>\$ (35.8)</u>	<u>\$ (36.2)</u>	(1.1%)

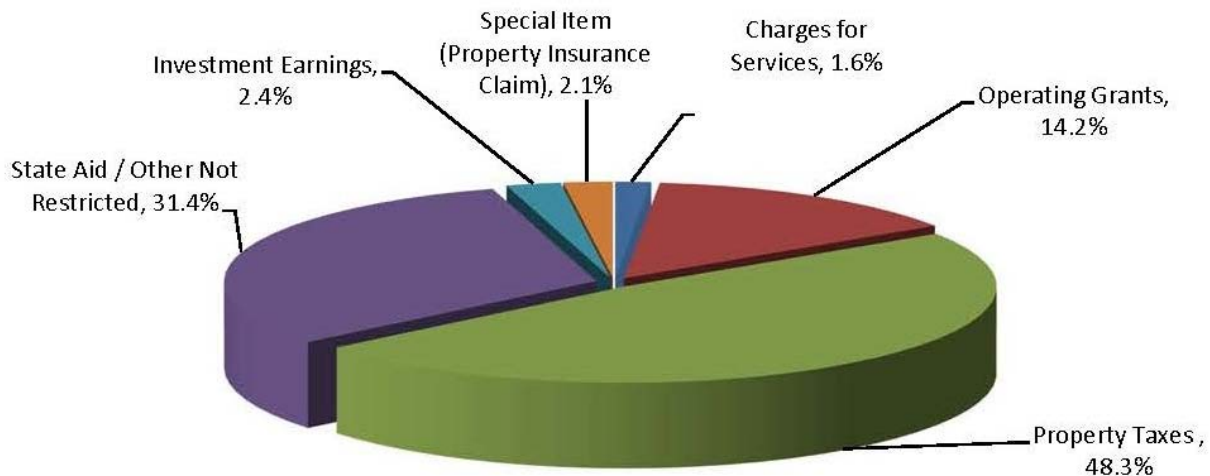
**Table A-2**  
**Judson Independent School District's Net Position**  
*(In millions)*

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2019	2018	2019 - 2018
<b>Program Revenues:</b>			
Charges for services	\$ 4.4	\$ 4.3	2.3%
Operating grants and contributions	40.5	(8.0)	(606.3%)
<b>General Revenues:</b>			
Property taxes	137.4	124.8	10.1%
State aid / other contributions not restricted	86.2	90.1	(4.3%)
Investment earnings	6.7	4.2	59.5%
Special item (property insurance claims)	6.1	29.7	0.0%
Other	3.2	0.6	433.3%
Total revenues	284.5	245.7	15.8%
<b>Expenses:</b>			
Instruction	145.4	93.0	56.3%
Instructional resources and media services	2.5	1.8	38.9%
Curriculum dev. and instructional staff dev.	8.7	4.0	117.5%
Instructional leadership	4.0	2.3	73.9%
School leadership	13.2	8.1	63.0%
Guidance, counseling, and evaluation services	8.9	5.5	61.8%
Social work services	1.9	0.9	111.1%
Health services	2.6	1.7	52.9%
Student (pupil) transportation	8.2	6.8	20.6%
Food services	15.3	10.3	48.5%
Curricular/extracurricular activities	7.4	3.4	117.6%
General administration	5.3	4.6	15.2%
Plant maintenance and operations	23.3	20.2	15.3%
Security and monitoring services	2.7	2.2	22.7%
Data processing services	3.8	3.3	15.2%
Community services	1.3	1.3	0.0%
Interest on long-term debt	24.4	23.7	3.0%
Bond issuance costs and fees	-	0.6	(100.0%)
Facilities acquisition and construction	5.7	2.2	159.1%
Payments related to shared services arrangements	0.3	0.3	0.0%
Other intergovernmental charges	0.5	0.6	(16.7%)
Total expenses	285.4	196.8	45.0%
Increase in net position	\$ (0.9)	\$ 48.9	(101.8%)

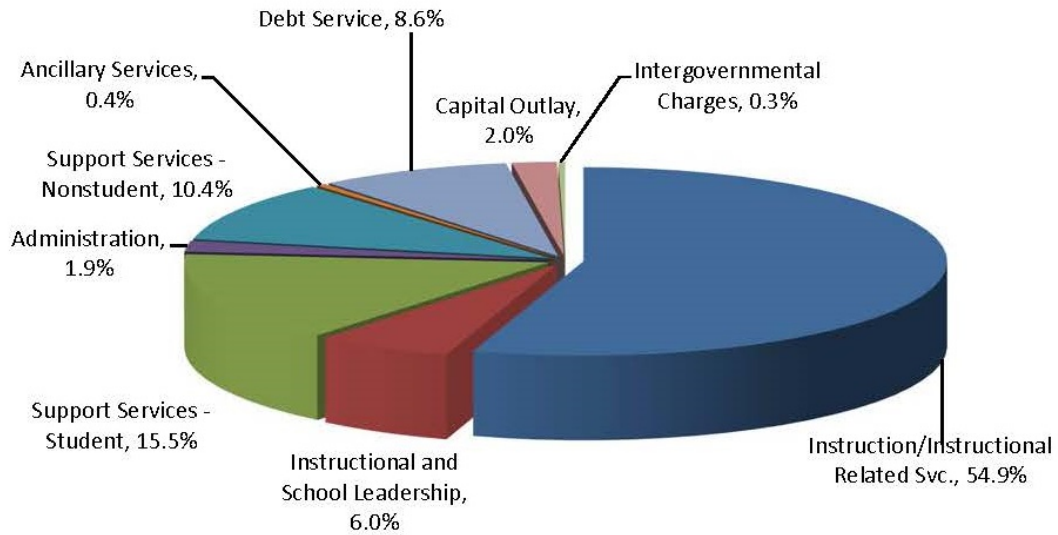
Net investment in capital assets (e.g., land, construction in progress, buildings, furniture, equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding is \$11,966,290. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, generally property taxes, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position of \$8,180,112 represents resources provided by state, federal or local agencies or organizations. These funds are subject to restrictions on how they may be used which are established by the granting agency or organization. Another portion of the District's restricted net position of \$26,423,363 represents revenue from local taxes. These revenues are restricted for expenditures related to debt service payments. The remaining deficit unrestricted net position of \$82,379,027 is a result of recent adoptions of GASB 68 and 75 which combined accounts for \$147,134,243 in liabilities and net deferred outflows/inflows as of June 30, 2019.

**Changes in net position:** The implementation of GASB 75, at the government-wide statement level, during this fiscal year is reflected in the following amounts and percentages. The District's total revenues were \$284.5 million. A significant portion, 48 percent, of the District's revenue comes from taxes. (See Figure A-2), 32 percent comes from state aid and other non-restricted contributions, 2 percent relates to charges for services, 2 percent from a Special Item (property insurance claim), 2 percent was from investment earnings and the remaining 14 percent comes from restricted operating grants and contributions. The total cost of all programs and services was \$285.4 million; 55 percent of these costs are for instructional, instructional leadership and student services. (See Figure A-3).

**Figure A-2 District  
Sources of Revenue for Fiscal Year 2019**



**Figure A-3 District  
Expenses for Fiscal Year 2019**



**Governmental Activities**

- Changes in Governmental Activities Net Position are presented in Table A-2. The District’s Governmental Activities revenues were \$284.5 million. The District’s two main sources of revenue are from local property taxes and State funding.
- Property tax rates increased from the previous year. The tax rate was \$1.44 per \$100 of taxable assessed valuation in the current fiscal year and \$1.425 per \$100 of taxable assessed valuation in the prior fiscal year. The taxable assessed values were \$9.9 billion during the current fiscal year and \$8.9 billion in the previous fiscal year. The change in taxable assessed values resulted in the combined tax levy increasing to \$138.6 million from \$127.3 million in the previous fiscal year.
- On May 7, 2016, the voters of the District approved an election to sell bonds in the amount of \$214.18 million. The bonds were approved as three separate propositions. The first proposition was for \$135.9 million with the proceeds being used to renovate numerous of the existing school facilities. The second proposition was for \$73.08 million with the proceeds being used for the construction of two new elementary schools. The third proposition was for \$5.2 million with the proceeds being used to refund the bonds that were issued by the Judson Independent School District Public Facility Corporation.
- During FY18 design work had begun on several of the renovation projects authorized in the first proposition. The estimated completion date for all renovation projects is June 2021. The first elementary school has been completed and opened in time for the FY19 school year. The second elementary school has been completed and opened in January 2019. The bonds to refund the Judson Independent School District Public Facility Corporation bonds were sold and the Board of Directors has authorized the voluntary termination of the PFC.

- On May 6, 2017, the voters of the District approved an election to sell bonds in the amount of \$60 million. The bonds were approved as a single proposition, with the proceeds being used for the purpose of completing the final phase of Veterans Memorial High school. During the first construction phase of Veterans Memorial High School, the Board authorized transferring \$4.4 million from the General Operating Fund to the Capital Projects fund to complete specific items that were not initially included in that phase of construction. At that time, the Board also approved a reimbursing resolution which would authorize the reimbursement of these funds from a future bonds election to the General Operating Fund. Once these bonds are sold, the \$4.4 million will be transferred from the Capital Projects Fund to the General Operating Fund. These bonds were sold during FY18 and construction has been completed on the athletic fields that were included in the second phase. The design work has been completed for the classroom addition of the second phase and construction is scheduled to be completed during FY20.

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

The financial performance of the district as a whole is reflected in its governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year. As the District completed this year, its governmental funds reported a combined ending balance of \$255,150,243, of which \$62,442,702, or 24% is considered unassigned and is available for spending at the District's discretion. The remainder of the fund balance is nonspendable due to form or restricted, committed or assigned to indicate that it is not available for new spending because it has already been designated for other obligations of the District.

The General Fund is the primary operating fund of the District. The General Fund unassigned fund balance is \$62.4 million for the year ended June 30, 2019.

### **General Fund Budgetary Highlights**

Over the course of the year, the District revised its budget to provide for changes in operations.

- Actual revenues for the general fund exceeded the final budget by approximately \$11.8 million. Of this positive variance, approximately, \$4.1 million was primarily the result of an increase in federal funding for adjustments made to reimbursable services provided by the district in previous years. \$2.9 increase in state funding for adjustments in taxable values assigned to properties within the school district boundaries in a previous fiscal year. Another factor was an increase in students participating in specific educational settings and other state funded programs. Property tax revenue contributed approximately, \$4.8 million.
- Actual expenditures for the general fund were \$14.4 million below final budget amounts. The most significant difference, \$8.3 million, occurred in Capital Outlay. This was the result of budgeting for the repair and/or replacement of various roofs that were damaged by a hail storm which were not completed by the end of the fiscal year. Another significant difference, 2.8 million occurred in Instruction and Instructional Related Services. This positive variance was the result of budgeting for full employment of staff throughout the full year, not adjusting for vacant positions, and reclassifying the cost for eligible staff to other funding sources that became available throughout the fiscal year.
- Total fund balance for the general fund increased by \$2.2 million from the preceding fiscal year. Total fund balance for the general fund was \$78.4 million at June 30, 2019 and it was \$76.2 million at June 30, 2018. The most significant reason for the increase was payments from insurance company for the repair of roof and HVAC equipment that were damaged by hail. This work will be completed in FY20 and the funds are included in the assigned fund balance category because these funds will be used to repair and/or replace damaged roofs and HVAC equipment. The amount assigned for this purpose is \$8.8 million.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2019, the District had invested \$809.6 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4). This amount represents a net increase (including additions and deductions) of \$70.2 million or an increase of 9.5%, in net additions and deductions, as compared to the previous year.

**Table A-4**  
District's Capital Assets  
(In Millions)

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2019	2018	2019 - 2018
Land	\$ 23.7	\$ 23.7	0.0%
Construction in progress	57.3	68.4	(16.2%)
Building and improvements	676.7	597.2	13.3%
Furniture/equipment/vehicles	49.2	47.4	3.8%
Capital lease - equipment	2.7	2.7	0.0%
Totals	<u>809.6</u>	<u>739.4</u>	9.5%
 Total accumulated depreciation	 <u>274.6</u>	 <u>254.3</u>	 8.0%
Net capital assets	<u><u>\$ 535.0</u></u>	<u><u>\$ 485.1</u></u>	10.3%

The District's fiscal year 2020 capital budget projects spending, approximately, another \$154 million for capital assets. These expenditures will be principally to begin the design work and construction on several projects that were planned as part of a bond election that was approved by the voters on May 7, 2016. The total amount authorized by the voters is \$208,980,000. This includes funding the construction of two new elementary schools and numerous renovation projects. On May 6, 2017, the voters approved a bond election for \$60 million. These proceeds are to be used for the construction of the final phase of Veterans Memorial High School.

The design phase was completed in FY18 and the athletic fields that are included in the second phase have been completed. The classroom addition of the second phase is slated to begin during FY19 with completion expected in FY20. Several other smaller renovation projects are also planned. The District will primarily fund these projects with general fund and property insurance claim monies. Other items that are included in the capital projects budget are equipment and vehicles. More detailed information about the District's capital assets is presented in the notes to the financial statements.

#### Bond Ratings

The District's bonds presently carry "AAA" ratings with underlying ratings as follows: Moody's Investor Services "Aa2" and Fitch "AA-".



## Long Term Debt

At year-end, the District had \$620.7 million in bonds, tax notes, and accrued compensated absences outstanding as shown in Table A-5. This represents a decrease of \$11.1 million from the \$631.8 million outstanding in the prior year. More detailed information about the District's debt is presented in the notes to the financial statements.

**Table A-5**  
District's Long-Term Debt  
(In millions)

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2019	2018	2019-2018
Tax notes	\$ 0.7	\$ 1.0	(30.0%)
Accrued compensated absences	2.4	2.1	14.3%
Bonds payable	617.6	628.7	(1.8%)
<b>Totals</b>	<b>\$ 620.7</b>	<b>\$ 631.8</b>	<b>(1.8%)</b>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised taxable value used for the FY20 budget preparation increased to \$10.6 billion from \$9.4 billion in the previous fiscal year. This represents an increase of \$1.2 billion or 12%. The tax rate decreased to \$1.3584 from \$1.44 per \$100 dollar of taxable property value in the previous fiscal year. The maintenance and operations rate was reduced by \$0.07 and debt service was reduced by \$0.0116. The decrease in the maintenance and operations rate was due to tax compression related to the changes in the state funding formula and reduction in the debt tax rate was the net result of a significant increase in the taxable property value within the District boundary.
- As compared to the original expenditure budget adopted for FY19, the budget for FY20 increased by \$7.8 million from \$250.2 million to \$258.0 million. This increase is primarily the result of an increase in debt service payments of \$0.5 million, a salary increase that was required by changes in the state funding formula of \$4.6 million, and increase in operating cost of 1.5 million.
- The final amended budget for the 2019 fiscal year was \$270.3 million. The significant amendments to the FY19 expenditure budget include funds to replace or repair roofs that were damaged by hail. The funds to replace or repair roofs that were damaged by hail were provided through property insurance claims.
- The District's FY20 projected refined average daily attendance for budget purposes was 21,300, which was an increase of 50 over the FY19 actual average daily attendance.

