



ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2018

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JUDSON INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2018

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**INTRODUCTORY SECTION**

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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, 2018, at a meeting of the Board of Trustees of such School District on the 15th day of November, 2018.

José Macias  
Signature of Board Secretary

Dr. Melinda Salinas  
Signature of Board President

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## **FINANCIAL SECTION**

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Independent Auditor's 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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material 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, 2018, 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.

## *Emphasis of Matter*

As described in Note 1 to the financial statements, in 2018, the District adopted new accounting guidance, GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 15, 2018, 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 15, 2018

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**Judson Independent School District**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2018**

This section of the annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2018. 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 \$36,117,082 at the close of the fiscal year ending June 30, 2018. Of this amount, \$(86,466,939) 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 \$103,412,443 as of June 30, 2018.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$311,654,154. Approximately 18 percent of this total amount \$55,474,598 is available for spending at the District's discretion (unassigned fund balance). Fund balance of \$164,838,981, about 53 percent, is restricted for current and future capital projects. The administration has also assigned fund balance in the amount of \$13,638,097 for unused insurance proceeds that will be used for the repair and/or replacement of roofs and HVAC equipment that were damaged and another \$45,057,137 for outstanding encumbrances. These amounts represent approximately 4 percent, and 14 percent, respectively.
- The general fund reported a total fund balance this year of \$76,191,002 at June 30, 2018. Of this fund balance, \$55,474,598 is unassigned and available for spending at the District's discretion.

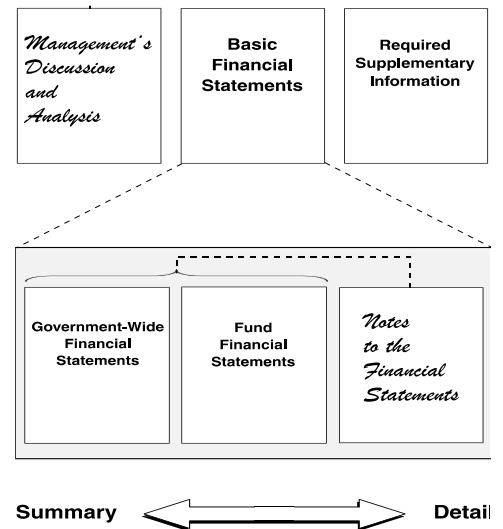
## OVERVIEW OF THE FINANCIAL STATEMENTS

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.

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.

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



### 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, 2018, the District's liabilities and deferred inflows of resources exceeded combined assets and deferred outflows of resources by \$36,117,082, which is a decrease of \$81,066,143 compared to the prior year net position.

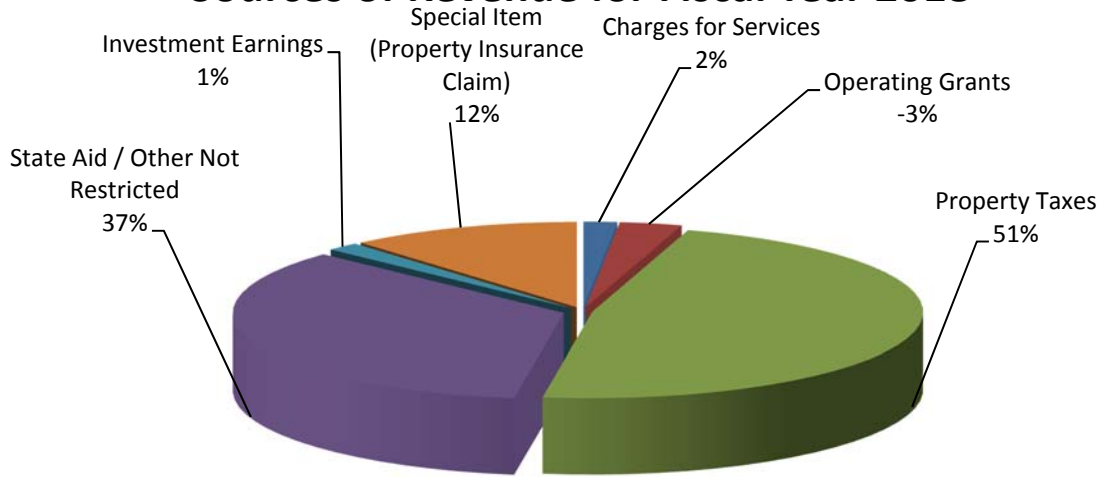
**Table A-1**  
**Judson Independent School District's Net Position**  
*(In millions)*

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2018	2017	2018-2017
<b>Current assets:</b>			
Cash and Cash Equivalents	\$ 332.1	\$ 302.2	9.9%
Property Tax Receivable (Net)	3.9	3.8	2.6%
Due from other governments	21.8	23.0	(5.2%)
Inventories - Supplies and Materials	0.5	0.7	(28.6%)
Deferred Expenditures	0.4	0.6	(33.3%)
<b>Total Current Assets:</b>	<b>358.7</b>	<b>330.3</b>	<b>8.6%</b>
<b>Noncurrent assets:</b>			
Capital Assets	739.4	666.9	10.9%
Less Accumulated Depreciation	(254.3)	(235.1)	8.2%
<b>Total Noncurrent Assets</b>	<b>485.1</b>	<b>431.8</b>	<b>12.3%</b>
<b>Total Assets</b>	<b>843.8</b>	<b>762.1</b>	<b>10.7%</b>
<b>Deferred Outflows of Resources:</b>			
Unamortized Loss on Refunded Bonds	8.5	9.0	(5.6%)
Deferred Outflow Related to TRS and OPEB	14.9	19.7	(24.4%)
<b>Total Deferred Outflows of Resources</b>	<b>23.4</b>	<b>28.7</b>	<b>(18.5%)</b>
<b>Current liabilities:</b>			
Accounts Payable and Interest Payable	22.3	12.8	74.2%
Payroll Deductions/Withholdings	10.8	10	8.0%
Accrued Wages	21.8	21.8	0.0%
Deferred Revenue	0.1	0.7	(85.7%)
Bond Premium - Deferred	61.6	59.6	3.4%
<b>Total Current Liabilities</b>	<b>116.6</b>	<b>104.9</b>	<b>11.2%</b>
<b>Long-term liabilities:</b>			
Bonds and Lease payable	631.9	586.3	7.8%
Net Pension and Net OPEB Liabilities (District's Share)	116.8	51.6	126.4%
<b>Total Long-Term Liabilities</b>	<b>748.7</b>	<b>637.9</b>	<b>17.4%</b>
<b>Total Liabilities</b>	<b>865.3</b>	<b>742.8</b>	<b>16.5%</b>
<b>Deferred Inflows of Resources:</b>			
Deferred Inflow Related to TRS and OPEB	37.9	3.0	1163.3%
<b>Total Deferred Inflows of Resources</b>	<b>37.9</b>	<b>3.0</b>	<b>1163.3%</b>
<b>Net Position:</b>			
Net Invested in capital assets	18.6	3.8	389.5%
<b>Restricted for:</b>			
State and Federal	6.6	7.6	(13.2%)
Debt	25.1	24.0	4.6%
Unrestricted	-86.5	9.6	(1001.0%)
<b>Total Net Position</b>	<b>\$ -36.2</b>	<b>\$ 45.0</b>	<b>(180.4%)</b>

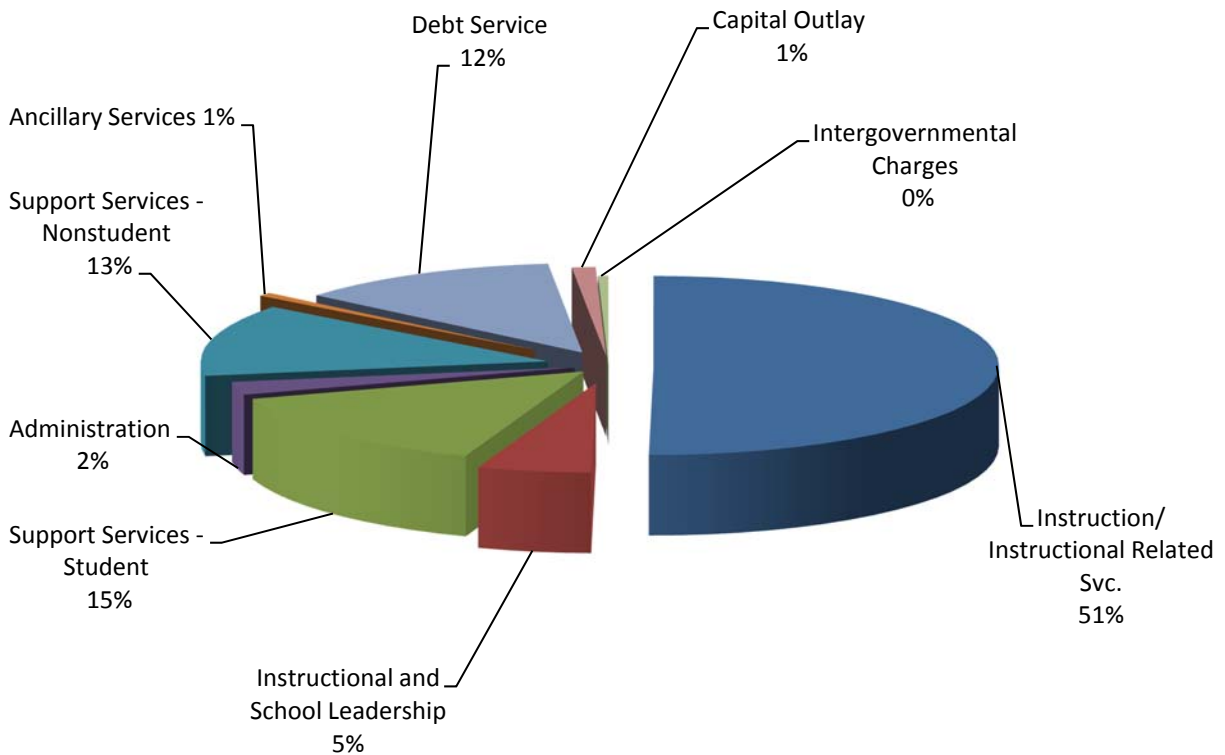
Net investment in capital assets (e.g., land, construction in progress, buildings, furniture, equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding is \$18,579,025. The District uses these capital assets to provide services to students; consequently, these 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 \$6,646,891 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 \$25,123,941 represents revenue from local taxes. These revenues are restricted for expenditures related to debt service payments. The remaining deficit unrestricted net position of \$86,466,939 is a result of recent adoptions of GASB 68 and 75 which combined accounts for \$139,828,432 in liabilities and net deferred outflows/inflows as of June 30, 2018.

**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 \$245.8 million. A significant portion, 51 percent, of the District's revenue comes from taxes. (See Figure A-2), 37 percent comes from state aid and other non-restricted contributions, 2 percent relates to charges for services, 12 percent from a Special Item (property insurance claim), 1 percent was from investment earnings and the remaining (3) percent comes from restricted operating grants and contributions. The total cost of all programs and services was \$196.8 million; 71 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 2018**



**Figure A-3 District  
Expenses for Fiscal Year 2018**



## Governmental Activities

- Changes in Governmental Activities Net Position are presented in Table A-2. The District's Governmental Activities revenues were \$245.8 million. The District's two main sources of revenue are from local property taxes and State funding.
- Property tax rates decreased from the previous year. The tax rate was \$1.425 per \$100 of taxable assessed valuation in the current fiscal year and \$1.47 per \$100 of taxable assessed valuation in the prior fiscal year. The taxable assessed values were \$9.2 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 \$127.3 million from \$120.4 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 2020. The first elementary school has been completed and opened in time for the FY19 school year. The second elementary school is scheduled to open 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 begun 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 begin during FY19. The \$4.4 million has been transferred from the Capital Projects Fund to the General Operating Fund. The debt service tax rate is estimated to increase by 2 cents per \$100 valuation once these bonds are sold.