These indicators were taken into account when adopting the budget for FY20. Total projected revenue available for appropriation in the budget was \$250.1 million, which was an increase of 4.9% from the original FY19 budget of \$238.3 million. Total Revenue from property taxes increased by 3.9 percent from \$133.4 million in FY19 to \$138.7 million in FY20. State revenue estimates indicate an increase of \$6.9 million in the general operating fund, which is the result of changes in the funding formulas authorized by the legislature.

If these estimates are realized, the District's budgetary unassigned general fund balance is expected to decrease by \$5.9 million. This will result in an estimated unassigned fund balance of \$56.5 million, based on the ending fund balance at June 30, 2019. The district believes that this remains a safe level of fund balance for the general operating fund.

On May 7, 2016, the voters of the District authorized \$214,180,000 in bonds to be sold for the purpose of building two new elementary schools, and complete renovations to numerous existing facilities. These bonds were sold during FY17. Several of these projects were started during FY19. All of the projects included in this bond package are scheduled to be completed within the next three fiscal years.

On May 6, 2017, the voters of the district authorized \$60,000,000 in bonds to be sold for the purpose of constructing the final phase of Veterans Memorial High School. This project was started in FY19. Completion of this project is expected within the next fiscal year.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, address requests to the Office of the Chief Financial Officer, Judson Independent School District, 8012 Shin Oak, Live Oak, Texas 78233.

## **BASIC FINANCIAL STATEMENTS**

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**June 30, 2019**

EXHIBIT A-1

DATA CONTROL CODES		<u>GOVERNMENTAL ACTIVITIES</u>
	ASSETS	
1110	Cash and cash equivalents	\$ 7,773,918
1120	Current investments	270,221,788
1225	Property taxes receivable (net)	4,327,335
1240	Due from other governments	20,177,959
1290	Other receivables (net)	49,740
1300	Inventories	576,007
1410	Deferred expenses	312,539
	Capital assets:	
1510	Land	23,667,903
1520	Buildings and improvements (net)	445,477,205
1530	Furniture and equipment (net)	8,556,474
1580	Construction in progress	<u>57,307,505</u>
	Total capital assets (net)	<u>535,009,087</u>
1000	Total assets	<u>838,448,373</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1701	Unamortized loss on refunded bonds	7,951,246
1705	Deferred outflow related to TRS	38,271,876
1706	Deferred outflow related to TRS OPEB	<u>11,160,429</u>
1700	Total deferred outflows of resources	<u>57,383,551</u>
	LIABILITIES	
2110	Accounts payable	12,408,272
2140	Interest payable	10,428,648
2165	Accrued liabilities	32,517,458
2300	Deferred revenue	235,738
2400	Unamortized premium on issuance of bonds	58,779,314
	Noncurrent liabilities:	
2501	Due within one year	13,846,223
2502	Due in more than one year	606,858,985
2540	Net pension liability (District's share)	76,022,372
2545	Net OPEB liability (District's share)	<u>88,133,297</u>
	Total noncurrent liabilities	<u>784,860,877</u>
2000	Total liabilities	<u>899,230,307</u>
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflow related to TRS	4,540,072
2606	Deferred inflow related to TRS OPEB	<u>27,870,807</u>
2600	Total deferred inflows of resources	<u>32,410,879</u>
	NET POSITION	
3200	Net investment in capital assets	11,966,290
3820	Restricted for state and federal programs	8,180,112
3850	Restricted for debt service	26,423,363
3900	Unrestricted	<u>(82,379,027)</u>
3000	Total net position	<u>\$ (35,809,262)</u>

The accompanying notes are an integral part of these financial statements.

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**Year ended June 30, 2019**

EXHIBIT B-1

DATA CONTROL CODES	FUNCTIONS/PROGRAMS	1 EXPENSES	3 PROGRAM REVENUES		4 NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
			CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
			GOVERNMENTAL ACTIVITIES		
	Governmental Activities				
11	Instruction	\$ 145,427,132	\$ 1,728,377	\$ 17,150,439	\$ (126,548,316)
12	Instructional resources and media services	2,481,979	-	136,968	(2,345,011)
13	Curriculum and staff development	8,731,286	-	3,856,180	(4,875,106)
21	Instructional leadership	3,994,094	-	833,979	(3,160,115)
23	School leadership	13,234,268	-	979,025	(12,255,243)
31	Guidance, counseling, and evaluation services	8,921,925	-	790,787	(8,131,138)
32	Social work services	1,870,639	-	338,982	(1,531,657)
33	Health services	2,573,089	-	293,166	(2,279,923)
34	Student transportation	8,142,965	-	402,961	(7,740,004)
35	Food service	15,259,315	2,062,089	11,792,705	(1,404,521)
36	Extracurricular activities	7,373,845	484,242	379,737	(6,509,866)
41	General administration	5,335,038	-	261,485	(5,073,553)
51	Plant maintenance and operations	23,267,309	141,517	1,287,447	(21,838,345)
52	Security and monitoring services	2,730,610	-	111,859	(2,618,751)
53	Data processing services	3,810,755	-	155,396	(3,655,359)
61	Community services	1,272,414	-	54,953	(1,217,461)
72	Interest on long-term debt	24,415,786	-	798,390	(23,617,396)
73	Bond issuance costs and fees	7,276	-	502	(6,774)
81	Facilities acquisitions and construction	5,677,812	-	467,540	(5,210,272)
93	Payments related to shared service arrangements	339,500	-	339,500	-
95	Payments to Juvenile Justice Alternative Education Program	6,113	-	296	(5,817)
99	Other intergovernmental charges	<u>529,149</u>	<u>-</u>	<u>25,615</u>	<u>(503,534)</u>
TG	Total governmental activities	<u>285,402,299</u>	<u>4,416,225</u>	<u>40,457,912</u>	<u>(240,528,162)</u>
TP	Total primary government	<u>\$ 285,402,299</u>	<u>\$ 4,416,225</u>	<u>\$ 40,457,912</u>	<u>(240,528,162)</u>
	General Revenues				
MT	Property taxes, levied for general purposes				99,241,724
DT	Property taxes, levied for debt service				38,176,638
IE	Investment earnings				6,730,938
GC	Grants and contributions not restricted to specific programs				86,184,743
MI	Miscellaneous				3,183,619
SI	Special item				<u>6,096,936</u>
TR	Total general revenues				<u>239,614,598</u>
CN	Change in net position				(913,564)
NB	NET POSITION - BEGINNING				(36,117,082)
PA	PRIOR PERIOD ADJUSTMENT				<u>1,221,384</u>
NE	NET POSITION - ENDING				<u>\$ (35,809,262)</u>

The accompanying notes are an integral part of these financial statements.

**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**

**June 30, 2019**

EXHIBIT C-1

DATA CONTROL CODES	10 GENERAL FUND	50 DEBT SERVICE FUND	60 CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	98 TOTAL GOVERNMENTAL FUNDS	
<b>ASSETS</b>						
1110	Cash and cash equivalents	\$ 6,377,333	\$ 154	\$ -	\$ 1,396,431	\$ 7,773,918
1120	Current investments	87,291,441	25,432,936	154,459,073	3,038,338	270,221,788
1225	Taxes receivable, net	3,151,654	1,175,681	-	-	4,327,335
1240	Due from other governments	18,013,911	28,734	-	2,135,314	20,177,959
1260	Due from other funds	231,855	628,434	-	42,468	902,757
1290	Other receivables	49,550	-	143	47	49,740
1300	Inventories	511,809	-	-	64,198	576,007
1410	Prepaid items	311,550	-	-	989	312,539
1000	Total assets	<u>\$ 115,939,103</u>	<u>\$ 27,265,939</u>	<u>\$ 154,459,216</u>	<u>\$ 6,677,785</u>	<u>\$ 304,342,043</u>
<b>LIABILITIES</b>						
2110	Accounts payable	\$ 4,015,301	\$ -	\$ 8,323,293	\$ 69,678	\$ 12,408,272
2150	Payroll deductions and withholdings	10,105,170	-	1,558	74,631	10,181,359
2160	Accrued wages payable	20,519,926	-	-	1,816,173	22,336,099
2170	Due to other funds	628,434	-	-	274,323	902,757
2300	Unearned revenue	-	-	-	235,738	235,738
2000	Total liabilities	<u>35,268,831</u>	<u>-</u>	<u>8,324,851</u>	<u>2,470,543</u>	<u>46,064,225</u>
<b>Deferred inflows of resources</b>						
2600	Unearned revenue - property taxes	<u>2,284,999</u>	<u>842,576</u>	<u>-</u>	<u>-</u>	<u>3,127,575</u>
<b>FUND BALANCES</b>						
3410	Non-spendable - inventories	511,809	-	-	64,198	576,007
3430	Non-spendable - prepaid items	311,550	-	-	989	312,539
3450	Restricted - grant funds	-	-	-	3,938,116	3,938,116
3470	Restricted - capital acquisitions and contractual obligations	-	-	99,335,689	-	99,335,689
3480	Restricted - debt service	-	26,423,363	-	-	26,423,363
3490	Restricted - other	3,972,870	-	-	14,571	3,987,441
3545	Committed - other	-	-	-	-	-
3550	Assigned - construction	-	-	-	-	-
3590	Assigned - encumbrances	8,790,228	-	46,798,676	189,368	55,778,272
3595	Assigned - other	2,356,114	-	-	-	2,356,114
3600	Unassigned	<u>62,442,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,442,702</u>
3000	Total fund balances	<u>78,385,273</u>	<u>26,423,363</u>	<u>146,134,365</u>	<u>4,207,242</u>	<u>255,150,243</u>
4000	Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 115,939,103</u>	<u>\$ 27,265,939</u>	<u>\$ 154,459,216</u>	<u>\$ 6,677,785</u>	<u>\$ 304,342,043</u>

The accompanying notes are an integral part of these financial statements.

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**Year ended June 30, 2019**

EXHIBIT C-1R

Total Fund Balances - Governmental Funds Balance Sheet	\$	255,150,243	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets expensed in the governmental activities are not reported in the funds.		809,584,347	
Accumulated depreciation used in governmental activities is not reported in the funds.		(274,575,260)	
Property tax receivable unavailable to pay for current period expenditures is deferred in the funds.		3,127,575	
Payables for bond principal which are not due in the current period are not reported in the funds.		(608,484,223)	
Payables for loan proceeds which are not due in the current period are not reported in the funds.		(695,000)	
Payables for accrued bond interest which are not due in the current period are not reported in the funds.		(10,428,648)	
Bond premiums used in governmental activities are not reported in the funds.		(58,779,314)	
Recognition of the District's proportionate share of net pension liability required by GASB 68 and the changes in deferred outflows and inflows of resources related to the TRS pension liability:			
Net pension liability	\$	(76,022,372)	
Deferred inflow of resources - TRS		(4,540,072)	
Deferred outflows of resources - TRS		<u>38,271,876</u>	(42,290,568)
Recognition of the District's proportionate share of net OPEB liability required by GASB 75 and the changes in deferred outflows and inflows of resources related to the TRS pension liability:			
Net OPEB liability		(88,133,297)	
Deferred inflow of resources - TRS		(27,870,807)	
Deferred outflows of resources - TRS		<u>11,160,429</u>	(104,843,675)
Capital appreciation bond accreted interest not due in the current year is not reported in the funds.			(9,169,871)
Bond refunding losses are amortized over the life of the bonds and are not reported in the funds.			7,951,246
Payables for compensated absences which are not due in the current period are not reported in the funds.			<u>(2,356,114)</u>
Net position of governmental activities - statement of net position	\$		<u><u>(35,809,262)</u></u>

The accompanying notes are an integral part of these financial statements.

# JUDSON INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Year ended June 30, 2019

EXHIBIT C-2

DATA CONTROL CODES	10 GENERAL FUND	50 DEBT SERVICE FUND	60 CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	98 TOTAL GOVERNMENTAL FUNDS	
<b>REVENUES</b>						
5700	Local and intermediate sources	\$ 104,959,569	\$ 38,490,427	\$ 4,224,466	\$ 4,319,493	\$ 151,993,955
5800	State program revenues	87,627,044	782,433	-	350,675	88,760,152
5900	Federal program revenues	<u>7,618,405</u>	-	-	<u>22,882,032</u>	<u>30,500,437</u>
5020	Total revenues	<u>200,205,018</u>	<u>39,272,860</u>	<u>4,224,466</u>	<u>27,552,200</u>	<u>271,254,544</u>
<b>EXPENDITURES</b>						
<b>Current</b>						
0011	Instruction	117,602,524	-	-	7,594,212	125,196,736
0012	Instructional resources and media service	2,186,161	-	-	30	2,186,191
0013	Curriculum and staff development	3,967,943	-	-	3,037,317	7,005,260
0021	Instructional leadership	2,843,083	-	-	530,672	3,373,755
0023	School leadership	11,300,173	-	-	51,543	11,351,716
0031	Guidance, counseling, and evaluation services	7,492,535	-	-	195,118	7,687,653
0032	Social work services	1,380,307	-	-	187,280	1,567,587
0033	Health services	2,106,158	-	-	159,740	2,265,898
0034	Student transportation	7,555,068	-	-	-	7,555,068
0035	Food service	-	-	-	12,813,444	12,813,444
0036	Cocurricular/extracurricular activities	4,550,833	-	-	2,045,845	6,596,678
0041	General administration	4,700,428	-	68,153	-	4,768,581
0051	Plant maintenance and operations	20,896,320	-	581,989	294,494	21,772,803
0052	Security and monitoring services	2,363,267	-	190,791	-	2,554,058
0053	Data processing services	3,506,085	-	71,360	-	3,577,445
0061	Community services	1,155,569	-	-	34,135	1,189,704
0071	Principal on long-term debt	340,000	11,333,298	-	-	11,673,298
0072	Interest on long-term debt	12,420	26,632,864	-	-	26,645,284
0073	Bond issuance costs and fees	-	7,276	-	-	7,276
0081	Capital outlay	9,658,443	-	64,801,548	-	74,459,991
0093	Payments related to shared service arrangements	-	-	-	339,500	339,500
0095	Payments to Juvenile Justice Alternative Education Programs	6,113	-	-	-	6,113
0099	Other intergovernmental charges	<u>529,149</u>	-	-	-	<u>529,149</u>
6030	Total expenditures	<u>204,152,579</u>	<u>37,973,438</u>	<u>65,713,841</u>	<u>27,283,330</u>	<u>335,123,188</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(3,947,561)</u>	<u>1,299,422</u>	<u>(61,489,375)</u>	<u>268,870</u>	<u>(63,868,644)</u>
<b>Other Financing Sources and (Uses)</b>						
7912	Sale of real or personal property	<u>44,896</u>	-	-	1,517	<u>46,413</u>
7080	Total other financing sources and (uses)	<u>44,896</u>	-	-	1,517	<u>46,413</u>
<b>Special Items</b>						
7919	Extraordinary item	<u>6,096,936</u>	-	-	-	<u>6,096,936</u>
1200	Net change in fund balances	2,194,271	1,299,422	(61,489,375)	270,387	(57,725,295)
0100	FUND BALANCES - BEGINNING	<u>76,191,002</u>	<u>25,123,941</u>	<u>207,623,740</u>	<u>2,715,471</u>	<u>311,654,154</u>
1300	PRIOR PERIOD ADJUSTMENT	-	-	-	1,221,384	1,221,384
3000	FUND BALANCES - ENDING	<u>\$ 78,385,273</u>	<u>\$ 26,423,363</u>	<u>\$ 146,134,365</u>	<u>\$ 4,207,242</u>	<u>\$ 255,150,243</u>

The accompanying notes are an integral part of these financial statements.