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

	Governmental Activities		Total Percentage Change
	<u>2018</u>	<u>2017</u>	<u>2018-2017</u>
<b>Program Revenues:</b>			
Charges for Services	\$ 4.3	\$ 4.3	0.0%
Operating Grants and Contributions	-8.0	55.3	(114.5%)
<b>General Revenues:</b>			
Property Taxes	124.8	119.2	4.7%
State Aid / Other Contributions Not Restricted	90.1	66.9	34.7%
Investment Earnings	4.2	1.5	180.0%
Special Item (Property Insurance Claims)	29.7	0	0.0%
Other	0.6	1.2	(50.0%)
<b>Total Revenues</b>	<u>245.7</u>	<u>248.4</u>	(1.1%)
<b>Expenses</b>			
Instruction	93	133.5	(30.3%)
Instructional Resources and Media Services	1.8	2.5	(28.0%)
Curriculum Dev. and Instructional Staff Dev.	4	7.6	(47.4%)
Instructional Leadership	2.3	4	(42.5%)
School Leadership	8.1	12	(32.5%)
Guidance, Counseling and Evaluation Services	5.5	8.1	(32.1%)
Social Work Services	0.9	1.0	(10.0%)
Health Services	1.7	2.4	(29.2%)
Student (Pupil) Transportation	6.8	8.3	(18.1%)
Food Services	10.3	13.8	(25.4%)
Curricular/Extracurricular Activities	3.4	4.5	(24.4%)
General Administration	4.6	5.2	(11.5%)
Plant Maintenance & Oper.	20.2	21.4	(5.6%)
Security & Monitoring Svcs.	2.2	2.4	(8.3%)
Data Processing Services	3.3	4.1	(19.5%)
Community Services	1.3	1.3	0.0%
Interest on Long-Term Debt	23.7	19.7	20.3%
Bond Issuance Costs Fees	0.6	2.9	(79.3%)
Facilities Acquisition and Construction	2.2	3.4	(35.3%)
Payments Related to Shared Services Arrangements	0.3	0.2	50.0%
Other Intergovernmental Charges	0.6	0.5	20.0%
<b>Total Expenses</b>	<u>196.8</u>	<u>258.8</u>	(24.0%)
<b>Increase (Decrease) in Net Position</b>	<u>\$ 48.9</u>	<u>\$ (10.4)</u>	(570.2%)

## **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 \$311,654,154, of which \$55,474,598, or 18% 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 \$55.5 million for the year ended June 30, 2018.

### **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 \$1.1 million. Of this positive variance, approximately, \$0.5 million was primarily the result of an increase in state funding for adjustments made to 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, \$0.4 million.
- Actual expenditures for the general fund were \$19 million below final budget amounts. The most significant difference, \$13.3 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, 2.4 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 \$17 million from the preceding fiscal year. Total fund balance for the general fund was \$76.2 million at June 30, 2018 and it was \$59.1 million at June 30, 2017. The most significant reason for the increase was payments from the insurance company for roofs and



- HVAC equipment that were damaged by hail. 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 \$13.6 million.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2018, the District had invested \$739.4 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 \$72.5 million or an increase of 10.9%, 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
	2018	2017	2018-2017
Land	\$ 23.7	\$ 23.6	0.4%
Construction in Progress	68.4	2.6	2530.8%
Building and Improvements	597.2	594.3	0.5%
Furniture/Equipment/Vehicles	47.4	43.7	8.5%
Capital Lease - Equipment	2.7	2.7	0.0%
<b>Totals</b>	<b>739.4</b>	<b>666.9</b>	<b>10.9%</b>
Total Accumulated Depreciation	254.3	235.1	8.2%
<b>NET CAPITAL ASSETS</b>	<b>\$ 485.1</b>	<b>\$ 431.8</b>	<b>12.3%</b>

The District's fiscal year 2019 capital budget projects spending, approximately, another \$230 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

#### Bond Ratings

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

was completed in FY18 and the athletic fields that are included in the second phase are being constructed. The classroom addition of the second phase is slated to begin during FY19. 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.

### Long Term Debt

At year-end, the District had \$631.8 million in bonds, tax notes, and accrued compensated absences outstanding as shown in Table A-5. This represents an increase of \$45.5 million from the \$586.3 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
	<u>2018</u>	<u>2017</u>	<u>2018-2017</u>
Tax Notes	\$ 1	\$ 1.4	(28.6%)
Accrued Compensated Absences	2.1	1.9	10.5%
Bonds Payable	<u>628.7</u>	<u>583.0</u>	7.8%
<b>TOTALS</b>	<u><u>\$ 631.8</u></u>	<u><u>\$ 586.3</u></u>	7.8%

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

- Appraised taxable value used for the FY19 budget preparation increased to \$9.4 billion from \$8.9 billion in the previous fiscal year. This represents an increase of \$0.5 billion or 6%. The tax rate increased to \$1.44 from \$1.425 per \$100 dollar of taxable property value in the previous fiscal year. The increase in the tax rate only affected the debt service portion of the rate. The increase in the tax rate was the net result of a significant increase in the taxable property value within the District boundary, and issuing new debt to construct new schools and renovate existing facilities.
- As compared to the original expenditure budget adopted for FY18, the budget for FY19 increased by \$10.5 million from \$239.7 million to \$250.2 million. This increase is primarily the result of an increase in debt service payments of \$3.2 million and a salary increase that was approved for FY18 as a budget amendment of \$5 million. The original budget adopted for FY18 did not include salary increases; however, in August 2017, the Board amended the budget to provide a 2 percent general pay increase as well as other equity adjustments that were proposed.
- The final amended budget for the 2018 fiscal year was \$279.6 million. The significant amendments to the FY18 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 will be provided through property insurance claims.
- The District's FY19 projected refined average daily attendance for budget purposes was 21,388, which was also the actual final refined average daily attendance for the FY18.

These indicators were taken into account when adopting the budget for FY19. Total projected revenue available for appropriation in the budget was \$238.3 million, which was virtually unchanged from the original FY18 budget of \$238.8 million. Total Revenue from property taxes increased by 6.5 percent from \$125.2 million in FY18 to \$133.4 million in FY19. State revenue estimates indicate a decrease of \$6.1 million in the general operating fund, which is the result of an increase in taxable property value, anticipated increased participation in specific programs, increased local tax collections and other 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 \$9.5 million. This will result in an estimated unassigned fund balance of \$46 million, based on the ending fund balance at June 30, 2018. 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 FY18. 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. These bonds were sold during FY18. 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, 2018

EXHIBIT A-1

<u>DATA CONTROL CODES</u>		<u>GOVERNMENTAL ACTIVITIES</u>
	<u>ASSETS</u>	
1110	Cash and Cash Equivalents	\$ 10,768,712
1120	Current Investments	321,315,856
1225	Property Taxes Receivable (Net)	3,890,642
1240	Due from Other Governments	21,793,339
1290	Other Receivables (Net)	46,799
1300	Inventories	515,124
1410	Deferred Expenses	429,921
	Capital Assets	
1510	Land	\$ 23,667,903
1520	Buildings and Improvements (Net)	383,575,169
1530	Furniture and Equipment (Net)	9,388,444
1580	Construction in Progress	<u>68,460,638</u>
	Total Capital Assets (Net)	<u>485,092,154</u>
1000	TOTAL ASSETS	<u>843,852,547</u>
	<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
1701	Unamortized Loss on Refunded Bonds	8,453,275
1705	Deferred Outflow Related to TRS	13,859,036
1706	Deferred Outflow Related to TRS OPEB	<u>1,029,994</u>
1700	TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>23,342,305</u>
	<u>LIABILITIES</u>	
2110	Accounts Payable	11,726,830
2140	Interest Payable	10,592,135
2165	Accrued Liabilities	32,661,087
2300	Deferred Revenue	120,712
2400	Unamortized Premium on Issuance of Bonds	61,610,136
	<u>NONCURRENT LIABILITIES</u>	
2501	Due Within One Year	12,098,090
2502	Due in More than One Year	619,785,482
2540	Net Pension Liability (District's Share)	43,212,935
2545	Net OPEB Liability (District's Share)	<u>73,638,313</u>
	Total Noncurrent Liabilities	<u>748,734,820</u>
2000	TOTAL LIABILITIES	<u>865,445,720</u>
	<u>DEFERRED INFLOWS OF RESOURCES</u>	
2605	Deferred Inflow Related to TRS	7,062,090
2606	Deferred Inflow Related to TRS OPEB	<u>30,804,124</u>
2600	TOTAL DEFERRED INFLOWS OF RESOURCES	<u>37,866,214</u>
	<u>NET POSITION</u>	
3200	Net Investment in Capital Assets	18,579,025
3820	Restricted for State and Federal Programs	6,646,891
3850	Restricted for Debt Service	25,123,941
3900	Unrestricted	<u>(86,466,939)</u>
3000	TOTAL NET POSITION	<u>\$ (36,117,082)</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

JUDSON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018

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				
11	Instruction	\$ 93,018,507	\$ 1,611,310	\$ (14,335,453)	\$ (105,742,650)
12	Instructional Resources and Media Services	1,847,381	-	(298,936)	(2,146,317)
13	Curriculum and Staff Development	3,983,950	-	1,089,942	(2,894,008)
21	Instructional Leadership	2,318,544	-	(152,771)	(2,471,315)
23	School Leadership	8,065,790	-	(2,084,196)	(10,149,986)
31	Guidance, Counseling, and Evaluation Services	5,520,910	-	(1,255,311)	(6,776,221)
32	Social Work Services	855,460	-	(63,118)	(918,578)
33	Health Services	1,745,655	-	(246,272)	(1,991,927)
34	Student Transportation	6,827,519	-	(617,912)	(7,445,431)
35	Food Service	10,309,110	2,105,442	8,527,561	323,893
36	Extracurricular Activities	3,399,171	437,117	(442,204)	(3,404,258)
41	General Administration	4,599,567	-	(468,031)	(5,067,598)
51	Plant Maintenance and Operations	20,168,849	143,103	(545,016)	(20,570,762)
52	Security and Monitoring Services	2,166,170	-	(207,128)	(2,373,298)
53	Data Processing Services	3,304,535	-	(191,002)	(3,495,537)
61	Community Services	1,291,831	-	(8,199)	(1,300,030)
72	Interest on Long-Term Debt	23,708,517	-	2,244,228	(21,464,289)
73	Bond Issuance Costs and Fees	578,030	-	1,376	(576,654)
81	Facilities Acquisitions and Construction	2,169,329	-	714,416	(1,454,913)
93	Payments Related to Shared Service Arrangements	342,500	-	342,500	-
95	Payments to Juvenile Justice Alternative Education Program	2,038	-	92	(1,946)
99	Other Intergovernmental Charges	<u>604,809</u>	-	<u>27,335</u>	<u>(577,474)</u>
TG	Total Governmental Activities	<u>196,828,172</u>	<u>4,296,972</u>	<u>(7,968,099)</u>	<u>(200,499,299)</u>
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 196,828,172</u>	<u>\$ 4,296,972</u>	<u>\$ (7,968,099)</u>	<u>(200,499,299)</u>
	General Revenues				
MT	Property Taxes, Levied for General Purposes				91,101,216
DT	Property Taxes, Levied for Debt Service				33,741,372
IE	Investment Earnings				4,204,850
GC	Grants and Contributions not Restricted to Specific Programs				90,054,962
MI	Miscellaneous				624,776
SI	Special Item				<u>29,710,702</u>
TR	Total General Revenues				<u>249,437,878</u>
CN	Change in Net Position				48,938,579
NB	NET POSITION - BEGINNING				44,949,061
PA	PRIOR PERIOD ADJUSTMENT				<u>(130,004,722)</u>
NE	NET POSITION - ENDING				<u>\$ (36,117,082)</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