**JUDSON INDEPENDENT SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES**

**Year ended June 30, 2019**

EXHIBIT C-3

Net Change in Fund Balances - Total Governmental Funds	\$ (57,725,295)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are not reported as expenses in the statement of activities.	70,243,000
The depreciation of capital assets used in governmental activities is not reported in the funds.	(20,326,067)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	529,965
Repayment of bond principal is an expenditure in the funds but is not an expense in the statement of activities.	11,333,298
Repayment of tax notes is an expenditure in the funds but is not an expense in the statement of activities.	340,000
Net change in principal of capital appreciation bonds is an expense in the statement of activities but not in the funds.	(262,782)
Unamortized loss on refunding bonds are amortized over the life of the bonds in the statement of activities and not in the funds.	(502,029)
The change in net pension liability, OPEB liability, deferred inflows and outflows related to the District's proportionate share of the TRS net pension and OPEB liability.	(7,305,811)
Amortization of bond premium is an expense in the statement of activities and not in the funds.	2,830,822
Compensated absences are reported as amounts expensed in the statement of activities but not in the funds.	(232,152)
Change in accrued interest payable for bonds.	<u>163,487</u>
Change in net position of governmental activities - statement of activities	<u>\$ (913,564)</u>

The accompanying notes are an integral part of these financial statements.

**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**

**June 30, 2019**

EXHIBIT E-1

<u>DATA CONTROL CODES</u>		<u>AGENCY FUND</u>
	ASSETS	
1110	Cash and cash equivalents	\$ <u>359,145</u>
1000	Total assets	\$ <u><u>359,145</u></u>
	LIABILITIES	
2190	Due to student groups	\$ <u>359,145</u>
2000	Total liabilities	\$ <u><u>359,145</u></u>

The accompanying notes are an integral part of these financial statements.

# JUDSON INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

### (1) Summary of significant accounting policies

The basic financial statements of Judson Independent School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### Reporting entity

The Board of School Trustees, a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board of Trustees, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity.

#### Basis of presentation, basis of accounting

##### Basis of presentation

Government-wide statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The District reports the following major governmental funds:

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

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

# JUDSON INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

### (1) Summary of significant accounting policies (continued)

#### Basis of presentation, basis of accounting (continued)

The *capital projects funds* accounts for bond proceeds and expenditures for the construction of school facilities as approved by the District's voters.

In addition, the District reports the following non-major governmental funds:

The *special revenue funds* account for the District's federal, state and locally funded grants or contributions. These grants are awarded to the District with the purpose of accomplishing specific educational tasks as defined in the grant awards.

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

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

#### Measurement focus, basis of accounting

Government-wide and fiduciary fund financial statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty (60) days after year end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the susceptible-to-accrual concept. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(1) Summary of significant accounting policies (continued)

Budgetary information

The Board adopts an appropriated budget on a basis consistent with GAAP for the general fund, debt service fund, and food service fund (which is included in special revenue funds).

At a minimum, the District is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these three (3) funds.

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

Prior to June 19, the District prepares a budget based on the modified zero-based budgeting concept for departmental budgets, and the programmatic budgeting concept for campuses, for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

After one (1) or more budget workshops with the Board, a meeting is called for the purpose of adopting the proposed budget. At least ten (10) days but not more than thirty (30) days public notice of the meeting is required.

Prior to June 30, the Board of Trustees legally adopts the budget for the general fund, debt service fund, and food service fund (which is included in special revenue funds).

After the budget for the above listed funds is approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources object category requires Board approval prior to the fact. These amendments are presented to the Board at its regular monthly meeting and are reflected in the official minutes. Because the District has a policy of careful budgetary control, several budgetary amendments were necessary throughout the year.

Expenditure budgets are controlled at the functional and object level by the appropriate budget manager (principal or department director). Budget managers may authorize transfers within functional and organizational categories that do not affect the total functional and organizational appropriation. All budget appropriations lapse at year end.

	ORIGINAL BUDGET	NET CHANGE DURING YEAR	AMENDED BUDGET
General fund	\$ 199,022,676	\$ 19,496,991	\$ 218,519,667
Special revenue funds - food service	13,173,419	636,335	13,809,754
Debt service	37,976,163	-	37,976,163

# JUDSON INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

### (1) Summary of significant accounting policies (continued)

#### Financial statement amounts

##### Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, money market accounts, and short-term investments with original maturities of less than three (3) months from the date of acquisition.

##### Investments

Investments for the District are stated at fair value. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# JUDSON INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

### (1) Summary of significant accounting policies (continued)

#### Financial statement amounts (continued)

##### Deposit accounting policy

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities 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.

##### Investment accounting policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using at cost-based measure.

However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one (1) year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposits are examples of nonparticipating interest-earning investment contracts.

##### Property taxes

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

Allowances for uncollectible tax receivables within the general fund are \$274,057 and \$102,233 for the debt service fund and are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

##### Inventories and prepaid items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(1) Summary of significant accounting policies (continued)

Financial statement amounts (continued)

Inventories and prepaid items (continued)

revenue are received, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

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

Encumbrance accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, 2019, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are:

General fund	\$	8,790,228
National school breakfast and lunch program		189,368
Capital projects fund		<u>46,798,676</u>
Total	\$	<u><u>55,778,272</u></u>

Capital assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used and land and construction in progress is not depreciated.

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

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES (YEARS)</u>
Buildings and improvements	35
Portable buildings	25
Buses and heavy equipment	7
Office and computer equipment	5
Vehicles and other	5-10



**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(1) Summary of significant accounting policies (continued)

Financial statement amounts (continued)

Receivable and payable balances

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

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

Compensated absences

On retirement, termination of employment, or death of employees, the District pays any accrued sick leave in a lump-sum payment to such employee or his/her beneficiary or estate – see note 9: accumulated unpaid sick leave benefit.

Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other postemployment benefits

The fiduciary net position of the Teacher Retirement System of Texas 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 other postemployment benefit (OPEB) liability, deferred outflows of resources, and deferred inflows of resources related to the net other postemployment benefits, OPEB expense, and information about assets liabilities and additions to/deductions from the 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.

Deferred inflows/outflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The District has two items that qualifies for reporting in this category. They are the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

# JUDSON INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

### (1) Summary of significant accounting policies (continued)

#### Financial statement amounts (continued)

##### Deferred inflows/outflows of resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

##### Interfund activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single transfer line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single internal balances line on the government-wide statement of net position.

##### Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Data control codes

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

#### Fund balance

The District has implemented GASB Statement 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(1) Summary of significant accounting policies (continued)

Fund balance (continued)

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – 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 an ordinance or resolution. Assigned fund balance is delegated by the Trustees to the superintendent or chief financial officer of the District.

In the general fund, the District strives to maintain an unassigned fund balance to be used for local and regional emergencies without borrowing.

(2) Compliance and accountability

Finance-related legal and contractual provisions

In accordance with GASB Statement No. 38, “*Certain Financial Statement Note Disclosures*,” violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>VIOLATION</u>	<u>ACTION TAKEN</u>
None reported	Not applicable

# JUDSON INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

### (3) Deposits and investments

#### Cash deposits

At June 30, 2019, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$8,132,419 and the bank balance was \$12,743,397. The District also had \$644 of cash on hand. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remainder was covered by collateral held in the pledging bank's trust department in the District's name. The District's cash deposits are held in JP Morgan Chase Bank, which is qualified as a public depository under Texas law, and is deemed to be insured and not subject to classification by credit risk. At June 30, 2019, the market value of pledged collateral was \$20,213,000.

#### Investments

The District is required by Government Code Chapter 2256, the Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (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, and (10) common trust funds.

#### Public funds investment pools

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

The District's investments in Pools are reported at amortized cost. The District believes that the Pools in which it invests operate as required under GASB Statement No. 70, "*Certain External Investment Pools and Pool Participants*", to be valued at amortized cost.

The Comptroller of Public Accounts (the "Comptroller") exercises oversight responsibility over Texas Local Government Investment Pool ("TexPool"). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure.

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(3) Deposits and investments (continued)

Public funds investment pools (continued)

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by investing in investment pools which have no stated maturity date; therefore, the funds are always available to meet operational needs.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the specific investments and their maturity:

	CARRYING VALUE	WEIGHTED AVERAGE MATURITY (YEARS)	PERCENTAGE INVESTED
Local Government Investment Pools			
TexPool Investment Fund	\$ 249,296,334	0.06	92%
Lone Star Pool Investment Fund	20,925,454	0.10	8%
 Total investments	 \$ 270,221,788	 0.06	 100%

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the District's investment policy and PFIA and the actual rating as of year-end for each investment as noted by Standard & Poors:

DESCRIPTION	MINIMUM LEGAL RATING	INVESTMENT RATING	RATING ORGANIZATION
TexPool Investment Fund	AAA	AAAm	Standard & Poors
Lone Star Pool Investment Fund	AAA	AAA	Standard & Poors

# JUDSON INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2019**

### (3) Deposits and investments (continued)

#### Concentration of credit risk

The District is required to disclose investments in any one issuer that represents 5% or more of total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by PFIA. The District's exposure to concentration of credit risk at June 30, 2019 is as follows:

TexPool and LoneStar Investment Funds are rated at AAAM and AAA, respectively by Standard and Poor's. Investments in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principle. TexPool and LoneStar Investment Funds invests in a high quality portfolio of debt securities investments that are legally permissible for local governments in the state. The District is not exposed to a concentration of credit risk.

### (4) Capital assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	BEGINNING BALANCE JUNE 30, 2018	ADDITIONS	DELETIONS	TRANSFERS	ENDING BALANCE JUNE 30, 2019
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 23,667,903	\$ -	\$ -	\$ -	\$ 23,667,903
Construction in progress	68,460,638	54,224,701	-	(65,377,834)	57,307,505
Total capital assets not being depreciated	<u>92,128,541</u>	<u>54,224,701</u>	<u>-</u>	<u>(65,377,834)</u>	<u>80,975,408</u>
Capital assets being depreciated:					
Buildings and improvements	597,170,966	14,177,994	-	65,377,834	676,726,794
Furniture, equipment, and vehicles	47,427,950	1,840,305	(95,178)	-	49,173,077
Capital lease	2,709,068	-	-	-	2,709,068
Total capital assets, being depreciated	<u>647,307,984</u>	<u>16,018,299</u>	<u>(95,178)</u>	<u>65,377,834</u>	<u>728,608,939</u>
Less accumulated depreciation for					
Buildings and improvements	(213,595,797)	(17,653,792)	-	-	(231,249,589)
Furniture, equipment, and vehicles	(38,039,506)	(2,672,275)	95,178	-	(40,616,603)
Capital lease	(2,709,068)	-	-	-	(2,709,068)
Total accumulated depreciation	<u>(254,344,371)</u>	<u>(20,326,067)</u>	<u>95,178</u>	<u>-</u>	<u>(274,575,260)</u>
Total capital assets being depreciated, net	<u>392,963,613</u>	<u>(4,307,768)</u>	<u>-</u>	<u>65,377,834</u>	<u>454,033,679</u>
Governmental activities - capital assets, net	<u>\$ 485,092,154</u>	<u>\$ 49,916,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 535,009,087</u>

# JUDSON INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

### (4) Capital assets (continued)

Depreciation was charged to functions as follows: (Depreciation was distributed as a percentage of aggregate expenditures).

	<u>AMOUNT</u>
Instruction	\$ 11,490,686
Instruction resources and media services	200,651
Curriculum and staff development	642,950
Instructional leadership	309,647
School leadership	1,041,872
Guidance, counseling, and evaluation services	705,581
Social work services	143,875
Health services	207,966
Student transportation	693,412
Food services	1,176,031
Extracurricular activities	605,450
General administration	437,665
Plant maintenance and operations	1,998,331
Security and monitoring services	234,414
Data processing services	328,342
Community services	<u>109,192</u>
 Total depreciation expense	 <u>\$ 20,326,065</u>

### (5) Long-term obligations

The District has entered into a continuing disclosure undertaking to provide annual reports and material event notices to the Municipal Securities Rule Making Board through the electronic municipal market access website. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

Long-term obligation activity – bonds

Bonded indebtedness of the District is reflected as governmental activities in the statement of net position. Effective interest rates range from 2.00% to 5.63%.

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(5) Long-term obligations (continued)

Long-term obligation activity – bonds (continued)

A summary of changes in long-term debt for the year ended June 30, 2019 is as follows:

DESCRIPTION	INTEREST RATE PAYABLE	AMOUNT ORIGINAL ISSUE	AMOUNT OUTSTANDING JULY 1, 2018	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2019
<b>School Building Bonds:</b>						
School Building Bonds Series 2007 (2), (10), (11)	4.00% to 5.63%	\$ 240,779,223	\$ 5,689,223	\$ -	\$ -	\$ 5,689,223
School Building Bonds Series 2010 (3)	3.00% to 5.00%	24,404,982	14,093,298	-	1,018,298	13,075,000
School Building Bonds Series 2012 (4)	3.00% to 3.50%	9,370,000	4,470,000	-	1,060,000	3,410,000
Refunding Bonds Series 2013 (5)	2.00% to 4.00%	17,700,000	16,415,000	-	-	16,415,000
Refunding Bonds Series 2013 A (6)	4.00% to 5.00%	11,760,000	10,545,000	-	795,000	9,750,000
School Building Bonds Series 2013 (7)	2.00% to 5.00%	78,245,000	76,655,000	-	725,000	75,930,000
Refunding Bonds Series 2014 (8)	2.00% to 3.00%	5,595,000	3,370,000	-	270,000	3,100,000
Refunding Bonds Series 2015 (9)	2.00% to 5.00%	61,270,000	60,095,000	-	1,205,000	58,890,000
School Building and Refunding Bonds Series 2016 (10)	3.00% to 5.00%	310,915,000	307,350,000	-	3,980,000	303,370,000
Refunding Bonds Series 2016 A (11)	1.00% to 5.00%	63,985,000	60,510,000	-	1,980,000	58,530,000
School Building Bonds Series 2016 B (12)	3.25% to 5.00%	4,945,000	4,895,000	-	100,000	4,795,000
School Building Bonds Series 2017 (13)	2.00% to 5.00%	55,730,000	<u>55,730,000</u>	<u>-</u>	<u>200,000</u>	<u>55,530,000</u>
Totals			<u>619,817,521</u>	<u>-</u>	<u>11,333,298</u>	<u>608,484,223</u>



**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(5) Long-term obligations (continued)

Long-term obligation activity – bonds (continued)

DESCRIPTION	AMOUNT ORIGINAL ISSUE	AMOUNT OUTSTANDING JULY 1, 2018	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2019
C.A.B.'s - Accreted Interest					
Series 2007 (1), (2)	\$ 5,689,223	\$ 8,049,925	\$ 1,119,946	\$ -	\$ 9,169,871
C.A.B.'s - Accreted Interest					
Series 2010 (1), (3)	2,169,982	<u>857,164</u>	<u>84,538</u>	<u>941,702</u>	<u>-</u>
Total C.A.B.'s		<u>8,907,089</u>	<u>1,204,484</u>	<u>941,702</u>	<u>9,169,871</u>
Total all bonds		<u>\$ 628,724,610</u>	<u>\$ 1,204,484</u>	<u>\$ 12,275,000</u>	<u>\$ 617,654,094</u>

- (1) Additions are made up of interest accreted on capital appreciation bonds for the year ended June 30, 2019. The capital appreciation bonds were originally recorded at their face value and have only been reduced as principal payments were made. Since these bonds mature at different dates the bonds are now included in bonds payable at their accreted value, for principal amounts due as of June 30, 2019.
- (2) During the fiscal year ended June 30, 2007, the District issued bonds that were delivered on May 10, 2007. The District issued and received \$240,779,223 in bond proceeds including refunding \$9,400,000 of Unlimited Tax School Building Bonds Series 1999, \$28,950,000 of Unlimited Tax School Building Bonds Series 2002, and \$41,445,000 of Unlimited Tax School Building Bonds Series 2003. The bond issue consisted of \$95,330,000 current interest bonds and \$5,689,223 capital appreciation bonds. The purpose of the bonds are for the construction, renovation, and equipping of District facilities and to pay the costs associated with the issuance of the bonds. As a result, the refunded portions of the bonds are considered defeased. The purpose of the refunding was to restructure the overall debt service of the District to allow for additional debt to be issued and maintain a level debt service tax rate. The refunding resulted in a present value savings of \$3,249,804.
- (3) During the fiscal year ended June 30, 2010, the District issued Judson Independent School District Unlimited Tax Refunding Bonds, Series 2010 for \$24,404,982 to refund a portion of the Unlimited Tax School Building Bonds, Series 1999, Series 2002, and Series 2003 in the amount of \$4,800,000, \$4,980,000, and \$14,625,000, respectively, by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The bond issue consisted of \$2,169,982 of capital appreciation bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As a result of the advanced refunding, the District reduced its total debt service requirements by \$2,276,150 and resulted in an economic gain of \$1,419,768. Bonds outstanding that are considered defeased as a result of the refunding total \$0 at June 30, 2017.

# JUDSON INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

### (5) Long-term obligations (continued)

#### Long-term obligation activity – bonds (continued)

- (4) During the fiscal year ended June 30, 2012, the District issued Judson Independent School District Unlimited Tax Refunding Bonds, Series 2012 for \$9,370,000 to refund the Unlimited Tax School Building Series 2002 and to refund a portion of the Unlimited Tax School Building and Refunding Bonds Series 2003 in the amount of \$3,170,000 and \$6,355,000, respectively, by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As a result of the advanced refunding, the District reduced its total debt service requirements by \$2,218,728 and resulted in an economic gain of \$1,824,235. Bonds outstanding that are considered defeased as a result of the refunding total \$0 at June 30, 2017.
- (5) During the fiscal year ended June 30, 2013, the District issued Judson Independent School District Unlimited Tax Refunding Bonds, Series 2013 for \$17,700,000 to refund the Unlimited Tax School Building Bonds, Series 2004 in the amount of \$18,875,000 by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As a result of the advanced refunding, the District reduced its total debt service requirements by \$4,347,913 which resulted in an economic gain of \$3,601,024. Bonds outstanding that are considered defeased as a result of the current year refunding total \$0 at June 30, 2017.
- (6) During the fiscal year ended June 30, 2014, the District issued Judson Independent School District Unlimited Tax Refunding Bonds, Series 2013A for \$11,760,000 to refund the Unlimited Tax School Building Series 2005B in the amount of \$12,925,000 by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As a result of the advanced refunding, the District reduced its total debt service requirements by \$1,331,788 and resulted in an economic gain of \$1,190,980. Bonds outstanding that are considered defeased as a result of the refunding total \$0 at June 30, 2017.
- (7) During the fiscal year ended June 30, 2014, the District issued Judson Independent School District Unlimited Tax Building Bonds, Series 2013 that were delivered on August 20, 2013. The District issued and received \$78,245,000 in bonds proceeds and \$5,540,763 in bond premiums. The bonds are for the construction and equipping of District Schools, purchasing the necessary sites and to pay the costs associated with the issuance of the bonds.
- (8) During the fiscal year ended June 30, 2014, the District issued Judson Independent School District Unlimited Tax Refunding Bonds, Series 2014 for \$5,595,000 to refund the Unlimited Tax School Building Series 2005B in the amount of \$5,770,000 by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As a result of the advanced refunding, the District reduced its total debt service requirements by \$1,262,325 and resulted in an economic gain of \$964,148. Bonds outstanding that are considered defeased as a result of the refunding total \$0 at June 30, 2017.

# JUDSON INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

### (5) Long-term obligations (continued)

#### Long-term obligation activity – bonds (continued)

- (9) During the fiscal year ended June 30, 2016, the District issued Judson Independent School District Unlimited Tax Refunding Bonds, Series 2015 for \$61,270,000 to refund a portion of the Unlimited Tax School Building Bonds, Series 2008 in the amount of \$63,095,000 by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As a result of the advanced refunding, the District reduced its total debt service requirements by \$6,221,755 and resulted in an economic gain of \$4,506,397. Bonds outstanding that are considered defeased as a result of the refunding total \$0 at June 30, 2017.
- (10) During the fiscal year ended June 30, 2017, the District issued the Judson Independent School District Unlimited Tax Building and Refunding Bonds, Series 2016 for \$310,915,000 with bond premiums of \$38,227,844. The bonds were delivered on September 20, 2016. In the issuance, the District issued and received \$188,040,000 in bond proceeds and \$22,257,369 in bond premiums for the construction and equipping of District Schools, purchasing the necessary sites and to pay the costs associated with the issuance of the bonds. The remaining of the bond proceeds of \$122,875,000 and bond premium of \$15,970,475 were used to partially refund \$135,035,000 of the current interest bonds Unlimited Tax School Building Bonds, Series 2007 by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. As a result of the advanced refunding, the District reduced its total debt service requirements by \$30,316,263 and resulted in an economic gain of \$24,764,902. Bonds outstanding that are considered defeased as a result of the refunding total \$0 at June 30, 2017.
- (11) During the fiscal year ended June 30, 2017, the District issued the Judson Independent School District Unlimited Tax Building and Refunding Bonds, Series 2016A for \$63,985,000 with bond premiums of \$4,566,210. The issuance partially refunded \$66,405,000 of the Unlimited Tax School Building Bonds, Series 2007 by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As a result of the refunding, the District reduced its total debt service requirements by \$9,241,225 and resulted in an economic gain of \$6,408,673. Bonds outstanding that are considered defeased as a result of the refunding total \$0 at June 30, 2017.
- (12) During the fiscal year ended June 30, 2017, the District issued Judson Independent School District Unlimited Tax Building Bonds, Series 2016B for \$4,945,000 to payoff of the Judson Independent School District Public Facility Corporation School Facility Lease Revenue Bonds, Series 2013 in the amount of \$4,954,000 by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the District's financial statements. As a result of the issuance and retirement, the District increased its total debt service requirements by \$2,336,672 and resulted in an economic loss of \$156,529. Bonds outstanding that are considered defeased as a result of the refunding total \$0 at June 30, 2017.

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(5) Long-term obligations (continued)

Long-term obligation activity – bonds (continued)

- (13) During the fiscal year ended June 30, 2018, the District issued Judson Independent School District Unlimited Tax Building Bonds, Series 2017 that were delivered on December 15, 2017. The District issued and received \$55,730,000 in bonds proceeds and \$4,841,631 in bond premiums. The bonds are for the construction, renovation, and equipping of District Schools, purchasing the necessary sites and to pay the costs associated with the issuance of the bonds.

Summary information on the capital appreciation bonds is as follows:

<u>SERIES</u>	<u>MATURITY DATE 2/1</u>	<u>ORIGINAL AMOUNT</u>	<u>ACCRETED VALUE JUNE 30, 2019</u>	<u>VALUE AT MATURITY</u>
2007	2026-2027	\$ 5,689,223	\$ 9,169,871	\$ 26,400,000
2010	2018-2019	2,169,982	-	4,015,000

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2019 are as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
Governmental Activities					
General obligation bonds	\$ 619,817,521	\$ -	\$ 11,333,298	\$ 608,484,223	\$ 13,030,000
C.A.B.'s - accreted interest	8,907,089	1,204,484	941,702	9,169,871	-
Lease Revenue Bonds - PFC	-	-	-	-	-
Tax notes	1,035,000	-	340,000	695,000	345,000
Compensated absences	<u>2,123,962</u>	<u>424,792</u>	<u>192,640</u>	<u>2,356,114</u>	<u>471,223</u>
Total governmental activities	<u>\$ 631,883,572</u>	<u>\$ 1,629,276</u>	<u>\$ 12,807,640</u>	<u>\$ 620,705,208</u>	<u>\$ 13,846,223</u>

The general fund, the primary governmental activity fund type, is typically used to liquidate compensated absences.

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(5) Long-term obligations (continued)

Long-term obligation activity – bonds (continued)

Debt service requirements

Debt service requirements on long-term debt at June 30, 2019, are as follows:

YEAR ENDING JUNE 30,	BONDS PAYABLE		
	PRINCIPAL	INTEREST	TOTAL
2020	\$ 13,030,000	\$ 25,298,513	\$ 38,328,513
2021	13,760,000	24,811,063	38,571,063
2022	14,645,000	24,183,413	38,828,413
2023	16,660,000	23,526,362	40,186,362
2024	17,585,000	22,768,663	40,353,663
2025-2029	80,149,223	114,535,990	194,685,213
2030-2034	119,980,000	85,929,975	205,909,975
2035-2039	141,155,000	58,213,763	199,368,763
2040-2044	155,095,000	25,937,600	181,032,600
2045-2046	<u>36,425,000</u>	<u>1,827,000</u>	<u>38,252,000</u>
Totals	<u>\$ 608,484,223</u>	<u>\$ 407,032,342</u>	<u>\$ 1,015,516,565</u>

Tax notes – loan

The District has entered into limited maintenance tax notes to finance the acquisition of school buses.

The assets acquired with the tax notes are:

School buses \$9,177,541

Debt service requirements on tax notes at June 30, 2019, are as follows:

YEAR ENDING JUNE 30,	TAX NOTES PAYABLE		
	PRINCIPAL	INTEREST	TOTAL
2020	\$ 345,000	\$ 8,340	\$ 353,340
2021	<u>350,000</u>	<u>4,200</u>	<u>354,200</u>
Totals	<u>\$ 695,000</u>	<u>\$ 12,540</u>	<u>\$ 707,540</u>

The effective interest rate on the outstanding tax note is 1.20%

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(6) Commitments under noncapitalized leases

There are no significant commitments under operating (noncapitalized) lease agreements for facilities and equipment. Rental expense for the fiscal year ended June 30, 2019 was \$878,957.

(7) Risk management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters for which the District carries commercial insurance. During fiscal year 2019, the District purchased replacement value commercial property insurance with a \$100,000 deductible. There were no significant reductions in coverage in the past fiscal year.

(8) Worker's compensation self-insurance

Judson Independent School District established a limited risk management program for worker's compensation effective September 1, 1991. During the year ended June 30, 2019, a total of \$867,848 was paid in benefits and \$148,537 in administrative costs.

An excess coverage insurance policy covers individual claims in excess of \$500,000 for any one event up to a maximum limit of \$1,000,000. Accrued liabilities of \$667,461 represents the administrator's estimate of the aggregate liability for claims made.

	BEGINNING OF FISCAL YEAR LIABILITY	CURRENT YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	BALANCE AT FISCAL YEAR-END
2017-2018	\$ 390,047	\$ 1,276,258	\$ (708,050)	\$ 958,255
2018-2019	958,255	577,054	(867,848)	667,461

(9) Accumulated unpaid sick leave benefit

Upon resignation from the District, employees with at least ten consecutive years of service are entitled to reimbursement for any unused local sick leave earned at the District. Employees retiring from the District are entitled to reimbursement for unused state, personal, and sick leave.

At June 30, 2019, the District's liability for accrued sick leave is as follows:

	<u>SICK LEAVE</u>
Balance, July 1, 2018	\$ 2,123,962
Additions	424,792
Deletions	<u>(192,640)</u>
Balance at June 30, 2019	\$ <u>2,356,114</u>

# JUDSON INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

### (10) Health care coverage

During the year ended June 30, 2019, employees of the District were covered by a health insurance plan. The District paid premiums of \$355 per month per employee to the plan during 2019. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by a contractual agreement. The contract between the District and the licensed insurer is renewable January 1<sup>st</sup> of each calendar year, and terms of coverage and premium costs are included in the contractual provisions. The District currently contracts with United Health Care since January 1, 2018. Latest financial statements for United Health Care have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

Federal Legislation enacted in January 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One provision of the law allows TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible participants. These payments totaled \$569,401, \$442,360, and \$423,873 for fiscal years 2019, 2018, and 2017, respectively. Revenue and expenditures equal to the amount paid by the federal government were recognized during the 2019 fiscal year.

### (11) 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) and is 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 TRS'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, Texas 78701-2698; or by calling (512) 542-6592.

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(11) Pension plan (continued)

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 postemployment benefit changes; including automatic COLAs. Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the plan description above.

Contributions

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

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

Contribution Rates

	<u>2018</u>	<u>2019</u>
Member	7.7%	7.7%
Non-employer contributing entity (state)	6.8%	6.8%
Employers	6.8%	6.8%

Fiscal Year Contributions

	<u>2018</u>	<u>2019</u>
Judson ISD - employer contributions	\$ 4,615,214	\$ 4,777,335
Judson ISD - member contributions	\$11,266,190	\$11,422,507
Judson ISD - NECE on-behalf contributions	\$ 7,468,191	\$ 7,371,866



# JUDSON INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

### (11) Pension plan (continued)

#### Contributions (continued)

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

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

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

# JUDSON INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

### (11) Pension plan (continued)

#### Actuarial assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2017, rolled forward to August 31, 2018
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Discount rate	8.00%
Long-term expected investment rate of return	8.00%
Inflation	2.50%
Salary increases	3.50% to 9.50%
Projection period (100 years)	2116
Benefit changes during the year	None
Ad hoc postemployment benefit changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the three year period ending August 31, 2017 and adopted in July 2018.

#### Discount rate

The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date.

The long-term expected rate of return on pension plan investments 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.

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(11) Pension plan (continued)

Discount rate (continued)

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Geometric Real of Return **</u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
<u>Global Equity</u>			
U.S.	18.0 %	5.70 %	1.04 %
Non-U.S. Developed	13.0	6.90	0.90
Emerging Markets	9.0	8.95	0.80
Directional Hedge Funds	4.0	3.53	0.14
Private Equity	13.0	10.18	1.32
<u>Stable Value</u>			
U.S. Treaties	11.0	1.11	0.12
Absolute Return	-	-	-
Stable Value Hedge Funds	4.0	3.09	0.12
Cash	1.0	(0.30)	-
<u>Real Return</u>			
Global Inflation Linked Bonds	3.0	0.70	0.02
Real Assets	14.0	5.21	0.73
Energy and Natural Resources	5.0	7.48	0.37
Commodities	-	-	-
<u>Risk Parity</u>			
Risk Parity	5.0	3.70	0.18
Inflation Expectation	-	-	2.30
Volatility Drag ***	-	-	(0.79)
Total	<u>100.0 %</u>	<u>56.3 %</u>	<u>7.25 %</u>

\* Target allocations are based on the plan year 2016 policy model.