**JUDSON INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2018**

**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	\$ 10,480,484	\$ 554	\$ -	\$ 287,674	\$ 10,768,712
1120	Current Investments	78,024,028	24,200,150	216,420,334	2,671,344	321,315,856
1225	Taxes Receivable, Net	2,860,030	1,030,612	-	-	3,890,642
1240	Due from Other Governments	19,342,198	-	-	2,451,141	21,793,339
1260	Due from Other Funds	1,200,326	573,310	-	103,891	1,877,527
1290	Other Receivables	46,644	-	10	145	46,799
1300	Inventories	486,582	-	-	28,542	515,124
1410	Prepaid Items	428,932	-	-	989	429,921
1000	TOTAL ASSETS	<u>\$ 112,869,224</u>	<u>\$ 25,804,626</u>	<u>\$ 216,420,344</u>	<u>\$ 5,543,726</u>	<u>\$ 360,637,920</u>
<b>LIABILITIES</b>						
2110	Accounts Payable	\$ 2,817,621	\$ -	\$ 8,779,602	\$ 129,607	\$ 11,726,830
2150	Payroll Deductions and Withholdings	10,671,411	-	3,610	145,118	10,820,139
2160	Accrued Wages Payable	20,698,843	-	6,356	1,135,749	21,840,948
2170	Due to Other Funds	573,422	-	7,036	1,297,069	1,877,527
2300	Unearned Revenue	-	-	-	120,712	120,712
2000	Total Liabilities	<u>34,761,297</u>	<u>-</u>	<u>8,796,604</u>	<u>2,828,255</u>	<u>46,386,156</u>
<b>Deferred Inflows of Resources</b>						
2600	Unearned Revenue - Property Taxes	<u>1,916,925</u>	<u>680,685</u>	<u>-</u>	<u>-</u>	<u>2,597,610</u>
<b>FUND BALANCES</b>						
3410	Non-Spendable - Inventories	486,582	-	-	28,542	515,124
3430	Non-Spendable - Prepaid Items	428,932	-	-	989	429,921
3450	Restricted - Grant Funds	-	-	-	2,603,845	2,603,845
3470	Restricted - Capital Acquisitions and Contractual Obligations	-	-	164,838,981	-	164,838,981
3480	Restricted - Debt Service	-	25,123,941	-	-	25,123,941
3490	Restricted - Other	3,931,420	-	-	41,090	3,972,510
3550	Assigned - Construction	13,638,097	-	-	-	13,638,097
3590	Assigned - Encumbrances	2,231,373	-	42,784,759	41,005	45,057,137
3600	Unassigned	<u>55,474,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,474,598</u>
3000	Total Fund Balances	<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>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 112,869,224</u>	<u>\$ 25,804,626</u>	<u>\$ 216,420,344</u>	<u>\$ 5,543,726</u>	<u>\$ 360,637,920</u>



JUDSON INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
YEAR ENDED JUNE 30, 2018

EXHIBIT C-1R

Total Fund Balances - Governmental Funds Balance Sheet		\$ 311,654,154
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.		739,436,525
Accumulated depreciation used in governmental activities is not reported in the funds.		(254,344,371)
Property tax receivable unavailable to pay for current period expenditures is deferred in the funds.		2,597,610
Payables for bond principal which are not due in the current period are not reported in the funds.		(619,817,521)
Payables for loan proceeds which are not due in the current period are not reported in the funds.		(1,035,000)
Payables for accrued bond interest which are not due in the current period are not reported in the funds.		(10,592,135)
Bond premiums used in governmental activities are not reported in the funds.		(61,610,136)
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	\$ (43,212,935)	
Deferred Inflow of Resources - TRS	(7,062,090)	
Deferred Outflows of Resources - TRS	<u>13,859,036</u>	(36,415,989)
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	(73,638,313)	
Deferred Inflow of Resources - TRS	(30,804,124)	
Deferred Outflows of Resources - TRS	<u>1,029,994</u>	(103,412,443)
Capital appreciation bond accreted interest not due in the current year is not reported in the funds.		(8,907,089)
Bond refunding losses are amortized over the life of the bonds and are not reported in the funds.		8,453,275
Payables for compensated absences which are not due in the current period are not reported in the funds.		<u>(2,123,962)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION		<u>\$ (36,117,082)</u>

**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2018**

**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	\$ 95,938,142	\$ 34,097,082	\$ 2,876,050	\$ 2,255,800	\$ 135,167,074
5800	State Program Revenues	94,603,987	2,230,464	-	716,445	97,550,896
5900	Federal Program Revenues	<u>4,214,626</u>	-	-	<u>20,468,307</u>	<u>24,682,933</u>
5020	Total Revenues	<u>194,756,755</u>	<u>36,327,546</u>	<u>2,876,050</u>	<u>23,440,552</u>	<u>257,400,903</u>
<b>EXPENDITURES</b>						
<b>Current</b>						
0011	Instruction	117,381,673	-	-	6,536,910	123,918,583
0012	Instructional Resources and Media Service	2,278,897	-	-	58	2,278,955
0013	Curriculum and Staff Development	3,831,603	-	-	2,813,919	6,645,522
0021	Instructional Leadership	2,818,716	-	-	508,665	3,327,381
0023	School Leadership	11,281,905	-	-	66,153	11,348,058
0031	Guidance, Counseling, and Evaluation Services	7,538,138	-	-	214,472	7,752,610
0032	Social Work Services	1,048,788	-	-	189,672	1,238,460
0033	Health Services	2,135,434	-	-	67,611	2,203,045
0034	Student Transportation	9,474,124	-	-	-	9,474,124
0035	Food Service	-	-	-	12,324,092	12,324,092
0036	Cocurricular/Extracurricular Activities	4,150,971	-	-	16,495	4,167,466
0041	General Administration	5,174,315	-	67,673	-	5,241,988
0051	Plant Maintenance and Operations	20,458,081	-	1,421,497	289,158	22,168,736
0052	Security and Monitoring Services	2,499,808	-	10,935	495	2,511,238
0053	Data Processing Services	3,685,670	-	72,207	-	3,757,877
0061	Community Services	1,279,159	-	-	40,749	1,319,908
0071	Principal on Long-Term Debt	335,000	10,366,684	-	-	10,701,684
0072	Interest on Long-Term Debt	16,440	24,834,497	-	-	24,850,937
0073	Bond Issuance Costs and Fees	-	6,399	571,631	-	578,030
0081	Capital Outlay	15,807,262	-	55,313,832	-	71,121,094
0093	Payments Related to Shared Service Arrangements	-	-	-	342,500	342,500
0095	Payments to Juvenile Justice Alternative Education Programs	2,038	-	-	-	2,038
0099	Other Intergovernmental Charges	<u>604,809</u>	-	-	-	<u>604,809</u>
6030	Total Expenditures	<u>211,802,831</u>	<u>35,207,580</u>	<u>57,457,775</u>	<u>23,410,949</u>	<u>327,879,135</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(17,046,076)</u>	<u>1,119,966</u>	<u>(54,581,725)</u>	<u>29,603</u>	<u>(70,478,232)</u>
<b>Other Financing Sources and (Uses)</b>						
7911	Proceeds from Bonds	-	-	55,730,000	-	55,730,000
7912	Sale of Real or Personal Property	28,385	-	-	398	28,783
7915	Transfers In	4,400,000	-	-	-	4,400,000
7916	Premium or Discount on Issuance of Bonds	-	-	4,841,631	-	4,841,631
8911	Transfers Out	-	-	<u>(4,400,000)</u>	-	<u>(4,400,000)</u>
7080	Total Other Financing Sources and (Uses)	<u>4,428,385</u>	-	<u>56,171,631</u>	<u>398</u>	<u>60,600,414</u>
<b>Special Items</b>						
7919	Extraordinary Item	<u>29,710,702</u>	-	-	-	<u>29,710,702</u>
1200	Net Change in Fund Balances	17,093,011	1,119,966	1,589,906	30,001	19,832,884
0100	Fund Balances - Beginning	<u>59,097,991</u>	<u>24,003,975</u>	<u>206,033,834</u>	<u>2,685,470</u>	<u>291,821,270</u>
3000	FUND BALANCES - ENDING	<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>

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, 2018

EXHIBIT C-3

Net Change in Fund Balances - Total Governmental Funds		\$ 19,832,884
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.		72,641,961
The depreciation of capital assets used in governmental activities is not reported in the funds.		(19,313,629)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(410,531)
Repayment of bond principal is an expenditure in the funds but is not an expense in the statement of activities.		10,366,684
Repayment of tax notes is an expenditure in the funds but is not an expense in the statement of activities.		335,000
Issuance of refunding bonds are other sources in the funds but are not revenue in the statement of activities. This amount is the net effect of these differences.		
Bond Issuance	\$ (55,730,000)	
Bond Premium	<u>(4,841,631)</u>	(60,571,631)
Net change in principal of capital appreciation bonds is an expense in the statement of activities but not in the funds.		(355,736)
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.		25,091,035
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.		(175,614)
Change in accrued interest payable for bonds.		<u>(830,637)</u>
 CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES		 <u>\$ 48,938,579</u>

JUDSON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2018

EXHIBIT E-1

<u>DATA CONTROL CODES</u>		<u>AGENCY FUND</u>
	<u>ASSETS</u>	
1110	Cash and Cash Equivalents	\$ <u>1,567,616</u>
1000	TOTAL ASSETS	\$ <u>1,567,616</u>
	<u>LIABILITIES</u>	
2190	Due to Student Groups	\$ <u>1,567,616</u>
2000	TOTAL LIABILITIES	\$ <u>1,567,616</u>

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 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.

A. 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.

B. 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.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation, Basis of Accounting (Continued)

Basis of Presentation (Continued)

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.

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.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation, Basis of Accounting (Continued)

Measurement Focus, Basis of Accounting (Continued)

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.

C. 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.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgetary Information (Continued)

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	\$ 192,019,978	\$ 38,748,621	\$ 230,768,599
Special Revenue Funds - Food Service	12,863,869	789,905	13,653,774
Debt Service	34,798,588	417,718	35,216,306

D. Financial Statement Amounts

Cash and Cash Equivalents

Cash in bank, money market accounts, external investment pools, and securities with maturities of less than three (3) months from the date of purchase are reported as cash and cash equivalents in the financial statements.

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.



JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statement Amounts (Continued)

Investments (Continued)

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.

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 a cost-based measure.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statement Amounts (Continued)

Investment Policy (Continued)

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 \$248,698 and \$89,618 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 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.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statement Amounts (Continued)

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, 2018, 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	\$ 2,231,373
National School Breakfast and Lunch Program	41,005
Other Special Revenue Funds	171,888
Capital Projects Fund	<u>42,784,759</u>
TOTAL	<u>\$ 45,229,025</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

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.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statement Amounts (Continued)

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 Post-Employment 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 post-employment benefit (OPEB) liability, deferred outflows of resources, and deferred inflows of resources related to the net other post-employment 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 (CONTINUED)  
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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;
- 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.

F. Change in Accounting Policy

During fiscal year 2018, the District changed accounting policies related to reporting the net Other Post-Employment Benefit (OPEB) liability, deferred outflows of resources, and deferred inflows of resources in the statement of net position by adopting GASB Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*” Accordingly, the effect of the accounting change is reported on the statement of net position and the statement of activities for the current year.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 2: COMPLIANCE AND ACCOUNTABILITY

A. 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

NOTE 3: DEPOSITS AND INVESTMENTS

A. Cash Deposits

At June 30, 2018, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$12,336,328 and the bank balance was \$14,538,520. 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, 2018, the market value of pledged collateral was \$19,928,104.