\*\* Capital market assumptions come from Aon Hewitt (2017 Q4).

\*\*\* The volatility drag resulting from the conversion between arithmetic and geometric mean returns.

Discount rate sensitivity analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the net pension liability.

	<u>1% Decrease in Discount Rate (5.907%)</u>	<u>Discount Rate (6.907%)</u>	<u>1% Increase in Discount Rate (7.907%)</u>
District's proportionate share of the net pension liability	<u>\$ 114,735,989</u>	<u>\$ 76,022,372</u>	<u>\$ 44,681,403</u>

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(11) Pension plan (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2019, the District reported a liability of \$76,022,372 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 76,022,372
State's proportionate share that is associated with the District	<u>113,983,813</u>
Total	<u>\$190,006,185</u>

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 and rolled forward to August 31, 2018. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.0013811595 percent, which was an increase of 0.0000296831 percent from its proportion as of August 31, 2017.

Changes since the prior actuarial valuation

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

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

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

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(11) Pension plan (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

For the year ended June 30, 2019, the District recognized pension expense of \$11,281,359 and revenue of \$6,971,778 for support provided by the State.

At June 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 473,861	\$ 1,865,289
Changes in actuarial assumptions	27,409,727	856,555
Difference between projected and actual investment earnings	-	1,442,471
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	6,350,412	375,757
Contributions paid to TRS subsequent to the measurement date	4,037,876	-
Total	\$ 38,271,876	\$ 4,540,072

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

Year Ended June 30,	Pension Expense Amount
2020	\$ 7,996,708
2021	4,961,142
2022	4,123,690
2023	4,866,483
2024	4,639,502
Thereafter	3,106,403
Total	\$ 29,693,928

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(12) Defined other postemployment plan – retiree health 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 postemployment benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB plan fiduciary net position

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

Benefits provided

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

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

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

TRS-Care Plan Premium Rates				
Effective January 1, 2018 - December 31, 2018				
	Medicare		Non-Medicare	
Retiree*	\$	135	\$	200
Retiree and spouse		529		689
Retiree* and children		468		408
Retiree and family		1,020		999

\* Or surviving spouse

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(12) Defined other postemployment plan – retiree health plan (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% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.203 establishes the active employee’s rate which is 0.75 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. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates	<u>2018</u>	<u>2019</u>
Active employee	0.65%	0.65%
Non-employer contributing entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

Contributions	<u>2018</u>	<u>2019</u>
Judson ISD - employer contributions	\$ 1,160,981	\$ 1,264,698
Judson ISD - member contributions	\$ 948,239	\$ 962,006
Judson ISD - NECE on-behalf contributions	\$ 1,372,829	\$ 1,355,123

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the non-employer contributing entity in the amount of \$182.6 million in fiscal year 2018. The 85<sup>th</sup> Texas Legislature, House Bill 30 provided an additional \$212 million in one-time, supplemental funding for the FY2018-19 biennium to continue to support the program. This was also received in FY 2018 bringing the total appropriations received on fiscal year 2018 to \$394.6 million.

Actuarial assumptions

The total OPEB liability in the August 31, 2017 was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(12) Defined other postemployment plan – retiree health plan (continued)

Actuarial assumptions (continued)

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Expected payroll growth
Rates of disability incidence	

Additional actuarial methods and assumptions:

Valuation date	August 31, 2017 rolled forward to August 31, 2018.
Actuarial cost methods	Individual entry age normal
Inflation	2.30%
Single discount rate *	3.69%
Aging factors	Based on plan specific experience
Expenses	Third party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Payroll growth rate	2.50%
Projected salary increases	3.50 to 9.50%
Healthcare trend rates	6.75% to 9.00%
Election rates	Normal retirement 70% participation prior to age 65 and 75% participation after age 65
Ad hoc postemployment benefit changes	None

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

Discount rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of .27 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.



## JUDSON INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2019**

(12) Defined other postemployment plan – retiree health plan (continued)

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 (3.69%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.69%)	Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
District’s proportionate share of the other postemployment benefit liability	\$ 104,908,904	\$ 88,133,297	\$ 74,862,711

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEBs

At August 31, 2018, the District reported a liability of \$88,133,297 for its proportionate share of the TRS’s net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s proportionate share of the collective net OPEB liability	\$ 88,133,297
State’s proportionate share that is associated with District	<u>125,801,641</u>
Total	<u>\$213,934,938</u>

The net OPEB liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 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 relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018 the employer’s proportion of the collective net OPEB liability was 0.001765104768 which is an increase of 0.00007173468 from the employers proportional share as of August 31, 2017.

The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 8.5% rate is used.

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
District’s proportionate share of the other post employment benefit liability	\$ 73,196,138	\$ 88,133,297	\$ 107,805,858

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(12) Defined other postemployment plan – retiree health plan (continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEBs (continued)

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:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period August 31, 2017. This change increased the total OPEB liability.
- The discount rate was changed from 3.42 percent as of August 31, 2017 to 3.69 percent as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.
- Change of benefit terms since the prior measurement date – please see the 2018 TRS CAFR, page 68, section B for a list of the changes made effective September 1, 2017 by the 85<sup>th</sup> Texas Legislature.

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$4,575,908 and revenue of \$1,735,628 for support provided by the State.

At June 30, 2019, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4,676,906	\$ 1,390,873
Changes in actuarial assumptions	1,470,706	26,478,999
Difference between projected and actual investment earnings	15,413	-
Changes in proportion and difference between the District’s contributions and the proportionate share of contributions	3,931,569	935
Contributions paid to TRS subsequent to the measurement date	1,065,835	-
Total	\$ 11,160,429	\$ 27,870,807

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(12) Defined other postemployment plan – retiree health plan (continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEBs (continued)

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

Year Ended June 30,	OPEB Expense Amount
2018	\$ (2,979,783)
2019	(2,979,783)
2020	(2,979,783)
2021	(2,982,698)
2022	(2,984,365)
Thereafter	<u>(2,869,801)</u>
Total	<u>\$ (17,776,213)</u>

(13) Commitments and contingencies

Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Litigation

The District is a defendant in several lawsuits related to educating a diverse population. While the result of any litigation contains an element of uncertainty, the District’s management believes that the amount of any liability and costs which might result would not have a material adverse effect on its operations or financial statements.

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(13) Commitments and contingencies (continued)

Construction commitments

As of June 30, 2019, the District was obligated under the terms of agreements for the construction of the following projects:

PROJECT NAME	CONTRACT AMOUNT	PAID TO DATE	COMMITMENT BALANCE REMAINING	RETAINAGE PAYABLE AMOUNT *
General Construction -				
Kitty Hawk Middle School	\$ 23,464,820	\$ 12,815,761	\$ 10,649,059	\$ 650,953
Wortham Oaks Elementary School	26,081,036	25,530,425	550,611	50,000
Veterans Memorial High School	39,880,733	15,928,440	23,952,293	437,171
Escondido Elementary School	1,645,030	1,399,120	245,910	-
Kirby Middle School	26,240,705	15,939,782	10,300,923	822,668
Spring Meadows Elementary School	3,520,086	2,104,821	1,415,265	22,678
Metzger Middle School	2,815,857	2,091,474	724,383	102,719
Judson Middle School	2,706,258	1,778,629	927,629	85,308
Judson High School	2,231,801	165,061	2,066,740	-
Harman Elementary School	1,873,235	1,241,097	632,138	80,276
Woodlake Hills Middle School	1,771,069	772,034	999,035	28,265
Performing Arts Center	1,462,050	289,802	1,172,248	13,010
Converse Elementary School	1,406,144	172,875	1,233,269	5,575
Child Nutrition Department	399,608	37,986	361,622	890
Police Department/Annex	318,413	36,920	281,493	1,275
Candlewood Elementary School	229,096	168,598	60,498	93,838
Judson CARE Academy	74,460	52,122	22,338	1,390
Other various locations	<u>2,335,274</u>	<u>961,483</u>	<u>1,373,791</u>	<u>-</u>
Total construction commitments	<u>\$ 138,455,675</u>	<u>\$ 81,486,430</u>	<u>\$ 56,969,245</u>	<u>\$ 2,396,016</u>

\* Amount has been accrued and is included in accounts payable.

(14) Interfund balances and activities

Due to and from other funds

Balances due to and due from other funds at June 30, 2019, consisted of the following:

DUE TO FUND	DUE FROM FUND	AMOUNT	PURPOSE
General fund	Non-major funds	\$ 231,855	Short-term loans
Debt service fund	General fund	628,434	Short-term loans
Non-major funds	Non-major funds	<u>42,468</u>	Short-term loans
	Total	<u>\$ 902,757</u>	

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

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(15) Deferred inflows of resources

Deferred inflows of resources at year end consisted of the following:

REVENUE DESCRIPTION	GENERAL FUND	DEBT SERVICE FUND	TOTAL
Deferred inflow of resources - taxes receivable	\$ 2,284,999	\$ 842,576	\$ 3,127,575

(16) Due from other governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and per capita programs. Amounts due from federal and state governments as of June 30, 2019, are reported on the combined financial statements as due from other governments and are summarized below:

FUND	STATE ENTITLEMENTS	FEDERAL GRANTS	LOCAL GOVERNMENTS	OTHER GRANTS	TOTAL
General Fund:					
School Foundation/Available	\$ 17,334,420	\$ -	\$ -	\$ -	\$ 17,334,420
Bexar County Tax Collections	-	-	679,491	-	679,491
Total general fund	<u>17,334,420</u>	<u>-</u>	<u>679,491</u>	<u>-</u>	<u>18,013,911</u>
Other Governmental Funds:					
ESEA Title III, Homeless Education	-	802	-	-	802
ESEA Title I, Part A Basic	-	671,633	-	-	671,633
IDEA, Part B - Formula	-	1,201,265	-	-	1,201,265
IDEA, Part B - Preschool Grant	-	11,418	-	-	11,418
Child Nutrition Program	-	102,272	-	-	102,272
Title V - Vocational Education Basic Grant	-	71,526	-	-	71,526
Title V - Vocational Education Reserve Grant	-	484	-	-	484
Title II, Part A - Teacher and Principal Training	-	13,934	-	-	13,934
English Language Acquisition and Enhancement	-	22,029	-	-	22,029
Industry Cluster Grant	-	34,951	-	-	34,951
State Supplement Visually Impaired	5,000	-	-	-	5,000
Bexar County Tax Collections	-	-	28,734	-	28,734
Total other governmental funds	<u>5,000</u>	<u>2,130,314</u>	<u>28,734</u>	<u>-</u>	<u>2,164,048</u>
Totals	<u>\$ 17,339,420</u>	<u>\$ 2,130,314</u>	<u>\$ 708,225</u>	<u>\$ -</u>	<u>\$ 20,177,959</u>

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2019**

(17) Local and intermediate revenues

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

<u>REVENUE DESCRIPTION</u>	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL REVENUE AMOUNT</u>
Property taxes:					
Current year	\$ 98,346,150	\$ 37,854,479	\$ -	\$ -	\$ 136,200,629
Prior years	145,437	21,311	-	-	166,748
Penalty and interest	382,064	138,958	-	-	521,022
Total property taxes	<u>98,873,651</u>	<u>38,014,748</u>	<u>-</u>	<u>-</u>	<u>136,888,399</u>
Investment interest:					
Revenue	1,985,542	475,679	4,224,466	45,251	6,730,938
Food service revenue	-	-	-	2,057,106	2,057,106
Athletic revenue	484,217	-	-	-	484,217
Tuition revenue	1,605,265	-	-	-	1,605,265
Rental income	141,517	-	-	-	141,517
Gifts and bequests	106,330	-	-	-	106,330
Other revenue	<u>1,763,047</u>	<u>-</u>	<u>-</u>	<u>2,217,136</u>	<u>3,980,183</u>
Totals	<u>\$ 104,959,569</u>	<u>\$ 38,490,427</u>	<u>\$ 4,224,466</u>	<u>\$ 4,319,493</u>	<u>\$ 151,993,955</u>

(18) General fund federal revenue sources

During the year, federal revenue recorded in the general fund consisted of the following:

<u>PROGRAM OR SOURCE</u>	<u>REVENUE AMOUNT</u>
Impact Aid (PL 81-874)	\$ 174,131
Air Force Junior Reserve Officer Training Corp (AFJROTC)	165,907
School Health and Related Services (SHARS)	6,858,767
Indirect Cost from Federal Programs	
ESEA Title X, Part C, Education for Homeless Children & Youth	958
ESEA Title I, Part A, Improving Basic Programs	189,686
ESEA Title I, School Improvement Programs	1,443
IDEA-B, Formula	189,371
IDEA-B, Preschool	2,463
Title II, Part A - Training and Recruiting	15,901
Title III, Part A - Limited English Proficiency	4,268
Title III, LEP & Immigrant	28
Title IV, Part A	5,768
Title V, Vocational Education Basic Grant	<u>9,714</u>
Total federal revenue in general fund	<u>\$ 7,618,405</u>

# JUDSON INDEPENDENT SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

### (19) Shared services arrangements

The District participates in a shared services arrangement (SSA) for a federal program with the following school districts:

Fort Sam Houston Independent School District  
East Central Independent School District  
Randolph Field Independent School District  
North East Independent School District  
San Antonio Independent School District

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District does not have joint ownership interest in capital assets purchased by the fiscal agent, Judson Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent does not accumulate significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

### (20) Prior period restatement

During the fiscal year ended June 30, 2019, the District discovered that the Campus Activity Fund, which was classified as a fiduciary fund in prior years, met the definition of a special revenue fund and thus restricted to those campus activities. The District restated beginning fund balance in the Campus Activity Fund by \$1,221,384 as a result of prior operations. This restatement also increased the beginning net position of the governmental activities by \$1,221,384.

### (21) Net position deficit

At June 30, 2019, the District has a deficit net position in the government-wide statement of net position of (\$35,809,262). This deficit is due to the recognition of the District's proportion share of the net pension liability for TRS and the net OPEB liability related to TRS Care totaling \$164,155,669 in accordance with GASB Statement Nos. 68 and 75.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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**JUDSON INDEPENDENT SCHOOL DISTRICT**

**GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE**

**Year ended June 30, 2019**

EXHIBIT G-1

DATA CONTROL CODES		1	2	3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS			
		ORIGINAL	FINAL	ACTUAL	
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 99,996,445	\$ 100,167,963	\$ 104,959,569	\$ 4,791,606
5800	State program revenues	84,123,821	84,712,821	87,627,044	2,914,223
5900	Federal program revenues	3,550,000	3,550,000	7,618,405	4,068,405
5020	Total revenues	<u>187,670,266</u>	<u>188,430,784</u>	<u>200,205,018</u>	<u>11,774,234</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
<b>Instruction and instructional related services</b>					
0011	Instruction	120,493,785	119,888,246	117,602,524	2,285,722
0012	Instructional resources and media services	2,314,989	2,306,889	2,186,161	120,728
0013	Curriculum and staff development	4,426,325	4,364,100	3,967,943	396,157
	Total instruction and instructional related services	<u>127,235,099</u>	<u>126,559,235</u>	<u>123,756,628</u>	<u>2,802,607</u>
<b>Instructional and school leadership</b>					
0021	Instructional leadership	2,757,032	3,167,749	2,843,083	324,666
0023	School leadership	11,138,953	11,414,452	11,300,173	114,279
	Total instructional and school leadership	<u>13,895,985</u>	<u>14,582,201</u>	<u>14,143,256</u>	<u>438,945</u>
<b>Support services - student (pupil)</b>					
0031	Guidance, counseling, and evaluation services	7,581,593	7,708,462	7,492,535	215,927
0032	Social work services	1,380,463	1,421,993	1,380,307	41,686
0033	Health services	2,346,132	2,401,615	2,106,158	295,457
0034	Student (pupil) transportation	8,452,244	8,486,629	7,555,068	931,561
0036	Cocurricular/extracurricular activities	4,222,614	4,600,805	4,550,833	49,972
	Total support services - student (pupil)	<u>23,983,046</u>	<u>24,619,504</u>	<u>23,084,901</u>	<u>1,534,603</u>
<b>Administrative support services</b>					
0041	General administrative	4,508,361	5,033,292	4,700,428	332,864
	Total administrative support services	<u>4,508,361</u>	<u>5,033,292</u>	<u>4,700,428</u>	<u>332,864</u>
<b>Support services - nonstudent based</b>					
0051	Plant maintenance and operations	20,824,826	21,141,637	20,896,320	245,317
0052	Security and monitoring services	2,591,866	2,548,409	2,363,267	185,142
0053	Data processing services	3,491,200	3,586,372	3,506,085	80,287
	Total support services - nonstudent based	<u>26,907,892</u>	<u>27,276,418</u>	<u>26,765,672</u>	<u>510,746</u>
<b>Ancillary services</b>					
0061	Community services	1,439,873	1,444,975	1,155,569	289,406
	Total ancillary services	<u>1,439,873</u>	<u>1,444,975</u>	<u>1,155,569</u>	<u>289,406</u>
<b>Debt service</b>					
0071	Principal on long-term debt	340,000	340,000	340,000	-
0072	Interest on long-term debt	12,420	12,420	12,420	-
	Total debt service	<u>352,420</u>	<u>352,420</u>	<u>352,420</u>	<u>-</u>

(continued)

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE**

**Year ended June 30, 2019**

EXHIBIT G-1 (continued)

DATA CONTROL CODES		1	2	3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS		ACTUAL	
		ORIGINAL	FINAL		
	EXPENDITURES (CONTINUED)				
	Capital outlay				
0081	Capital outlay	\$ -	\$ 17,951,622	\$ 9,658,443	\$ 8,293,179
	Total capital outlay	<u>-</u>	<u>17,951,622</u>	<u>9,658,443</u>	<u>8,293,179</u>
	Intergovernmental charges				
0095	Payments to Juvenile Justice Alternative Education Programs	25,000	25,000	6,113	18,887
0099	Other intergovernmental charges	<u>675,000</u>	<u>675,000</u>	<u>529,149</u>	<u>145,851</u>
	Total intergovernmental charges	<u>700,000</u>	<u>700,000</u>	<u>535,262</u>	<u>164,738</u>
6030	Total expenditures	<u>199,022,676</u>	<u>218,519,667</u>	<u>204,152,579</u>	<u>14,367,088</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(11,352,410)</u>	<u>(30,088,883)</u>	<u>(3,947,561)</u>	<u>26,141,322</u>
	Other financing sources (uses)				
7912	Sale of real or personal property	<u>-</u>	<u>-</u>	<u>44,896</u>	<u>44,896</u>
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>44,896</u>	<u>44,896</u>
	Special items				
7919	Extraordinary items	<u>-</u>	<u>6,096,936</u>	<u>6,096,936</u>	<u>-</u>
1200	Net change in fund balance	(11,352,410)	(23,991,947)	2,194,271	26,186,218
0100	FUND BALANCE - BEGINNING	<u>76,191,002</u>	<u>76,191,002</u>	<u>76,191,002</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 64,838,592</u>	<u>\$ 52,199,055</u>	<u>\$ 78,385,273</u>	<u>\$ 26,186,218</u>

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS**

**Plan year ended August 31,**

EXHIBIT G-2

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0013811595%	0.0013514764%	0.0013660501%	0.0013999140%	0.0009524170%
District's proportionate share of net pension liability	\$ 76,022,372	\$ 43,212,935	\$ 51,621,002	\$ 49,485,097	\$ 25,440,377
State's proportionate share of the net pension liability associated with the District.	<u>113,983,813</u>	<u>67,208,882</u>	<u>80,363,413</u>	<u>75,820,959</u>	<u>64,388,160</u>
Total	<u>\$ 190,006,185</u>	<u>\$ 110,421,817</u>	<u>\$ 131,984,415</u>	<u>\$ 125,306,056</u>	<u>\$ 89,828,537</u>
District's covered-employee payroll	\$ 147,082,750	\$ 141,413,615	\$ 137,649,587	\$ 130,986,768	\$ 123,817,521
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	51.69%	30.56%	37.50%	37.78%	20.55%
Plan fiduciary net position as a percentage of the total net pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, paragraph 81 requires that the information in this schedule be data from the period corresponding with the period covered as of the measurement dates ending August 31 preceding the Districts fiscal year end.

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

**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**

**Fiscal year ended June 30,**

EXHIBIT G-3

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,777,335	\$ 4,615,214	\$ 4,425,879	\$ 4,293,995	\$ 3,860,651
Contribution in relation to the contractually required contribution	<u>(4,777,335)</u>	<u>(4,615,214)</u>	<u>(4,425,879)</u>	<u>(4,293,995)</u>	<u>(3,860,651)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 147,999,610	\$ 145,882,116	\$ 140,918,025	\$ 136,489,376	\$ 129,590,774
Contribution as a percentage of covered- employee payroll	3.23%	3.16%	3.14%	3.15%	2.98%

Note: GASB 68, paragraph 81 requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement dates ending August 31 preceding the District's fiscal year end.

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

**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT PROPORTIONATE**  
**SHARE OF THE NET OPEB LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**

**Plan year ended August 31,**

EXHIBIT G-4

	2018	2017
District's proportion share of the liability for other postemployment benefits	0.0017651048%	0.0016933701%
District's proportionate share of net postemployment benefit liability	\$ 88,133,297	\$ 73,638,313
State's proportionate share of the net postemployment benefit liability associated with the District.	125,801,641	109,991,712
Total	\$ 213,934,938	\$ 183,630,025
District's covered-employee payroll	\$ 147,082,750	\$ 141,413,615
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	59.92%	52.07%
Plan fiduciary net position as a percentage of the total net pension liability	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on the schedule should be determined as of the measurement date. Therefore the amount reported for FY 2018 are based on the August 31, 2018 measurement date.

Note: The schedule shows only two years of information. Additional information will be added until 10 years of data are available and reported.

**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**

**Fiscal year ended June 30,**

EXHIBIT G-5

	2019	2018
Contractually required contribution	\$ 1,264,698	\$ 1,160,981
Contribution in relation to the contractually required contribution	(1,264,698)	(1,160,981)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 147,999,610	\$ 145,882,116
Contribution as a percentage of covered-employee payroll	0.85%	0.80%

Note: The schedule shows only two years of information. Additional information will be added until 10 years of data are available and reported.



## **OTHER SUPPLEMENTARY INFORMATION**

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

**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**

**For the year ended June 30, 2019**

<u>YEAR ENDED</u> <u>JUNE 30,</u>	1		2		3	
	<u>TAX RATES</u>				<u>ASSESSED/APPRAISED</u> <u>VALUE FOR SCHOOL</u> <u>TAX PURPOSES</u>	
	<u>MAINTENANCE</u>	<u>DEBT SERVICE</u>	<u>MAINTENANCE</u>	<u>DEBT SERVICE</u>	<u>MAINTENANCE</u>	<u>DEBT SERVICE</u>
2010 and prior years	\$ Various		\$ Various		\$	Various
2011	1.04		.4230		5,874,251,128	
2012	1.04		.3990		6,021,977,133	
2013	1.04		.3850		6,156,414,807	
2014	1.04		.3850		6,398,463,860	
2015	1.04		.3850		6,833,285,053	
2016	1.04		.3800		7,496,258,662	
2017	1.04		.4300		8,192,510,476	
2018	1.04		.3850		8,929,763,228	
2019 (school year under audit)	1.04	Note 1	.4000		9,917,538,075	

1000 TOTALS

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

EXHIBIT J-1

10 BEGINNING BALANCE JULY 1, 2018	20 CURRENT YEAR'S TOTAL LEVY	31 MAINTENANCE COLLECTIONS	32 DEBT SERVICE COLLECTIONS	40 ENTIRE YEAR'S ADJUSTMENTS	50 ENDING BALANCE JUNE 30, 2019
\$ 661,748	\$ -	\$ 9,792	\$ 3,470	\$ (129,034)	\$ 519,452
105,436	-	3,097	1,259	(10)	101,070
123,424	-	7,739	2,969	(16,457)	96,259
116,834	-	9,122	3,377	(10)	104,325
143,803	-	52,627	19,482	55,271	126,965
189,299	-	70,691	26,169	61,748	154,187
222,433	-	66,040	24,130	53,364	185,627
386,782	-	43,766	18,096	(91,337)	233,583
2,279,201	-	762,739	282,360	(737,850)	496,252
-	138,626,473	97,441,201	37,477,385	(1,021,982)	2,685,905
\$ 4,228,960	\$ 138,626,473	\$ 98,466,814	\$ 37,858,697	\$ (1,826,297)	\$ 4,703,625
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
BUDGETARY COMPARISON SCHEDULE**

**Year ended June 30, 2019**

EXHIBIT J-4

DATA CONTROL CODES		1	2	3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS		ACTUAL	
		ORIGINAL	FINAL		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 2,116,500	\$ 2,116,500	\$ 2,107,116	\$ (9,384)
5800	State program revenues	73,000	73,000	71,856	(1,144)
5900	Federal program revenues	<u>10,650,000</u>	<u>11,025,000</u>	<u>11,040,574</u>	<u>15,574</u>
5020	Total revenues	<u>12,839,500</u>	<u>13,214,500</u>	<u>13,219,546</u>	<u>5,046</u>
<b>EXPENDITURES</b>					
Current					
Support services - student (pupil)					
0035	Food services	<u>12,889,051</u>	<u>13,500,386</u>	<u>12,706,818</u>	<u>793,568</u>
Support services - nonstudent based					
0051	Plant maintenance and operations	<u>284,368</u>	<u>309,368</u>	<u>294,494</u>	<u>14,874</u>
6030	Total expenditures	<u>13,173,419</u>	<u>13,809,754</u>	<u>13,001,312</u>	<u>808,442</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(333,919)</u>	<u>(595,254)</u>	<u>218,234</u>	<u>813,488</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
7912	Sale of real or personal property	<u>-</u>	<u>-</u>	<u>1,517</u>	<u>1,517</u>
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,517</u>	<u>1,517</u>
1200	Net change in fund balance	(333,919)	(595,254)	219,751	815,005
0100	FUND BALANCE - BEGINNING	<u>2,441,785</u>	<u>2,441,785</u>	<u>2,441,785</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 2,107,866</u>	<u>\$ 1,846,531</u>	<u>\$ 2,661,536</u>	<u>\$ 815,005</u>

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE**

**Year ended June 30, 2019**

EXHIBIT J-5

DATA CONTROL CODES	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	
	1	2	3		
	ORIGINAL	FINAL	ACTUAL		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 36,990,556	\$ 36,990,556	\$ 38,490,427	\$ 1,499,871
5800	State program revenues	684,140	684,140	782,433	98,293
5900	Federal program revenues	-	-	-	-
5020	Total revenues	<u>37,674,696</u>	<u>37,674,696</u>	<u>39,272,860</u>	<u>1,598,164</u>
<b>EXPENDITURES</b>					
Debt service:					
0071	Principal on long-term debt	11,333,298	11,333,298	11,333,298	-
0072	Interest on long-term debt	26,632,865	26,632,865	26,632,864	1
0073	Bond issuance costs and fees	10,000	10,000	7,276	2,724
	Total debt service	<u>37,976,163</u>	<u>37,976,163</u>	<u>37,973,438</u>	<u>2,725</u>
6030	Total expenditures	<u>37,976,163</u>	<u>37,976,163</u>	<u>37,973,438</u>	<u>2,725</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(301,467)</u>	<u>(301,467)</u>	<u>1,299,422</u>	<u>1,600,889</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
7916	Premium or discount on issuance of bonds	-	-	-	-
7080	Total other financing sources and (uses)	-	-	-	-
1200	Net change in fund balance	(301,467)	(301,467)	1,299,422	1,600,889
0100	FUND BALANCE - BEGINNING	<u>25,123,941</u>	<u>25,123,941</u>	<u>25,123,941</u>	-
3000	FUND BALANCE - ENDING	<u>\$ 24,822,474</u>	<u>\$ 24,822,474</u>	<u>\$ 26,423,363</u>	<u>\$ 1,600,889</u>

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

Board of Trustees  
Judson Independent School District  
Live Oak, Texas

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 Judson Independent School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 2019.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

ABIP, PC

San Antonio, Texas  
November 21, 2019



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

Board of Trustees  
Judson Independent School District  
Live Oak, Texas

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

We have audited Judson Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2019. 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance 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 the major federal program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on 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 its major federal programs for the year ended June 30, 2019.

## 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 the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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.