B. 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.

C. Public Funds Investment Pools

Public funds investment pools in Texas are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

C. Public Funds Investment Pools (Continued)

In addition to other provisions of the act designed to promote liquidity and safety of principal, the act 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 AAA-m 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 an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is reported at share value.

D. Credit Risk

State law limits investments in money market mutual funds to not less than AAA rating or its equivalent by nationally recognized statistical rating organizations (NRSROs). It is the District's policy to limit its investments in these investment types to the AAA rating issued by NRSROs.

E. Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer. However, the District's investment policy calls for portfolio diversification by avoiding over-concentration in a specific maturity sector or specific instruments.

TexPool and Lone Star Pool Investment Funds uses amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. Those investments do not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals.

TexPool and Lone Star Pool Investment Funds are rated AAAM and AAA, respectively by Standard and Poors. Investments in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool and Lone Star Investment Funds invests in a high quality portfolio of debt securities investments that are legally permissible for local governments in the state.

F. Interest Rate Risks

In accordance with its investment policy, the District manages its exposure to declines in fair values by investing in investments that match anticipated cash flow requirements, such as weighted average maturity limits and diversification benchmarks. Investments are limited to final stated maturities of not more than five years from the date of purchase. Money market funds and pools have a maturity of less than one year.



JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

G. Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. The District's investments for all funds at fiscal year-end are listed below at fair value, net of accruals. The District has the following recurring fair value measurements as of June 30, 2018:

DESCRIPTION*	MINIMUM LEGAL RATING	INVESTMENT RATING	RATING ORGANIZATION	CARRYING VALUE	WEIGHTED AVERAGE	PERCENTAGE INVESTED
TexPool Investment Fund	AAA	AAAm	Standard & Poors	\$ 300,891,698	0.10	94%
Lone Star Pool Investment Fund	AAA	AAA	Standard & Poors	<u>20,424,158</u>	0.10	<u>6%</u>
TOTAL INVESTMENTS				<u>\$ 321,315,856</u>	<u>0.10</u>	<u>100%</u>

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	BEGINNING BALANCE JUNE 30, 2017	ADDITIONS	DELETIONS	TRANSFERS	ENDING BALANCE JUNE 30, 2018
<u>Governmental Activities</u>					
Capital Assets Not Being Depreciated:					
Land	\$ 23,585,166	\$ 82,737	\$ -	\$ -	\$ 23,667,903
Construction in Progress	<u>2,574,741</u>	<u>66,413,875</u>	<u>-</u>	<u>(527,978)</u>	<u>68,460,638</u>
Total Capital Assets not being Depreciated	<u>26,159,907</u>	<u>66,496,612</u>	<u>-</u>	<u>(527,978)</u>	<u>92,128,541</u>
Capital Assets being Depreciated:					
Buildings and Improvements	594,279,308	2,363,680	-	527,978	597,170,966
Furniture, Equipment, and Vehicles	43,738,389	3,781,669	(92,108)	-	47,427,950
Capital Lease	<u>2,709,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,709,068</u>
Total Capital Assets, being Depreciated	<u>640,726,765</u>	<u>6,145,349</u>	<u>(92,108)</u>	<u>527,978</u>	<u>647,307,984</u>
Less Accumulated Depreciation for					
Buildings and Improvements	(197,005,863)	(16,589,934)	-	-	(213,595,797)
Furniture, Equipment, and Vehicles	(35,407,919)	(2,723,695)	92,108	-	(38,039,506)
Capital Lease	<u>(2,709,068)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,709,068)</u>
Total Accumulated Depreciation	<u>(235,122,850)</u>	<u>(19,313,629)</u>	<u>92,108</u>	<u>-</u>	<u>(254,344,371)</u>
Total Capital Assets being Depreciated, Net	<u>405,603,915</u>	<u>(13,168,280)</u>	<u>-</u>	<u>527,978</u>	<u>392,963,613</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 431,763,822</u>	<u>\$ 53,328,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485,092,154</u>

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 4: CAPITAL ASSETS (CONTINUED)

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

	AMOUNT
Instruction	\$ 10,894,659
Instruction Resources and Media Services	200,361
Curriculum and Staff Development	584,260
Instructional Leadership	292,536
School Leadership	997,697
Guidance, Counseling, and Evaluation Services	681,593
Social Work Services	108,883
Health Services	193,687
Student Transportation	832,945
Food Services	1,083,508
Extracurricular Activities	366,395
General Administration	460,865
Plant Maintenance and Operations	1,949,028
Security and Monitoring Services	220,783
Data Processing Services	330,385
Community Services	116,044
TOTAL DEPRECIATION EXPENSE	\$ 19,313,629

NOTE 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.

A. 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 (CONTINUED)  
JUNE 30, 2018

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

A. Long-Term Obligation Activity - Bonds (Continued)

A summary of changes in long-term debt for the year ended June 30, 2018 is as follows:

DESCRIPTION	INTEREST RATE PAYABLE	AMOUNT ORIGINAL ISSUE	AMOUNT OUTSTANDING JULY 1, 2017	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2018
<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	15,244,982	-	1,151,684	14,093,298
School Building Bonds Series 2012 (4)	2.00% to 3.50%	9,370,000	5,720,000	-	1,250,000	4,470,000
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	10,970,000	-	425,000	10,545,000
School Building Bonds Series 2013 (7)	2.00% to 5.00%	78,245,000	77,360,000	-	705,000	76,655,000
Refunding Bonds Series 2014 (8)	2.00% to 3.00%	5,595,000	3,480,000	-	110,000	3,370,000
Refunding Bonds Series 2015 (9)	3.00% to 5.00%	61,270,000	61,270,000	-	1,175,000	60,095,000
School Building and Refunding Bonds Series 2016 (10)	3.00% to 5.00%	310,915,000	310,915,000	-	3,565,000	307,350,000
Refunding Bonds Series 2016 A (11)	1.00% to 5.00%	63,985,000	62,445,000	-	1,935,000	60,510,000
School Building Bonds Series 2016 B (12)	3.25% to 5.00%	4,945,000	4,945,000	-	50,000	4,895,000
School Building Bonds Series 2017 (13)	2.00% to 5.00%	55,730,000	-	55,730,000	-	55,730,000
Totals			<u>574,454,205</u>	<u>55,730,000</u>	<u>10,366,684</u>	<u>619,817,521</u>

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

A. Long-Term Obligation Activity - Bonds (Continued)

DESCRIPTION	AMOUNT ORIGINAL ISSUE	AMOUNT OUTSTANDING JULY 1, 2017	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2018
C.A.B.'s - Accreted Interest					
Series 2007 (1), (2)	\$ 5,689,223	\$ 7,014,404	\$ 1,035,521	\$ -	\$ 8,049,925
C.A.B.'s - Accreted Interest					
Series 2010 (1), (3)	2,169,982	<u>1,536,949</u>	<u>223,531</u>	<u>903,316</u>	<u>857,164</u>
Total C.A.B.'s		<u>8,551,353</u>	<u>1,259,052</u>	<u>903,316</u>	<u>8,907,089</u>
TOTAL ALL BONDS		<u>\$ 583,005,558</u>	<u>\$ 56,989,052</u>	<u>\$ 11,270,000</u>	<u>\$ 628,724,610</u>

- (1) Additions are made up of interest accreted on capital appreciation bonds for the year ended June 30, 2018. 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, 2018.
- (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.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

A. Long-Term Obligation Activity - Bonds (Continued)

- (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.
- (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.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

A. Long-Term Obligation Activity - Bonds (Continued)

- (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.
- (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.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

A. Long-Term Obligation Activity - Bonds (Continued)

- (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.
- (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, 2018</u>	<u>VALUE AT MATURITY</u>
2007	2026-2027	\$ 5,689,223	\$ 8,049,925	\$ 26,400,000
2010	2018-2019	2,169,982	857,164	4,015,000

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

A. Long-Term Obligation Activity - Bonds (Continued)

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2018 are as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 574,454,205	\$ 55,730,000	\$ 10,366,684	\$ 619,817,521	\$ 11,333,298
C.A.B.'s - Accreted Interest	8,551,353	1,259,052	903,316	8,907,089	-
Tax Notes	1,370,000	-	335,000	1,035,000	340,000
Compensated Absences	<u>1,948,348</u>	<u>562,710</u>	<u>387,096</u>	<u>2,123,962</u>	<u>424,792</u>
 TOTAL GOVERNMENT ACTIVITIES	 <u>\$ 586,323,906</u>	 <u>\$ 57,551,762</u>	 <u>\$ 11,992,096</u>	 <u>\$ 631,883,572</u>	 <u>\$ 12,098,090</u>

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

B. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2018, are as follows:

<u>YEAR ENDING JUNE 30,</u>	<u>BONDS PAYABLE</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2019	\$ 11,333,298	\$ 26,632,864	\$ 37,966,162
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
2024-2028	76,329,223	127,755,927	204,085,150
2029-2033	115,430,000	90,303,038	205,733,038
2034-2038	137,320,000	64,501,875	201,821,875
2039-2043	153,580,000	32,236,200	185,816,200
2044-2046	<u>67,730,000</u>	<u>4,536,200</u>	<u>72,266,200</u>
 TOTALS	 <u>\$ 619,817,521</u>	 <u>\$ 443,785,455</u>	 <u>\$ 1,063,602,976</u>



JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

C. 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, 2018, are as follows:

YEAR ENDING JUNE 30,	TAX NOTES PAYABLE		
	PRINCIPAL	INTEREST	TOTAL
2019	\$ 340,000	\$ 12,420	\$ 352,420
2020	345,000	8,340	353,340
2021	<u>350,000</u>	<u>4,200</u>	<u>354,200</u>
TOTALS	<u>\$ 1,035,000</u>	<u>\$ 24,960</u>	<u>\$ 1,059,960</u>

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

NOTE 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, 2018 was \$774,629.

NOTE 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 2018, 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.

NOTE 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, 2018, a total of \$708,050 was paid in benefits and \$175,991 in administrative costs.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 8: WORKER'S COMPENSATION SELF-INSURANCE (CONTINUED)

An excess coverage insurance policy covers individual claims in excess of \$450,000 for any one event up to a maximum limit of \$1,000,000. Accrued liabilities of \$958,255 represents the administrator's estimate of the aggregate liability for claims made.

	<u>BEGINNING OF FISCAL YEAR LIABILITY</u>	<u>CURRENT YEAR CLAIMS AND CHANGES IN ESTIMATES</u>	<u>CLAIM PAYMENTS</u>	<u>BALANCE AT FISCAL YEAR-END</u>
2016-2017	\$ 550,025	\$ 601,056	\$ (761,034)	\$ 390,047
2017-2018	390,047	1,276,258	(708,050)	958,255

NOTE 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, 2018, the District's liability for accrued sick leave is as follows:

	<u>SICK LEAVE</u>
Balance, July 1, 2017	\$ 1,948,348
Additions	562,710
Deletions	<u>(387,096)</u>
 BALANCE AT JUNE 30, 2018	 <u>\$ 2,123,962</u>

NOTE 10: HEALTH CARE COVERAGE

During the year ended June 30, 2018, 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 2018. 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 contracted Aetna on January 1, 2017 through June 30, 2018. Latest financial statements for Blue Cross Blue Shield of Texas and Aetna 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, \$442,360, \$423,873, and \$530,254 for fiscal years 2018, 2017, and 2016, respectively. Revenue and expenditures equal to the amount paid by the federal government were recognized during the 2018 fiscal year.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 11: PENSION PLAN

A. Plan Description

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

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

B. Pension Plan Fiduciary Net Position

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

C. Benefits Provided

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

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 11: PENSION PLAN (CONTINUED)

D. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

Plan Year Contributions

	<u>2016</u>	<u>2017</u>
Judson ISD - Employer Contributions	\$ 4,340,287	\$ 4,429,351
Judson ISD - Member Contributions	\$ 9,910,770	\$ 10,888,848
Judson ISD - NECE On-behalf Contributions	\$ 6,770,384	\$ 6,874,497

Contributions shown above are for the plan year which runs from September 1<sup>st</sup> through August 31<sup>st</sup> and are shown for the year of the measurement date.