ABIP, PC

San Antonio, Texas  
November 21, 2019

**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year ended June 30, 2019**

**A. Summary of Auditor's Results**

**1. Financial Statements**

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) Identified? \_\_\_\_\_ Yes  X  No

Significant Deficiency(ies) Identified that are not Considered to be Material Weaknesses? \_\_\_\_\_ Yes  X  None Reported

Noncompliance Material to Financial Statements Noted? \_\_\_\_\_ Yes  X  No

**2. Federal Awards**

Internal Control Over Major Programs:

Material Weakness(es) Identified? \_\_\_\_\_ Yes  X  No

Significant Deficiency(ies) Identified that are not Considered to be Material Weaknesses? \_\_\_\_\_ Yes  X  None Reported

Type of Auditor's Report Issued on Compliance for Major Programs: Unmodified

Any Audit Findings Disclosed that are Required to be Reported in Accordance with the Uniform Guidance 2 CFR Section 200.516(a)? \_\_\_\_\_ Yes  X  No

Identification of Major Programs:

<u>CFDA NUMBER(S)</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
84.027 / 84.027A / 84.173	Special Education Clulster

Dollar Threshold used to Distinguish between Type A and Type B Programs: \$ 750,000

Auditee Qualified as Low-Risk Auditee?  X  Yes \_\_\_\_\_ No

**B. Financial Statement Findings**  
None

**C. Federal Award Findings and Questioned Costs**  
None

**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year ended June 30, 2019**

NONE

**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the year ended June 30, 2019**

EXHIBIT K-1

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	EXPENDITURES INDIRECT COSTS OR AWARD AMOUNT
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Passed Through Texas Health and Human Services Commission:			
Medicaid Administration Claim Program (MAC)	93.778	015-916	\$ <u>146,754</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed Through Texas Education Agency:			
ESEA Title I Part A - Improving Basic Programs	84.010A	18610101015916	440,566
ESEA Title I Part A - Improving Basic Programs	84.010A	19610101015916	4,775,254
ESEA Title I Part A - School Improvement Grants	84.010A	18610123015916	<u>55,599</u>
Total CFDA Number 84.010A			<u>5,271,419</u>
Special Education Cluster (IDEA-B)			
IDEA-B Formula *	84.027	196600010159166600	2,377,882
IDEA-B Formula *	84.027	186600010159166600	<u>2,963,496</u>
Total CFDA Number 84.027			<u>5,341,378</u>
IDEA-B Preschool *			
IDEA-B Preschool *	84.173	186610010159166610	66,980
IDEA-B Preschool *	84.173	196610010159166610	<u>695</u>
Total CFDA Number 84.173			<u>67,675</u>
Carl D Perkins, Basic Grant			
Carl D Perkins, Basic Grant	84.048A	18420006015916	6,512
Carl D Perkins, Basic Grant	84.048A	19420006015916	269,540
Carl D Perkins, Reserve Grant	84.048A	184200547110010	<u>51,065</u>
Total CFDA Number 84.048			<u>327,117</u>
Title III, Part A - English Language Acquisition and Language Enhancement			
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	18671001015916	56,581
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	19671001015916	1,441
Title III, Part A - Immigrant	84.365A	18671003015916	<u>161,050</u>
Total CFDA Number 84.365A			<u>219,072</u>
ESEA Title II Part A - Teacher & Principal Training & Recruiting			
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	18694501015916	207,065
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	19694501015916	<u>263,598</u>
Total CFDA Number 84.367A			<u>470,663</u>
Titile IV, Part A			
Titile IV, Part A	84.424A	18680101015916	50,518
Titile IV, Part A	84.424A	19680101015916	<u>244,397</u>
Total CFDA Number 84.424A			<u>294,915</u>
Summer School, LEP, Rider 16	84.369A	69551702	<u>6,258</u>
Total Passed Through Texas Education Agency			<u>11,998,497</u>

**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the year ended June 30, 2019**

EXHIBIT K-1

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	EXPENDITURES INDIRECT COSTS OR AWARD AMOUNT
<b><u>U.S. DEPARTMENT OF EDUCATION (CONTINUED)</u></b>			
Passed Through Education Service Center Region 20:			
Evaluation Capacity Award *	84.027A	226-543-19-20-018	\$ 40,000
*Total Special Education Cluster (IDEA B)			<u>5,382,073</u>
SSA ESEA Title X, Part C-Ed for the Homeless Children and Youth	84.196	18-047	10,098
SSA ESEA Title X, Part C-Ed for the Homeless Children and Youth	84.196	194600057110040	<u>26,345</u>
Total CFDA Number 84.196			<u>36,443</u>
Total Passed Through Education Service Center Region 20			<u>76,443</u>
Passed Through Direct Program:			
Impact Aid - P.L. 81-874	84.041	015-916	<u>174,131</u>
Total U.S. Department of Education			<u>12,249,071</u>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>			
Direct Program:			
Air Force Junior Reserve Officers Training Corp (AFJROTC)	12.000	015-916	<u>165,907</u>
Total U.S. Department of Defense			<u>165,907</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed Through Texas Department of Agriculture			
Child Nutrition Cluster			
School Breakfast Program *	10.553	015-916	2,747,581
National School Lunch Program *	10.555	015-916	7,528,296
Non-Cash USDA Donated Commodities*	10.555	015-916	764,697
Summer Feeding*	10.559	015-916	<u>39,364</u>
Total Child Nutrition Cluster			<u>11,079,938</u>
Total Passed Through Texas Department of Agriculture			<u>11,079,938</u>
Total U.S. Department of Agriculture			<u>11,079,938</u>
Total Expenditures of Federal Awards			23,641,670
School Health and Related Services (SHARS)			<u>6,858,767</u>
TOTAL FEDERAL REVENUE PER EXHIBIT C-2			<u>\$ 30,500,437</u>

\* Indicates Clustered Program under OMB Compliance Supplement

# JUDSON INDEPENDENT SCHOOL DISTRICT

## NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2019

### Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Judson Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### Note 1

A total of \$7,618,405 is included in the schedule of expenditures of federal awards and is recorded in the general fund. See note 18 in the notes to the financial statements section.

The District utilizes the fund types specified in the Texas Education Agency Resource Guide.

Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types and agency funds are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the special revenue funds, a component of the governmental fund type. With this measurement focus, only current assets and current liabilities 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 balances.

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

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

Non-Cash USDA Donated Commodities received like-kind goods and no grant revenue received was reported on the schedule for the monetary value of these goods. The monetary value of these goods was \$764,697 for the year ended June 30, 2019.

The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds or any money received may be required and the collectability of any related receivable at June 30, 2019, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the year ended June 30, 2019**

Note 1 (continued)

The United States Department of Education has given the Texas Education Agency (TEA) authority to issue indirect cost rates for Texas School Districts and Charter Schools. To recover any indirect costs, the District must request and receive new indirect cost rates for every school year allowed by the Uniform Guidance Part 200.57. The District has not elected to use the 10% de minimis indirect cost rate.



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**JUDSON INDEPENDENT SCHOOL DISTRICT**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2019**

DATA CONTROL CODES		SPECIAL			
		206	211	224	225
		ESEA TITLE X, Part C HOMELESS EDUCATION	ESEA TITLE I IMPROVING BASIC PROGRAMS	IDEA-B FORMULA	IDEA-B PRESCHOOL GRANT
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
1240	Due from other governments	802	671,633	1,201,265	11,418
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total assets	<u>\$ 802</u>	<u>\$ 671,633</u>	<u>\$ 1,201,265</u>	<u>\$ 11,418</u>
LIABILITIES					
Current liabilities:					
2110	Accounts payable	\$ -	\$ 1,762	\$ 29,488	\$ -
2150	Payroll deduction and withholdings	-	-	-	-
2160	Accrued wages payable	-	613,077	1,082,506	10,590
2170	Due to other funds	802	56,794	89,271	828
2300	Unearned revenue	-	-	-	-
2000	Total liabilities	<u>802</u>	<u>671,633</u>	<u>1,201,265</u>	<u>11,418</u>
FUND BALANCES					
3410	Non-spendable - inventories	-	-	-	-
3430	Non-spendable - prepaid items	-	-	-	-
3450	Restricted - grant funds	-	-	-	-
3490	Restricted - other	-	-	-	-
3590	Assigned - encumbrances	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 802</u>	<u>\$ 671,633</u>	<u>\$ 1,201,265</u>	<u>\$ 11,418</u>

EXHIBIT O-1

REVENUE FUNDS						
226	240	242	244	245	255	263
IDEA-B DISCRETIONARY HIGH RISK	NATIONAL SCHOOL BREAKFAST/LUNCH PROGRAM	SUMMER FEEDING PROGRAM	TITLE V VOC ED BASIC GRANT	TITLE V VOC ED RESERVE GRANT	ESEA TITLE II TRAINING AND RECRUITING	ENGLISH LANGUAGE ACQUISITION AND ENHANCEMENT
\$ -	\$ 2,686	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,755,887	282,451	-	-	-	-
-	102,272	-	71,526	484	13,934	22,029
-	42,468	-	-	-	-	-
-	47	-	-	-	-	-
-	64,021	177	-	-	-	-
-	989	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,968,370</u>	<u>\$ 282,628</u>	<u>\$ 71,526</u>	<u>\$ 484</u>	<u>\$ 13,934</u>	<u>\$ 22,029</u>
\$ -	\$ 34,805	\$ -	\$ -	\$ -	\$ -	\$ 2,279
-	73,404	1,227	-	-	-	-
-	30,883	-	8,365	-	12,461	18,262
-	3,937	42,468	63,161	484	1,473	1,488
-	163,805	-	-	-	-	-
-	306,834	43,695	71,526	484	13,934	22,029
-	64,021	177	-	-	-	-
-	989	-	-	-	-	-
-	2,407,158	238,756	-	-	-	-
-	-	-	-	-	-	-
-	189,368	-	-	-	-	-
-	2,661,536	238,933	-	-	-	-
<u>\$ -</u>	<u>\$ 2,968,370</u>	<u>\$ 282,628</u>	<u>\$ 71,526</u>	<u>\$ 484</u>	<u>\$ 13,934</u>	<u>\$ 22,029</u>

(continued)

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2019**

DATA CONTROL CODES	SPECIAL				
	272 MEDICAID ADMIN CLAIMING PROGRAM	276 TITLE I SCHOOL IMPROVEMENT GRANT	282 SUMMER SCHOOL LEP	289 INNOVATIVE ACADEMY AND TITLE IV, PART A	
<b>ASSETS</b>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ 6,258	\$ -
1120	Investments	-	-	-	-
1240	Due from other governments	-	-	-	34,951
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,258</u>	<u>\$ 34,951</u>
<b>LIABILITIES</b>					
Current liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2150	Payroll deduction and withholdings	-	-	-	-
2160	Accrued wages payable	-	-	6,258	33,771
2170	Due to other funds	-	-	-	1,180
2300	Unearned revenue	-	-	-	-
2000	Total liabilities	<u>-</u>	<u>-</u>	<u>6,258</u>	<u>34,951</u>
<b>FUND BALANCES</b>					
3410	Non-spendable - inventories	-	-	-	-
3430	Non-spendable - prepaid items	-	-	-	-
3450	Restricted - grant funds	-	-	-	-
3490	Restricted - other	-	-	-	-
3590	Assigned - encumbrances	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,258</u>	<u>\$ 34,951</u>

EXHIBIT O-1 (Continued)

REVENUE FUNDS					
385	397	410	429	461	490
STATE SUPPLEMENT VISUALLY IMPAIRED	ADVANCED PLACEMENT INCENTIVES	INSTRUCTIONAL MATERIALS ALLOTMENT	INNOVATIVE ACADEMY AND READING TO SUCCEED	CAMPUS ACTIVITY FUNDS	PROJECT LEAD THE WAY GRANT
\$ -	\$ 1,445	\$ 44,661	\$ 7,901	\$ 1,283,293	\$ 7,722
-	-	-	-	-	-
5,000	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,000</u>	<u>1,445</u>	<u>44,661</u>	<u>7,901</u>	<u>1,283,293</u>	<u>7,722</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
5,000	-	-	7,437	-	-
-	-	44,661	-	-	722
<u>5,000</u>	<u>-</u>	<u>44,661</u>	<u>7,437</u>	<u>-</u>	<u>722</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	1,445	-	464	1,283,293	7,000
-	-	-	-	-	-
<u>-</u>	<u>1,445</u>	<u>-</u>	<u>464</u>	<u>1,283,293</u>	<u>7,000</u>
<u>\$ 5,000</u>	<u>\$ 1,445</u>	<u>\$ 44,661</u>	<u>\$ 7,901</u>	<u>\$ 1,283,293</u>	<u>\$ 7,722</u>

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2019**

DATA CONTROL CODES		SPECIAL			
		491	492	493	494
		T-STEM EXTERNSHIP PROGRAM	UT EXTERNSHIP GRANT	HEB EXCELLENCE IN EDUCATION AWARD	FUEL UP TO PLAY 60 GRANT
<b>ASSETS</b>					
1110	Cash and cash equivalents	\$ 222	\$ -	\$ 14,571	\$ 17,368
1120	Investments	-	-	-	-
1240	Due from other governments	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total assets	<u>\$ 222</u>	<u>\$ -</u>	<u>\$ 14,571</u>	<u>\$ 17,368</u>
<b>LIABILITIES</b>					
Current liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ 1,344
2150	Payroll deduction and withholdings	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	-
2300	Unearned revenue	<u>222</u>	<u>-</u>	<u>-</u>	<u>16,024</u>
2000	Total liabilities	<u>222</u>	<u>-</u>	<u>-</u>	<u>17,368</u>
<b>FUND BALANCES</b>					
3410	Non-spendable - inventories	-	-	-	-
3430	Non-spendable - prepaid items	-	-	-	-
3450	Restricted - grant funds	-	-	-	-
3490	Restricted - other	-	-	14,571	-
3590	Assigned - encumbrances	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>14,571</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 222</u>	<u>\$ -</u>	<u>\$ 14,571</u>	<u>\$ 17,368</u>

EXHIBIT O-1 (Continued)

<u>REVENUE FUNDS</u>		
495	TOTAL NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2019	TOTAL NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2018
COLLISION REPAIR		
EDUCATION		
FOUNDATION		
\$ 10,304	\$ 1,396,431	\$ 287,674
-	3,038,338	2,671,344
-	2,135,314	2,451,141
-	42,468	103,891
-	47	145
-	64,198	28,542
-	989	989
\$ 10,304	\$ 6,677,785	\$ 5,543,726
\$ -	\$ 69,678	\$ 129,607
-	74,631	145,118
-	1,816,173	1,135,749
-	274,323	1,297,069
10,304	235,738	120,712
10,304	2,470,543	2,828,255
-	64,198	28,542
-	989	989
-	3,938,116	2,603,845
-	14,571	41,090
-	189,368	41,005
-	4,207,242	2,715,471
\$ 10,304	\$ 6,677,785	\$ 5,543,726

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2019**

DATA CONTROL CODES		SPECIAL			
		206	211	224	225
		ESEA TITLE X, PART C HOMELESS EDUCATION	ESEA TITLE I IMPROVING BASIC PROGRAMS	IDEA-B FORMULA	IDEA-B PRESCHOOL GRANT
	REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	35,485	5,026,134	5,152,006	65,213
5020	Total revenues	<u>35,485</u>	<u>5,026,134</u>	<u>5,152,006</u>	<u>65,213</u>
	EXPENDITURES				
0011	Instruction	23,103	2,641,996	4,057,646	65,213
0012	Instructional resources & media services	-	-	-	-
0013	Curriculum development and instructional staff development	4,298	2,078,887	286,915	-
0021	Instructional leadership	-	79,677	371,541	-
0023	School leadership	6,677	13,299	3,399	-
0031	Guidance, counseling, & evaluation services	-	669	73,338	-
0032	Social work services	813	185,461	1,006	-
0033	Health services	-	-	12,986	-
0034	Student (pupil) transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Curricular/extracurricular activities	-	-	4,265	-
0041	General administrative	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	594	26,145	1,410	-
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-
0081	Capital outlay	-	-	-	-
0093	Payments related to shared service arrangements	-	-	339,500	-
6030	Total expenditures	<u>35,485</u>	<u>5,026,134</u>	<u>5,152,006</u>	<u>65,213</u>
1100	Excess (deficiency) revenues over (under) expenditures	-	-	-	-
	Other financing sources:				
7912	Proceeds from sale of fixed assets	-	-	-	-
7915	Transfers in	-	-	-	-
7020	Total other financing sources	-	-	-	-
7080	Total other financing sources and (uses)	-	-	-	-
1200	Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-	-
0100	FUND BALANCES - BEGINNING	-	-	-	-
1300	PRIOR PERIOD ADJUSTMENT	-	-	-	-
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