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.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 11: PENSION PLAN (CONTINUED)

D. Contributions (Continued)

Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district 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.

E. Actuarial Assumptions

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

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
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 Post-Employment Benefit Changes	None

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 11: PENSION PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

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

F. Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%.

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

<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 %	4.6 %	1.0 %
Non-U.S. Developed	13.0	5.1	0.8
Emerging Markets	9.0	5.9	0.7
Directional Hedge Funds	4.0	3.2	0.1
Private Equity	13.0	7.0	1.1
<u>Stable Value</u>			
U.S. Treaties	11.0	0.7	-
Absolute Return	-	1.8	0.1
Stable Value Hedge Funds	4.0	3.0	-
Cash	1.0	(0.2)	-
<u>Real Return</u>			
Global Inflation Linked Bonds	3.0	0.9	-
Real Assets	16.0	5.1	1.1
Energy and Natural Resources	3.0	6.6	0.2
Commodities	-	1.2	-
<u>Risk Parity</u>			
Risk Parity	5.0	6.7	0.3
Inflation Expectation			2.2
Alpha	-	-	1.0
TOTAL	<u>100.0 %</u>	<u>51.6 %</u>	<u>8.7 %</u>

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 11: PENSION PLAN (CONTINUED)

F. Discount Rate (Continued)

\* Target allocations are based on the plan year 2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in plan year 2017, but the reallocation does not affect the long-term expected geometric real rate of return or expected contribution to long-term portfolio returns.

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

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2017 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's Proportionate Share of the Net Pension Liability	\$ 72,848,470	\$43,212,935	\$ 18,536,542

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

At June 30, 2018, the District reported a liability of \$43,212,935 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	\$ 43,212,935
State's proportionate share that is associated with the District	<u>67,208,882</u>
Total	<u>\$110,421,817</u>

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

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0013514764150%, which was a decrease of (0.00001457368%) from its proportion as of August 31, 2016.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 11: PENSION PLAN (CONTINUED)

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Changes since the Prior Actuarial Valuation

There are no changes to actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended June 30, 2018, the District recognized pension expense of \$5,126,426 and revenue of \$6,874,497 for support provided by the State.

At June 30, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 632,225	\$ 2,330,417
Changes in actuarial assumptions	1,968,418	1,126,873
Difference between projected and actual investment earnings	-	3,149,264
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	7,345,074	455,536
Contributions paid to TRS subsequent to the measurement date	3,913,319	-
Total	\$ 13,859,036	\$ 7,062,090

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
2018	\$ 362,761
2019	3,121,155
2020	150,829
2021	(672,215)
2022	20,421
Thereafter	(99,324)
Total	\$ 2,883,627



JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 12: DEFINED OTHER POST-EMPLOYMENT PLAN - RETIREE HEALTH PLAN

A. Plan Description

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

B. OPEB Plan Fiduciary Net Position

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

C. Benefits Provided

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

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

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

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 12: DEFINED OTHER POST-EMPLOYMENT PLAN - RETIREE HEALTH PLAN (CONTINUED)

C. Benefits Provided (Continued)

TRS-Care Plan Premium Rates			
Effective Sept. 1, 2016 - Dec. 31, 2017			
	TRS-Care 1	TRS-Care 2	TRS-Care 3
	<u>Basic Plan</u>	<u>Optional Plan</u>	<u>Optional Plan</u>
Retiree*	\$ -	\$ 70	\$ 10
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82

\* Or Surviving Spouse

D. Contributions

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

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

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

Plan Year Contributions	
	<u>2017</u>
Judson ISD - Employer Contributions	\$ 880,385
Judson ISD - Member Contributions	\$ 919,189
Judson ISD - NECE On-behalf Contributions	\$ 1,315,009

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 12: DEFINED OTHER POST-EMPLOYMENT PLAN - RETIREE HEALTH PLAN (CONTINUED)

D. Contributions (Continued)

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 employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

E. Actuarial Assumptions

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

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

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

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

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

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 12: DEFINED OTHER POST-EMPLOYMENT PLAN - RETIREE HEALTH PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate*	3.42%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases**	3.50% to 9.50%
Healthcare Trend Rates***	4.5% to 12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad Hoc Post-Employment Benefit Changes	None

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

\*\* Includes inflation at 2.5%

\*\*\* Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescription for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.5% over a period of 10 years.

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

F. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 12: DEFINED OTHER POST-EMPLOYMENT PLAN - RETIREE HEALTH PLAN (CONTINUED)

F. Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

G. 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 (3.42%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's Proportionate Share of the Net Pension Liability	\$ 86,911,490	\$73,638,313	\$ 62,969,671

H. 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 \$73,638,313 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	\$ 73,638,313
State's proportionate share that is associated with District	<u>109,991,712</u>
Total	<u>\$183,630,025</u>

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2018 the employer's proportion of the collective Net OPEB Liability was 0.001693370088% which was the same proportion measured as of August 31, 2016.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 12: DEFINED OTHER POST-EMPLOYMENT PLAN - RETIREE HEALTH PLAN (CONTINUED)

H. 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:

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

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, 2018, the District recognized OPEB expense of (\$36,806,151) and revenue of (\$1,315,009) for support provided by the State.

At June 30, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,537,256
Changes in actuarial assumptions	-	29,265,790
Difference between projected and actual investment earnings	11,186	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	-	1,078
Contributions paid to TRS subsequent to the measurement date	1,018,808	-
Total	\$ 1,029,994	\$ 30,804,124

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 12: DEFINED OTHER POST-EMPLOYMENT PLAN - RETIREE HEALTH PLAN (CONTINUED)

H. 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:

<u>Year Ended June 30,</u>	<u>OPEB Expense Amount</u>
2018	\$ (4,063,165)
2019	(4,063,165)
2020	(4,063,165)
2021	(4,063,165)
2022	(4,065,961)
Thereafter	<u>(10,474,317)</u>
Total	<u>\$ (30,792,938)</u>

NOTE 13: COMMITMENTS AND CONTINGENCIES

A. 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.

B. 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 (CONTINUED)  
JUNE 30, 2018

NOTE 13: COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Construction Commitments

As of June 30, 2018, the District was obligated under the terms of agreements for the construction of the following projects:

<u>PROJECT NAME</u>	<u>CONTRACT AMOUNT</u>	<u>PAID TO DATE</u>	<u>COMMITMENT BALANCE REMAINING</u>	<u>RETAINAGE PAYABLE AMOUNT *</u>
General Construction -				
Kitty Hawk Middle School	\$ 24,434,052	\$ 1,297,494	\$ 23,136,558	\$ 27,540
Wortham Oaks Elementary School	26,080,749	14,239,178	11,841,571	691,960
Veterans Memorial High School	7,545,753	5,028,841	2,516,912	-
Escondido Elementary School	26,719,130	24,687,310	2,031,820	1,232,484
Kirby Middle School	1,887,401	1,059,766	827,635	-
Wagner High School	5,557,000	4,749,965	807,035	280,261
Woodlake Hills Middle School	5,530,782	5,062,597	468,185	264,832
Hopkins Elementary School	2,419,254	2,259,797	159,457	111,554
Paschall Elementary School	2,243,609	2,089,229	154,380	107,665
Park Village Elementary School	2,068,230	1,913,975	154,256	94,424
Elof Elementary School	2,986,793	2,837,453	149,340	140,225
Masters Elementary School	2,094,962	1,988,161	106,800	98,247
Other various locations	<u>1,981,733</u>	<u>519,437</u>	<u>1,462,296</u>	<u>-</u>
 TOTAL CONSTRUCTION COMMITMENTS	 <u>\$ 111,549,448</u>	 <u>\$ 67,733,203</u>	 <u>\$ 43,816,245</u>	 <u>\$ 3,049,192</u>

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

NOTE 14: INTERFUND BALANCES AND ACTIVITIES

Due to and from Other Funds

Balances due to and due from other funds at June 30, 2018, consisted of the following:

<u>DUE TO FUND</u>	<u>DUE FROM FUND</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
General Fund	Non-Major Funds	\$ 1,193,290	Short-Term Loans
Non-Major Funds	General Fund	112	Short-Term Loans
Debt Service Fund	General Fund	573,310	Short-Term Loans
General Fund	Capital Projects Fund	7,036	Short-Term Loans
Non-Major Funds	Non-Major Funds	<u>103,779</u>	Short-Term Loans
TOTAL		<u>\$ 1,877,527</u>	

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



JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 14: INTERFUND BALANCES AND ACTIVITIES (CONTINUED)

Transfers between funds for the year ended June 30, 2018, consisted of the following:

<u>TRANSFERS IN FUND</u>	<u>TRANSFERS OUT FUND</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
General Fund	Capital Projects Fund	\$ 4,400,000	Reimbursement for Capital Improvements

NOTE 15: DEFERRED INFLOWS OF RESOURCES

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

<u>REVENUE DESCRIPTION</u>	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
Deferred Inflow of Resources - Taxes Receivable	<u>\$ 1,916,925</u>	<u>\$ 680,685</u>	<u>\$ 2,597,610</u>

NOTE 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, 2018, are reported on the combined financial statements as due from other governments and are summarized below:

<u>FUND</u>	<u>STATE ENTITLEMENTS</u>	<u>FEDERAL GRANTS</u>	<u>LOCAL GOVERNMENTS</u>	<u>OTHER GRANTS</u>	<u>TOTAL</u>
General Fund:					
School Foundation/Available	\$ 18,881,585	\$ -	\$ -	\$ -	\$ 18,881,585
Bexar County Tax Collections	-	-	460,613	-	460,613
Total General Fund	<u>18,881,585</u>	<u>-</u>	<u>460,613</u>	<u>-</u>	<u>19,342,198</u>
Other Governmental Funds:					
ESEA Title III, Homeless Education	-	9,931	-	-	9,931
ESEA Title I, Part A Basic	-	1,125,362	-	-	1,125,362
ESEA Title I, School Improvement Program	-	12,571	-	-	12,571
IDEA, Part B - Formula	-	730,155	-	-	730,155
IDEA, Part B - Preschool Grant	-	16,265	-	-	16,265
Summer Feeding Program	-	86,408	-	-	86,408
Title V - Vocational Education Basic Grant	-	24,614	-	-	24,614
Title V - Vocational Education Reserve Grant	-	20,503	-	-	20,503
Title II, Part A - Teacher and Principal Training	-	104,323	-	-	104,323
English Language Acquisition and Enhancement	-	19,521	-	-	19,521
Texas Emergency Impact Aid	-	149,874	-	-	149,874
Industry Cluster Grant	35,032	53,227	-	-	88,259
Title IV, Part A	-	10,491	-	-	10,491
State Supplement Visually Impaired	-	-	-	-	-
OOG Truancy Prevention	44,843	-	-	-	44,843
UT Externship Grant	-	-	-	8,021	8,021
Instructional Materials Allotment	-	-	-	-	-
Total Other Governmental Funds	<u>79,875</u>	<u>2,363,245</u>	<u>-</u>	<u>8,021</u>	<u>2,451,141</u>
TOTALS	<u>\$ 18,961,460</u>	<u>\$ 2,363,245</u>	<u>\$ 460,613</u>	<u>\$ 8,021</u>	<u>\$ 21,793,339</u>

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 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	\$ 90,589,751	\$ 33,535,634	\$ -	\$ -	\$ 124,125,385
Prior Years	308,761	76,615	-	-	385,376
Penalty and Interest	<u>542,036</u>	<u>200,221</u>	-	-	<u>742,257</u>
Total Property Taxes	91,440,548	33,812,470	-	-	125,253,018
Investment Interest					
Revenue	1,022,657	284,512	2,876,050	21,631	4,204,850
Food Service Revenue	-	-	-	2,105,362	2,105,362
Athletic Revenue	436,919	-	-	-	436,919
Tuition Revenue	1,466,549	-	-	-	1,466,549
Rental Income	143,103	-	-	-	143,103
Gifts and Bequests	80,011	-	-	-	80,011
Other Revenue	<u>1,348,355</u>	<u>100</u>	-	<u>128,807</u>	<u>1,477,262</u>
TOTALS	<u>\$ 95,938,142</u>	<u>\$ 34,097,082</u>	<u>\$ 2,876,050</u>	<u>\$ 2,255,800</u>	<u>\$ 135,167,074</u>

NOTE 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)	\$ 117,243
Air Force Junior Reserve Officer Training Corp (AFJROTC)	155,977
School Health and Related Services (SHARS)	3,808,993
Indirect Cost from Federal Programs	
ESEA Title X, Part C, Education for Homeless Children & Youth	157
ESEA Title I, Part A, Improving Basic Programs	66,273
ESEA Title I, School Improvement Programs	2,953
IDEA-B, Formula	47,579
IDEA-B, Preschool	911
Title V, Vocational Education Basic Grant	2,850
Title II, Part A - Training and Recruiting	5,069
Title III, Part A - Limited English Proficiency	2,347
Title III, LEP & Immigrant	95
Title IV, Part A	489
Industry Cluster Federal Grant	<u>3,690</u>
TOTAL FEDERAL REVENUE IN GENERAL FUND	<u>\$ 4,214,626</u>

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 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.

NOTE 20: NEGATIVE OPERATING GRANTS AND CONTRIBUTIONS – STATEMENT OF ACTIVITIES

Expense activity is required to be recorded by districts participating in cost sharing pension and OPEB plans with a special funding situation where non-employer contributing entities (NECE) also contribute to the plans. The TRS retirement plan and TRS Care OPEB plans are both cost sharing plans with special funding situations. Therefore, the District is required to record on-behalf expense and on-behalf revenues to record the contributions made by the State of Texas to the TRS pension and TRS Care plans as a NECE. The expenses and revenues are recorded in equal amounts in the statement of activities as part of the adjustments to record the net pension and OPEB liabilities in accordance with GASB statements 68 and 75.

During the year under audit, the NECE expense (and revenue) were negative due to additional funding by the State of Texas after the beginning net OPEB liability was determined and changes in the benefits offered within the TRS Care plans. The accrual for the District's proportionate share of that expense and revenue was a negative adjustment to the statement of activities. This resulted in negative revenue for operating grants and contributions on the statement of activities in accordance with guidance provided by GASB.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 20: NEGATIVE OPERATING GRANTS AND CONTRIBUTIONS - STATEMENT OF ACTIVITIES  
(CONTINUED)

The table below summarized the effects on the statement of activities as a result of the negative on-behalf adjustment.

<u>FUNCTIONS</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>NEGATIVE ON-BEHALF ACCRUALS</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS EXCLUDING ON-BEHALF ACCRUALS</u>
Instruction	\$ (14,335,453)	\$ 26,122,009	\$ 11,786,556
Instructional Resources and Media Services	(298,936)	401,990	103,054
Curriculum and Staff Development	1,089,942	1,895,623	2,985,565
Instructional Leadership	(152,771)	788,829	636,058
School Leadership	(2,084,196)	2,660,239	576,043
Guidance, Counseling, and Evaluation Services	(1,255,311)	1,810,473	555,162
Social Work Services	(63,118)	300,190	237,072
Health Services	(246,272)	410,395	164,123
Student Transportation	(617,912)	1,046,099	428,187
Food Service	8,527,561	1,686,057	10,213,618
Extracurricular Activities	(442,204)	646,304	204,100
General Administration	(468,031)	701,886	233,855
Plant Maintenance and Operations	(545,016)	1,708,159	1,163,143
Security and Monitoring Services	(207,128)	320,516	113,388
Data Processing Services	(191,002)	357,577	166,575
Community Services	(8,199)	106,760	98,561
Interest on Long-Term Debt	2,244,228	-	2,244,228
Bond Issuance Costs and Fees	1,376	-	1,376
Facilities Acquisitions and Construction	714,416	-	714,416
Payments Related to Shared Service Arrangements	342,500	-	342,500
Payments to Juvenile Justice Alternative Education Program	92	-	92
Other Intergovernmental Charges	27,335	-	27,335
	<u>\$ (7,968,099)</u>	<u>\$ 40,963,106</u>	<u>\$ 29,665,060</u>

NOTE 21: NET POSITION DEFICIT

At June 30, 2018, the District has a deficit net position in the government-wide statement of net position. This deficit is due to the restatement of beginning net position to recognize the net OPEB liability related to TRS Care totaling \$130,004,722 in accordance with GASB Statement No. 75.

## **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, 2018

EXHIBIT G-1

DATA CONTROL CODES		1	2	3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS		ACTUAL	
		ORIGINAL	FINAL		
	REVENUES				
5700	Local and Intermediate Sources	\$ 94,069,974	\$ 95,526,295	\$ 95,938,142	\$ 411,847
5800	State Program Revenues	90,177,773	94,070,907	94,603,987	533,080
5900	Federal Program Revenues	3,550,000	4,055,000	4,214,626	159,626
5020	Total Revenues	<u>187,797,747</u>	<u>193,652,202</u>	<u>194,756,755</u>	<u>1,104,553</u>
	EXPENDITURES				
	Current				
	Instruction and Instructional Related Services				
0011	Instruction	114,212,069	119,369,189	117,381,673	1,987,516
0012	Instructional Resources and Media Services	2,291,544	2,331,228	2,278,897	52,331
0013	Curriculum and Staff Development	4,040,877	4,144,113	3,831,603	312,510
	Total Instruction and Instructional Related Services	<u>120,544,490</u>	<u>125,844,530</u>	<u>123,492,173</u>	<u>2,352,357</u>
	Instructional and School Leadership				
0021	Instructional Leadership	3,051,080	3,100,453	2,818,716	281,737
0023	School Leadership	11,192,146	11,329,970	11,281,905	48,065
	Total Instructional and School Leadership	<u>14,243,226</u>	<u>14,430,423</u>	<u>14,100,621</u>	<u>329,802</u>
	Support Services - Student (Pupil)				
0031	Guidance, Counseling, and Evaluation Services	7,435,913	7,730,663	7,538,138	192,525
0032	Social Work Services	1,055,783	1,104,619	1,048,788	55,831
0033	Health Services	2,256,157	2,324,608	2,135,434	189,174
0034	Student (Pupil) Transportation	8,975,898	10,435,435	9,474,124	961,311
0036	Cocurricular/Extracurricular Activities	4,172,623	4,267,680	4,150,971	116,709
	Total Support Services - Student (Pupil)	<u>23,896,374</u>	<u>25,863,005</u>	<u>24,347,455</u>	<u>1,515,550</u>
	Administrative Support Services				
0041	General Administrative	4,716,406	5,468,996	5,174,315	294,681
	Total Administrative Support Services	<u>4,716,406</u>	<u>5,468,996</u>	<u>5,174,315</u>	<u>294,681</u>
	Support Services - Nonstudent Based				
0051	Plant Maintenance and Operations	19,939,529	21,235,654	20,458,081	777,573
0052	Security and Monitoring Services	2,523,269	2,572,327	2,499,808	72,519
0053	Data Processing Services	3,704,932	3,762,978	3,685,670	77,308
	Total Support Services - Nonstudent Based	<u>26,167,730</u>	<u>27,570,959</u>	<u>26,643,559</u>	<u>927,400</u>
	Ancillary Services				
0061	Community Services	1,451,614	1,476,575	1,279,159	197,416
	Total Ancillary Services	<u>1,451,614</u>	<u>1,476,575</u>	<u>1,279,159</u>	<u>197,416</u>
	Debt Service				
0071	Principal on Long-Term Debt	335,000	335,000	335,000	-
0072	Interest on Long-Term Debt	16,440	16,440	16,440	-
	Total Debt Service	<u>351,440</u>	<u>351,440</u>	<u>351,440</u>	<u>-</u>

JUDSON INDEPENDENT SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
YEAR ENDED JUNE 30, 2018

EXHIBIT G-1

DATA CONTROL CODES		1	2	3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS		ACTUAL	
		ORIGINAL	FINAL		
	EXPENDITURES (CONTINUED)				
	Capital Outlay				
0081	Capital Outlay	\$ -	\$ 29,112,673	\$ 15,807,262	\$ 13,305,411
	Total Capital Outlay	-	29,112,673	15,807,262	13,305,411
	Intergovernmental Charges				
0093	Payments Related to Shared Service Arrangements	-	-	-	-
0095	Payments to Juvenile Justice Alternative Education Programs	25,000	25,000	2,038	22,962
0099	Other Intergovernmental Charges	623,698	624,998	604,809	20,189
	Total Intergovernmental Charges	648,698	649,998	606,847	43,151
6030	Total Expenditures	192,019,978	230,768,599	211,802,831	18,965,768
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,222,231)	(37,116,397)	(17,046,076)	20,070,321
	Other Financing Sources (Uses)				
7912	Sale of Real or Personal Property	-	15,000	28,385	13,385
7915	Transfers In	4,400,000	4,400,000	4,400,000	-
7080	Total Other Financing Sources (Uses)	4,400,000	4,415,000	4,428,385	13,385
	Special Items				
7919	Extraordinary Items	-	29,702,673	29,710,702	8,029
1200	Net Change in Fund Balance	177,769	(2,998,724)	17,093,011	20,091,735
0100	FUND BALANCE - BEGINNING	59,097,991	59,097,991	59,097,991	-
3000	FUND BALANCE - ENDING	\$ 59,275,760	\$ 56,099,267	\$ 76,191,002	\$ 20,091,735



JUDSON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
YEAR ENDED JUNE 30, 2018

EXHIBIT G-2

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.001351476415%	0.001366050095%	0.001399914000%	0.000952417000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 43,212,935	\$ 51,621,002	\$ 49,485,097	\$ 25,440,377
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District.	<u>67,208,882</u>	<u>80,363,413</u>	<u>75,820,959</u>	<u>64,388,160</u>
Total	<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	\$ 141,413,615	\$ 137,649,587	\$ 130,986,768	\$ 123,817,521
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	30.56%	37.50%	37.78%	20.55%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	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 four years of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

JUDSON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
YEAR ENDED JUNE 30, 2018

EXHIBIT G-3

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 4,615,214	\$ 4,425,879	\$ 4,293,995	\$ 3,860,651
Contribution in Relation to the Contractually Required Contribution	<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>
District's Covered-Employee Payroll	\$ 145,882,116	\$ 140,918,025	\$ 136,489,376	\$ 129,590,774
Contribution as a Percentage of Covered-Employee Payroll	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 four years of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

JUDSON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
YEAR ENDED JUNE 30, 2018

EXHIBIT G-4

	2018
District's Proportion share of the Liability (Asset) for Other Post Employment Benefits	0.001693370088%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 73,638,313
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) Associated with the District.	109,991,712
Total	\$ 183,630,025
District's Covered-Employee Payroll	\$ 141,413,615
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	52.07%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	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, 2017 measurement date.