EXHIBIT O-2

REVENUE FUNDS						
226	240	242	244	245	255	263
IDEA-B DISCRETIONARY HIGH RISK	NATIONAL SCHOOL BREAKFAST/LUNCH PROGRAM	SUMMER FEEDING PROGRAM	TITLE V VOC ED BASIC GRANT	TITLE V VOC ED RESERVE GRANT	ESEA TITLE II TRAINING AND RECRUITING	ENGLISH LANGUAGE ACQUISITION AND ENHANCEMENT
\$ -	\$ 2,107,116	\$ 225	\$ -	\$ -	\$ -	\$ -
-	71,856	-	-	-	-	-
<u>40,000</u>	<u>11,040,574</u>	<u>39,364</u>	<u>266,338</u>	<u>51,065</u>	<u>454,762</u>	<u>214,776</u>
<u>40,000</u>	<u>13,219,546</u>	<u>39,589</u>	<u>266,338</u>	<u>51,065</u>	<u>454,762</u>	<u>214,776</u>
40,000	-	-	109,929	27,599	-	89,679
-	-	-	-	-	-	-
-	-	-	7,259	-	426,654	119,111
-	-	-	50,166	23,466	-	-
-	-	-	-	-	28,108	-
-	-	-	98,984	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	12,706,818	28,362	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	294,494	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	5,986
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>40,000</u>	<u>13,001,312</u>	<u>28,362</u>	<u>266,338</u>	<u>51,065</u>	<u>454,762</u>	<u>214,776</u>
<u>-</u>	<u>218,234</u>	<u>11,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,517	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>1,517</u>	-	-	-	-	-
-	<u>1,517</u>	-	-	-	-	-
-	-	-	-	-	-	-
-	219,751	11,227	-	-	-	-
<u>-</u>	<u>2,441,785</u>	<u>227,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 2,661,536</u>	<u>\$ 238,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2019**

DATA CONTROL CODES		SPECIAL			
		272 MEDICAID ADMIN CLAIMING PROGRAM	276 TITLE I SCHOOL IMPROVEMENT GRANT	282 SUMMER SCHOOL LEP	289 INNOVATIVE ACADEMY AND TITLE IV, PART A
	REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	<u>146,754</u>	<u>54,156</u>	<u>6,258</u>	<u>289,147</u>
5020	Total revenues	<u>146,754</u>	<u>54,156</u>	<u>6,258</u>	<u>289,147</u>
	EXPENDITURES				
0011	Instruction	-	4,038	6,258	223,557
0012	Instructional resources & media services	-	-	-	-
0013	Curriculum development and instructional staff development	-	50,118	-	8,799
0021	Instructional leadership	-	-	-	1,433
0023	School leadership	-	-	-	60
0031	Guidance, counseling, & evaluation services	-	-	-	22,127
0032	Social work services	-	-	-	-
0033	Health services	146,754	-	-	-
0034	Student (pupil) transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Curricular/extracurricular activities	-	-	-	33,171
0041	General administrative	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-
0081	Capital outlay	-	-	-	-
0093	Payments related to shared service arrangements	-	-	-	-
6030	Total expenditures	<u>146,754</u>	<u>54,156</u>	<u>6,258</u>	<u>289,147</u>
1100	Excess (deficiency) revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Other financing sources:				
7912	Proceeds from sale of fixed assets	-	-	-	-
7915	Transfers in	-	-	-	-
7020	Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7080	Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-	-
0100	FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1300	PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT O-2 (Continued)

REVENUE FUNDS					
385	397	410	429	461	490
STATE	ADVANCED	INSTRUCTIONAL	INNOVATIVE	CAMPUS	PROJECT
SUPPLEMENT	PLACEMENT	MATERIALS	ACADEMY AND	ACTIVITY	LEAD THE
VISUALLY	INCENTIVES	ALLOTMENT	READING TO	FUNDS	WAY GRANT
IMPAIRED			SUCCEED		
\$ -	\$ -	\$ -	\$ -	\$ 2,068,009	\$ 9,278
24,140	-	249,749	4,930	-	-
-	-	-	-	-	-
<u>24,140</u>	<u>-</u>	<u>249,749</u>	<u>4,930</u>	<u>2,068,009</u>	<u>9,278</u>
24,140	-	249,831	-	-	3,368
-	-	-	30	-	-
-	2,899	-	4,900	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,006,100	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>24,140</u>	<u>2,899</u>	<u>249,831</u>	<u>4,930</u>	<u>2,006,100</u>	<u>3,368</u>
-	(2,899)	(82)	-	61,909	5,910
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(2,899)	(82)	-	61,909	5,910
-	4,344	82	464	-	1,090
-	-	-	-	1,221,384	-
<u>\$ -</u>	<u>\$ 1,445</u>	<u>\$ -</u>	<u>\$ 464</u>	<u>\$ 1,283,293</u>	<u>\$ 7,000</u>

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2019**

DATA CONTROL CODES		SPECIAL			
		491	492	493	494
		T-STEM EXTERNSHIP PROGRAM	UT EXTERNSHIP GRANT	HEB EXCELLENCE IN EDUCATION AWARD	FUEL UP TO PLAY 60 GRANT
REVENUES					
5700	Local and intermediate sources	\$ 5,778	\$ 31,088	\$ -	\$ 97,999
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total revenues	<u>5,778</u>	<u>31,088</u>	<u>-</u>	<u>97,999</u>
EXPENDITURES					
0011	Instruction	-	-	8,120	19,735
0012	Instructional resources & media services	-	-	-	-
0013	Curriculum development and instructional staff development	18,165	29,312	-	-
0021	Instructional leadership	2,613	1,776	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, & evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student (pupil) transportation	-	-	-	-
0035	Food services	-	-	-	78,264
0036	Curricular/extracurricular activities	-	-	2,309	-
0041	General administrative	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-
0081	Capital outlay	-	-	-	-
0093	Payments related to shared service arrangements	-	-	-	-
6030	Total expenditures	<u>20,778</u>	<u>31,088</u>	<u>10,429</u>	<u>97,999</u>
1100	Excess (deficiency) revenues over (under) expenditures	<u>(15,000)</u>	<u>-</u>	<u>(10,429)</u>	<u>-</u>
Other financing sources:					
7912	Proceeds from sale of fixed assets	-	-	-	-
7020	Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7080	Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(15,000)</u>	<u>-</u>	<u>(10,429)</u>	<u>-</u>
0100	FUND BALANCES - BEGINNING	<u>15,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
PRIOR PERIOD ADJUSTMENT		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,571</u>	<u>\$ -</u>

EXHIBIT O-2 (Continued)

<u>REVENUE FUNDS</u>		
495	TOTAL	TOTAL
	NONMAJOR	NONMAJOR
COLLISION REPAIR	GOVERNMENTAL	GOVERNMENTAL
EDUCATION	FUNDS	FUNDS
FOUNDATION	JUNE 30, 2019	JUNE 30, 2018
\$ -	\$ 4,319,493	\$ 2,255,800
-	350,675	716,445
-	<u>22,882,032</u>	<u>20,468,307</u>
-	<u>27,552,200</u>	<u>23,440,552</u>
-	7,594,212	6,536,910
-	30	58
-	3,037,317	2,813,919
-	530,672	508,665
-	51,543	66,153
-	195,118	214,472
-	187,280	189,672
-	159,740	67,611
-	-	-
-	12,813,444	12,324,092
-	2,045,845	16,495
-	-	-
-	294,494	289,158
-	-	495
-	-	-
-	34,135	40,749
-	-	-
-	-	-
-	-	-
-	-	-
-	<u>339,500</u>	<u>342,500</u>
-	<u>27,283,330</u>	<u>23,410,949</u>
-	<u>268,870</u>	<u>29,603</u>
-	<u>1,517</u>	<u>398</u>
-	<u>1,517</u>	<u>398</u>
-	<u>1,517</u>	<u>398</u>
-	270,387	30,001
-	<u>2,715,471</u>	<u>2,685,470</u>
-	<u>1,221,384</u>	<u>-</u>
\$ -	\$ <u>4,207,242</u>	\$ <u>2,715,471</u>

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**OTHER SCHEDULES PRESENTED BY THE DISTRICT**

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**JUDSON INDEPENDENT SCHOOL DISTRICT**

**ATHLETIC FUND**

**STATEMENT OF SCHOOL TAX ASSESSOR-COLLECTOR ACCOUNT (UNAUDITED)**

**Year ended June 30, 2019**

EXHIBIT S-1

CHARGES

Original roll as approved (certified by BCAD)	\$ 138,626,473
Add: corrections to tax levy	<u>(1,021,982)</u>
Total taxes to account for	137,604,491

CREDITS

Cash collections	<u>134,918,586</u>
Balance - current roll, June 30, 2019	<u>\$ 2,685,905</u>

CASH ACCOUNT (tax year)

Current roll collections	\$ 134,918,586
Delinquent taxes-2017	1,045,099
Delinquent taxes-2016	61,862
Delinquent taxes-2015	90,170
Delinquent taxes-2014	96,860
Delinquent taxes-2013	72,109
Delinquent taxes-2012	12,499
Delinquent taxes-2011	10,708
Delinquent taxes-2010	4,356
Delinquent taxes-2008 and prior	<u>13,262</u>
	<u>136,325,511</u>

Penalty and interest	<u>521,022</u>
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Total cash collected	<u>\$ 136,846,533</u>
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Total cash remitted to District	<u>\$ 136,846,533</u>
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Note: The delinquent tax collections above are net of tax refunds.

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**ATHLETIC FUND  
STATEMENT OF REVENUES AND EXPENDITURES (UNAUDITED)**

**Year ended June 30, 2019**

EXHIBIT S-2

REVENUES		\$ <u>534,284</u>
EXPENDITURES		
Payroll costs:		
Salaries	\$ 189,129	
Group health and life insurance	10,061	
Teacher's retirement	4,741	
Worker's compensation	2,825	
Payroll taxes (FICA)	<u>2,877</u>	209,633
Purchased and contracted services:		
Professional services	-	
Equipment maintenance and repairs	62,723	
Continuing education	1,485	
Game officials and security	274,390	
Electricity	2,869	
Rents	<u>23,883</u>	365,350
Supplies and materials:		
Athletic supplies	<u>392,226</u>	392,226
Other operating expenses:		
Travel and subsistence	97,075	
Insurance and bonding expense	113,199	
Dues	7,150	
Miscellaneous operating fees	25,672	
Reclassified transportation expense	<u>132,172</u>	375,268
Capital outlay:		
Furniture and equipment	<u>25,508</u>	25,508
Total expenditures		<u>1,367,985</u>
Expenditures in excess of revenues		<u>\$ (833,701)</u>

Note: This statement of revenues and expenditures is included in the statement of revenues, expenditures, and changes in fund balances – governmental funds, general fund, exhibit C-2.

**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**CHILD NUTRITION AND SUMMER FEEDING PROGRAM**  
**BALANCE SHEET (UNAUDITED)**

**June 30, 2019**

EXHIBIT S-3

ASSETS

Cash and cash equivalents	\$	2,686
Temporary investments		3,038,338
Accounts receivable		102,155
Inventory		64,198
Deferred expenses		989
		<u>          </u>

Total assets	\$	<u><u>3,208,366</u></u>
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LIABILITIES

Accounts payable	\$	34,805
Accrued wages		30,883
Workmen's compensation-future pay		74,632
Due to general fund		3,773
Unearned revenues		163,805
		<u>          </u>
Total liabilities		<u>307,898</u>

FUND BALANCE

2,900,468

Total liabilities and fund balance	\$	<u><u>3,208,366</u></u>
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Note: This balance sheet is included in the balance sheet – governmental fund, other governmental funds, exhibit O-1, as funds 240 and 242.

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**CHILD NUTRITION AND SUMMER FEEDING PROGRAM  
STATEMENT OF REVENUES AND EXPENDITURES (UNAUDITED)**

**June 30, 2019**

EXHIBIT S-4

REVENUES

Food service revenues	\$ 2,057,106	
State matching funds	71,856	
Child nutrition programs*	10,315,241	
Commodities receipts	764,697	
Other resources	6,500	
Insurance recoveries	-	
Interest	45,252	
Total revenues		\$ 13,260,652

EXPENDITURES

Payroll costs:		
Salaries - food service	4,627,903	
Uniform allowance	-	
Group health and life insurance	490,167	
Teacher's retirement	351,474	
Employee benefits	29,324	
Worker's compensation	73,861	
Payroll taxes (FICA)	71,265	5,643,994
Purchased and contracted services:		
Equipment repair	94,505	
Water	21,645	
Electricity	50,032	
Gas	14,083	
Other professional services	115,872	296,137
Supplies and materials:		
Vehicle - supplies/repairs and gasoline	75,542	
Food and milk	5,314,075	
Commodities	764,697	
Nonfood consumed	735,153	
General supplies	146,687	7,036,154
Other operating expenses:		
Travel	5,673	
Dues	732	
Other	7,016	
Insurance and bonding expenses	5,936	19,357
Capital outlay:		
Equipment	34,032	34,032
Total expenditures		13,029,674

Revenues in excess of expenditures		\$ <u>230,978</u>
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Note: This statement of revenues and expenditures is included in the statement of revenues, expenditures, and changes in fund balances, other governmental funds, exhibit O-2, as funds 240 and 242.

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**CHILD NUTRITION AND SUMMER FEEDING PROGRAM  
STATEMENT OF CHANGES IN FUND BALANCE (UNAUDITED)**

**Year ended June 30, 2019**

EXHIBIT S-5

Fund balance at July 1, 2018	\$ 2,669,491
Revenues in excess of expenditures - year ended June 30, 2019	<u>230,978</u>
Fund balance at June 30, 2019	<u>\$ 2,900,469</u>

Note: Judson Independent School District maintains a separate group of accounts for control purposes for recording transactions in the food service fund. At June 30, 2019 the accounts of this fund are reflected with the current fund accounts and this statement of changes in fund equity is included in the statement of revenues, expenditures, and changes in fund balances, other governmental funds, exhibit O-2, as funds 240 and 242.

**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**STUDENT ACTIVITY FUNDS**  
**COMBINED BALANCE SHEET (UNAUDITED)**

**June 30, 2019**

EXHIBIT S-6

ASSETS

Cash in bank, nine accounts

\$ 359,145

LIABILITIES

Due to student groups, nine accounts

\$ 359,145

Note: This balance sheet is included in the statement of fiduciary net position on exhibit E-1.

**JUDSON INDEPENDENT SCHOOL DISTRICT**

**STUDENT ACTIVITY FUNDS  
COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE (UNAUDITED)**

**Year ended June 30, 2019**

EXHIBIT S-7

	BALANCE JULY 1, 2018	ADDITIONS	DELETIONS	NET INCREASE (DECREASE)	BALANCE JUNE 30, 2019
Judson High School	\$ 132,724	\$167,386	\$169,352	\$ (1,966)	\$ 130,758
Wagner High School	27,699	95,582	94,366	1,216	28,915
Judson Early College Academy	43,158	34,625	44,686	(10,061)	33,097
Veterans Memorial High School	67,733	87,359	67,906	19,453	87,186
Kirby Middle School	10,367	3,153	3,433	(280)	10,087
Kitty Hawk Middle School	30,953	43,321	39,083	4,238	35,191
Woodlake Hills Middle School	2,637	3,038	3,209	(171)	2,466
Metzger Middle School	9,637	7,136	7,016	120	9,757
Judson Middle School	21,325	2,933	2,570	363	21,688
<b>Fund totals</b>	<b>\$ 346,233</b>	<b>\$ 444,533</b>	<b>\$ 431,621</b>	<b>\$ 12,912</b>	<b>\$ 359,145</b>

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