Note: The schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

JUDSON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
OTHER POST EMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
YEAR ENDED JUNE 30, 2018

EXHIBIT G-5

	2018
Contractually Required Contribution	\$ 1,160,981
Contribution in Relation to the Contractually Required Contribution	(1,160,981)
Contribution Deficiency (Excess)	\$ -
District's Covered-Employee Payroll	\$ 145,882,116
Contribution as a Percentage of Covered-Employee Payroll	0.80%

#### **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, 2018

<u>YEAR ENDED</u> <u>JUNE 30,</u>	<u>TAX RATES</u>		<u>3</u> <u>ASSESSED/APPAISED</u> <u>VALUE FOR SCHOOL</u> <u>TAX PURPOSES</u>
	<u>1</u> <u>MAINTENANCE</u>	<u>2</u> <u>DEBT SERVICE</u>	
2009 and Prior Years	\$ Various	\$ Various	\$ Various
2010	1.04	.4250	5,949,171,839
2011	1.04	.4230	5,874,251,128
2012	1.04	.3900	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 (School Year Under Audit)      Note 1	1.04	.3850	8,929,763,228

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, 2017	20 CURRENT YEAR'S TOTAL LEVY	31 MAINTENANCE COLLECTIONS	32 DEBT SERVICE COLLECTIONS	40 ENTIRE YEAR'S ADJUSTMENTS	50 ENDING BALANCE JUNE 30, 2018
\$ 943,657	\$ -	\$ 22,487	\$ 9,190	\$ (388,325)	\$ 523,655
155,749	-	12,246	4,981	(429)	138,093
142,011	-	26,000	10,575	-	105,436
161,271	-	27,524	10,323	-	123,424
155,595	-	66,168	24,495	51,902	116,834
205,379	-	73,378	27,164	38,966	143,803
272,495	-	99,721	36,916	53,441	189,299
450,624	-	70,183	25,644	(132,364)	222,433
1,625,217	-	197,278	81,567	(959,590)	386,782
-	<u>127,249,126</u>	<u>89,747,044</u>	<u>33,223,671</u>	<u>(1,999,210)</u>	<u>2,279,201</u>
<u>\$ 4,111,998</u>	<u>\$ 127,249,126</u>	<u>\$ 90,342,029</u>	<u>\$ 33,454,526</u>	<u>\$ (3,335,609)</u>	<u>\$ 4,228,960</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

JUDSON INDEPENDENT SCHOOL DISTRICT  
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2018

EXHIBIT J-4

DATA CONTROL CODES		1	2	3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS			
		ORIGINAL	FINAL	ACTUAL	
REVENUES					
5700	Local and Intermediate Sources	\$ 2,265,000	\$ 2,235,705	\$ 2,182,779	\$ (52,926)
5800	State Program Revenues	73,000	73,000	73,577	577
5900	Federal Program Revenues	<u>10,400,000</u>	<u>10,240,000</u>	<u>10,292,486</u>	<u>52,486</u>
5020	Total Revenues	<u>12,738,000</u>	<u>12,548,705</u>	<u>12,548,842</u>	<u>137</u>
EXPENDITURES					
Current					
Support Services - Student (Pupil)					
0035	Food Services	<u>12,549,507</u>	<u>13,339,412</u>	<u>12,277,397</u>	<u>1,062,015</u>
Support Services - Nonstudent Based					
0051	Plant Maintenance and Operations	314,362	314,362	289,071	25,291
0052	Security and Monitoring Services	-	-	495	(495)
	Total Support Services - Nonstudent Based	<u>314,362</u>	<u>314,362</u>	<u>289,566</u>	<u>24,796</u>
6030	Total Expenditures	<u>12,863,869</u>	<u>13,653,774</u>	<u>12,566,963</u>	<u>1,086,811</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(125,869)</u>	<u>(1,105,069)</u>	<u>(18,121)</u>	<u>1,086,948</u>
OTHER FINANCING SOURCES (USES)					
7912	Sale of Real or Personal Property	-	-	398	398
7080	Total Other Financing Sources (Uses)	-	-	398	398
1200	Net Change in Fund Balance	(125,869)	(1,105,069)	(17,723)	1,087,346
0100	FUND BALANCE - BEGINNING	<u>2,459,508</u>	<u>2,459,508</u>	<u>2,459,508</u>	-
3000	FUND BALANCE - ENDING	<u>\$ 2,333,639</u>	<u>\$ 1,354,439</u>	<u>\$ 2,441,785</u>	<u>\$ 1,087,346</u>



JUDSON INDEPENDENT SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2018

EXHIBIT J-5

DATA CONTROL CODES		1	2	3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS		ACTUAL	
		ORIGINAL	FINAL		
REVENUES					
5700	Local and Intermediate Sources	\$ 33,771,096	\$ 34,001,096	\$ 34,097,082	\$ 95,986
5800	State Program Revenues	964,940	2,670,471	2,230,464	(440,007)
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>34,736,036</u>	<u>36,671,567</u>	<u>36,327,546</u>	<u>(344,021)</u>
EXPENDITURES					
Debt Service					
0071	Principal on Long-Term Debt	10,366,684	10,366,684	10,366,684	-
0072	Interest on Long-Term Debt	24,421,904	24,839,622	24,834,497	5,125
0073	Bond Issuance Costs and Fees	10,000	10,000	6,399	3,601
	Total Debt Service	<u>34,798,588</u>	<u>35,216,306</u>	<u>35,207,580</u>	<u>8,726</u>
6030	Total Expenditures	<u>34,798,588</u>	<u>35,216,306</u>	<u>35,207,580</u>	<u>8,726</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(62,552)</u>	<u>1,455,261</u>	<u>1,119,966</u>	<u>(335,295)</u>
OTHER FINANCING SOURCES (USES)					
7916	Premium or Discount on Issuance of Bonds	-	(5,120)	-	(5,120)
7080	Total Other Financing Sources and (Uses)	-	(5,120)	-	(5,120)
1200	Net Change in Fund Balance	(62,552)	1,450,141	1,119,966	(330,175)
0100	FUND BALANCE - BEGINNING	<u>24,003,975</u>	<u>24,003,975</u>	<u>24,003,975</u>	-
3000	FUND BALANCE - ENDING	<u>\$ 23,941,423</u>	<u>\$ 25,454,116</u>	<u>\$ 25,123,941</u>	<u>\$ (330,175)</u>

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

Board of Trustees  
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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2018.

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 15, 2018

INDEPENDENT AUDITOR'S 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 each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

## Opinion 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 each of its major federal programs for the year ended June 30, 2018.

## Report on Internal Control Over Compliance

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

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

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

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

ABIP, PC

San Antonio, Texas  
November 15, 2018

JUDSON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018

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>
84.010	ESEA, Title I, Part A and School Improvement Grants

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, 2018

None



**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**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.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through Texas Health and Human Services Commission:			
Medicaid Administration Claim Program (MAC)	93.778	015-916	\$ 57,088
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through Texas Education Agency:			
ESEA Title I Part A - Improving Basic Programs	84.010A	17610101015916	543,972
ESEA Title I Part A - Improving Basic Programs	84.010A	18610101015916	4,337,182
ESEA Title I Part A - School Improvement Grants	84.010A	18610123015916	228,040
Total CFDA Number 84.010A			<u>5,109,194</u>
Temporary Emergency Aid	84.398C	015-916	<u>149,874</u>
Special Education Cluster (IDEA-B)			
IDEA-B Formula *	84.027	176600010159166600	112,397
IDEA-B Formula *	84.027	186600010159166600	3,600,487
Total CFDA Number 84.027			<u>3,712,884</u>
IDEA-B Preschool *	84.173	176610010159166610	<u>66,611</u>
Total Special Education Cluster (IDEA-B)			<u>3,779,495</u>
Carl D Perkins, Basic Grant	84.048A	17420006015916	631
Carl D Perkins, Industry Grant	84.048A	18420006015916	213,679
Carl D Perkins, Reserve Grant	84.048A	173922017110014	83,215
Carl D Perkins, Reserve Grant	84.048A	184200547110010	20,503
Total CFDA Number 84.048			<u>318,028</u>
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	17671001015916	42,521
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	18671001015916	129,131
Title III, Part A - Immigrant	84.365A	18671003015916	6,977
Total CFDA Number 84.365A			<u>178,629</u>
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	17694501015916	61,351
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	18694501015916	309,151
Total CFDA Number 84.367A			<u>370,502</u>
Titile IV, Part A	84.424A	18680101015916	<u>35,763</u>
Summer School, LEP, Rider 16	84.369A	69551702	<u>7,123</u>
Total Passed Through Texas Education Agency			<u>\$ 9,948,608</u>

**JUDSON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**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: SSA ESEA Title X, Part C - Ed for the Homeless Children and Youth	84.196	18-047	\$ 29,577
Passed Through Direct Program: Impact Aid - P.L. 81-874	84.041	015-916	<u>117,243</u>
Total U.S. Department of Education			<u>10,095,428</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>155,977</u>
Total U.S. Department of Defense			<u>155,977</u>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
Pass through the Texas Education Agency Industry Cluster - WIOA Dislocated Worker Formula Grant	17.278	173920017110014	<u>186,553</u>
Total U.S. Department of Labor			<u>186,553</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	2,333,795
National School Lunch Program *	10.555	015-916	7,069,927
Non-Cash USDA Donated Commodities*	10.555	015-916	888,764
Summer Feeding*	10.559	015-916	86,408
Total Child Nutrition Cluster			<u>10,378,894</u>
Total Passed Through Texas Department of Agriculture			<u>10,378,894</u>
Total U.S. Department of Agriculture			<u>10,378,894</u>
Total Expenditures of Federal Awards			20,873,940
School Health and Related Services (SHARS)			<u>3,808,993</u>
TOTAL FEDERAL REVENUE PER EXHIBIT C-2			<u>\$ 24,682,933</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, 2018

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 \$4,214,626 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.

JUDSON INDEPENDENT SCHOOL DISTRICT  
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 (CONTINUED)

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 \$888,764 for the year ended June 30, 2018.

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, 2018, 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.

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, 2018

DATA CONTROL CODES		SPECIAL			
		206 ESEA TITLE X, Part C HOMELESS EDUCATION	211 ESEA TITLE I IMPROVING BASIC PROGRAMS	224 IDEA-B FORMULA	225 IDEA-B PRESCHOOL GRANT
	ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
1240	Due from Other Governments	9,931	1,125,362	730,155	16,265
1260	Due from Other Funds	112	-	-	-
1290	Other Receivables	-	139	6	-
1310	Inventories, at Cost	-	-	-	-
1410	Prepaid Items	-	-	-	-
1000	TOTAL ASSETS	<u>\$ 10,043</u>	<u>\$ 1,125,501</u>	<u>\$ 730,161</u>	<u>\$ 16,265</u>
	LIABILITIES				
	Current Liabilities				
2110	Accounts Payable	\$ -	\$ 30,174	\$ 25,389	\$ -
2150	Payroll Deduction and Withholdings	-	-	-	-
2160	Accrued Wages Payable	-	557,693	424,824	10,657
2170	Due to Other Funds	10,043	537,634	279,948	5,608
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>10,043</u>	<u>1,125,501</u>	<u>730,161</u>	<u>16,265</u>
	FUND BALANCES				
3410	Non-Spendable - Inventories	-	-	-	-
3430	Non-Spendable - Prepaid Items	-	-	-	-
3450	Restricted - Grant Funds	-	-	-	-
3490	Restricted - Other	-	-	-	-
3590	Assigned - Encumbrances	-	-	-	-
3600	Unassigned	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,043</u>	<u>\$ 1,125,501</u>	<u>\$ 730,161</u>	<u>\$ 16,265</u>

EXHIBIT O-1

REVENUE FUNDS					
240	242	244	245	255	263
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
\$ 218,154	\$ -	\$ -	\$ -	\$ -	\$ -
2,388,575	282,769	-	-	-	-
-	86,408	24,614	20,503	104,323	19,521
103,779	-	-	-	-	-
-	-	-	-	-	-
28,121	421	-	-	-	-
989	-	-	-	-	-
<u>\$ 2,739,618</u>	<u>\$ 369,598</u>	<u>\$ 24,614</u>	<u>\$ 20,503</u>	<u>\$ 104,323</u>	<u>\$ 19,521</u>
\$ 17,922	\$ 15,693	\$ -	\$ 18,195	\$ 1,443	\$ 2,500
144,801	317	-	-	-	-
6,167	22,103	11,520	-	45,518	6,083
8,231	103,779	13,094	2,308	57,362	10,938
120,712	-	-	-	-	-
<u>297,833</u>	<u>141,892</u>	<u>24,614</u>	<u>20,503</u>	<u>104,323</u>	<u>19,521</u>
28,121	421	-	-	-	-
989	-	-	-	-	-
2,371,670	227,285	-	-	-	-
-	-	-	-	-	-
41,005	-	-	-	-	-
-	-	-	-	-	-
<u>2,441,785</u>	<u>227,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,739,618</u>	<u>\$ 369,598</u>	<u>\$ 24,614</u>	<u>\$ 20,503</u>	<u>\$ 104,323</u>	<u>\$ 19,521</u>

JUDSON INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2018

DATA CONTROL CODES		SPECIAL			
		272 MEDICAID ADMIN CLAIMING PROGRAM	276 TITLE I SCHOOL IMPROVEMENT GRANT	282 SUMMER SCHOOL LEP	288 TEMPORARY EMERGENCY IMPACT AID
	ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 7,123	\$ -
1120	Investments	-	-	-	-
1240	Due from Other Governments	-	12,571	-	149,874
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1310	Inventories, at Cost	-	-	-	-
1410	Prepaid Items	-	-	-	-
1000	TOTAL ASSETS	<u>\$ -</u>	<u>\$ 12,571</u>	<u>\$ 7,123</u>	<u>\$ 149,874</u>
	LIABILITIES				
	Current Liabilities				
2110	Accounts Payable	\$ -	\$ 250	\$ -	\$ -
2150	Payroll Deduction and Withholdings	-	-	-	-
2160	Accrued Wages Payable	-	-	7,123	29,061
2170	Due to Other Funds	-	12,321	-	120,813
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>12,571</u>	<u>7,123</u>	<u>149,874</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>\$ -</u>	<u>\$ 12,571</u>	<u>\$ 7,123</u>	<u>\$ 149,874</u>



EXHIBIT O-1 (CONTINUED)

REVENUE FUNDS					
289	385	397	410	427	429
INNOVATIVE ACADEMY AND TITLE IV, PART A	STATE SUPPLEMENT VISUALLY IMPAIRED	ADVANCED PLACEMENT INCENTIVES	INSTRUCTIONAL MATERIALS ALLOTMENT	OOG TRUANCY PREVENTION FUND	INNOVATIVE ACADEMY AND READING TO SUCCEED
\$ -	\$ -	\$ 4,344	\$ 16,145	\$ -	\$ 465
-	-	-	-	-	-
63,718	-	-	-	44,843	35,032
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 63,718</u>	<u>\$ -</u>	<u>\$ 4,344</u>	<u>\$ 16,145</u>	<u>\$ 44,843</u>	<u>\$ 35,497</u>
\$ 1,625	\$ -	\$ -	\$ 16,063	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	15,000	-
62,093	-	-	-	29,843	35,033
-	-	-	-	-	-
<u>63,718</u>	<u>-</u>	<u>-</u>	<u>16,063</u>	<u>44,843</u>	<u>35,033</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,344	82	-	464
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>4,344</u>	<u>82</u>	<u>-</u>	<u>464</u>
<u>\$ 63,718</u>	<u>\$ -</u>	<u>\$ 4,344</u>	<u>\$ 16,145</u>	<u>\$ 44,843</u>	<u>\$ 35,497</u>

JUDSON INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2018

DATA CONTROL CODES		SPECIAL REVENUE FUNDS			
		490	491	492	493
		PROJECT LEAD THE WAY GRANT	T-STEM EXTERNSHIP PROGRAM	UT EXTERNSHIP GRANT	HEB EXCELLENCE IN EDUCATION AWARD
	ASSETS				
1110	Cash and Cash Equivalents	\$ 1,443	\$ 15,000	\$ -	\$ 25,000
1120	Investments	-	-	-	-
1240	Due from Other Governments	-	-	8,021	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1310	Inventories, at Cost	-	-	-	-
1410	Prepaid Items	-	-	-	-
1000	TOTAL ASSETS	<u>\$ 1,443</u>	<u>\$ 15,000</u>	<u>\$ 8,021</u>	<u>\$ 25,000</u>
	LIABILITIES				
	Current Liabilities				
2110	Accounts Payable	\$ 353	\$ -	\$ -	\$ -
2150	Payroll Deduction and Withholdings	-	-	-	-
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	8,021	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>353</u>	<u>-</u>	<u>8,021</u>	<u>-</u>
	FUND BALANCES				
3410	Non-Spendable - Inventories	-	-	-	-
3430	Non-Spendable - Prepaid Items	-	-	-	-
3450	Restricted - Grant Funds	-	-	-	-
3490	Restricted - Other	1,090	15,000	-	25,000
3590	Assigned - Encumbrances	-	-	-	-
3000	Total Fund Balances	<u>1,090</u>	<u>15,000</u>	<u>-</u>	<u>25,000</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,443</u>	<u>\$ 15,000</u>	<u>\$ 8,021</u>	<u>\$ 25,000</u>

EXHIBIT O-1 (CONTINUED)

TOTAL NONMAJOR GOVERNMENTAL FUNDS <u>JUNE 30, 2018</u>	TOTAL NONMAJOR GOVERNMENTAL FUNDS <u>JUNE 30, 2017</u>
\$ 287,674	\$ 276,338
2,671,344	2,751,355
2,451,141	1,996,480
103,891	-
145	1,788
28,542	170,080
<u>989</u>	<u>1,097</u>
<u>\$ 5,543,726</u>	<u>\$ 5,197,138</u>
\$ 129,607	\$ 199,026
145,118	112,272
1,135,749	1,195,565
1,297,069	706,296
<u>120,712</u>	<u>298,509</u>
<u>2,828,255</u>	<u>2,511,668</u>
28,542	170,080
989	1,097
2,603,845	2,431,851
41,090	-
<u>41,005</u>	<u>82,442</u>
<u>2,715,471</u>	<u>2,685,470</u>
<u>\$ 5,543,726</u>	<u>\$ 5,197,138</u>

JUDSON INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

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	<u>29,420</u>	<u>4,814,882</u>	<u>3,665,304</u>	<u>65,700</u>
5020	Total Revenues	<u>29,420</u>	<u>4,814,882</u>	<u>3,665,304</u>	<u>65,700</u>
	EXPENDITURES				
0011	Instruction	21,068	2,425,717	2,746,556	65,700
0012	Instructional Resources & Media Services	-	-	-	-
0013	Curriculum Development and Instructional Staff Development	4,041	2,110,266	154,141	-
0021	Instructional Leadership	-	129,128	348,497	-
0023	School Leadership	2,840	39,627	8,083	-
0031	Guidance, Counseling, & Evaluation Services	-	286	39,979	-
0032	Social Work Services	1,058	88,187	-	-
0033	Health Services	-	-	10,523	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Curricular/Extracurricular Activities	-	-	14,684	-
0041	General Administrative	-	-	-	-
0051	Plant Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	413	21,671	341	-
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	-	-	342,500	-
6030	Total Expenditures	<u>29,420</u>	<u>4,814,882</u>	<u>3,665,304</u>	<u>65,700</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	-	-	-	-
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT O-2

REVENUE FUNDS					
240	242	244	245	255	263
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
\$ 2,182,779	\$ -	\$ -	\$ -	\$ -	\$ -
73,577	-	-	-	-	-
<u>10,292,486</u>	<u>86,408</u>	<u>211,461</u>	<u>20,503</u>	<u>365,433</u>	<u>176,186</u>
<u>12,548,842</u>	<u>86,408</u>	<u>211,461</u>	<u>20,503</u>	<u>365,433</u>	<u>176,186</u>
-	-	69,737	20,503	-	72,408
-	-	-	-	-	-
-	-	3,497	-	353,784	84,847
-	-	31,040	-	-	-
-	-	-	-	11,649	520
-	-	107,187	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,277,397	46,695	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
289,071	-	-	-	-	87
495	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	18,324
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,566,963</u>	<u>46,695</u>	<u>211,461</u>	<u>20,503</u>	<u>365,433</u>	<u>176,186</u>
<u>(18,121)</u>	<u>39,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
398	-	-	-	-	-
-	-	-	-	-	-
<u>398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(17,723)	39,713	-	-	-	-
<u>2,459,508</u>	<u>187,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,441,785</u>	<u>\$ 227,706</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 (CONTINUED)  
YEAR ENDED JUNE 30, 2018

DATA CONTROL CODES		SPECIAL			
		272 MEDICAID ADMIN CLAIMING PROGRAM	276 TITLE I SCHOOL IMPROVEMENT GRANT	282 SUMMER SCHOOL LEP	288 TEMPORARY EMERGENCY IMPACT AID
	REVENUES				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	<u>57,088</u>	<u>225,087</u>	<u>7,123</u>	<u>149,874</u>
5020	Total Revenues	<u>57,088</u>	<u>225,087</u>	<u>7,123</u>	<u>149,874</u>
	EXPENDITURES				
0011	Instruction	-	148,182	7,123	149,874
0012	Instructional Resources & Media Services	-	-	-	-
0013	Curriculum Development and Instructional Staff Development	-	76,805	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	100	-	-
0031	Guidance, Counseling, & Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	57,088	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Curricular/Extracurricular Activities	-	-	-	-
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>57,088</u>	<u>225,087</u>	<u>7,123</u>	<u>149,874</u>
1100	Excess (Deficiency) Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Other Financing Sources				
7911	Capital Related Debt Issued	-	-	-	-
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>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT O-2 (CONTINUED)

REVENUE FUNDS					
289	385	397	410	427	429
INNOVATIVE ACADEMY AND TITLE IV, PART A	STATE SUPPLEMENT VISUALLY IMPAIRED	ADVANCED PLACEMENT INCENTIVES	INSTRUCTIONAL MATERIALS ALLOTMENT	OOG TRUANCY PREVENTION FUND	INNOVATIVE ACADEMY AND READING TO SUCCEED
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	21,350	4,275	389,399	103,427	124,417
<u>301,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>301,352</u>	<u>21,350</u>	<u>4,275</u>	<u>389,399</u>	<u>103,427</u>	<u>124,417</u>
227,467	21,350	31,684	393,322	3,000	109,309
-	-	-	-	-	58
1,720	-	1,747	-	-	15,050
-	-	-	-	-	-
3,334	-	-	-	-	-
67,020	-	-	-	-	-
-	-	-	-	100,427	-
-	-	-	-	-	-
-	-	-	-	-	-
1,811	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>301,352</u>	<u>21,350</u>	<u>33,431</u>	<u>393,322</u>	<u>103,427</u>	<u>124,417</u>
-	-	(29,156)	(3,923)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(29,156)	(3,923)	-	-
-	-	33,500	4,005	-	464
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,344</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 464</u>

JUDSON INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018

DATA CONTROL CODES		SPECIAL REVENUE FUNDS			
		490	491	492	493
		PROJECT LEAD THE WAY GRANT	T-STEM EXTERNSHIP PROGRAM	UT EXTERNSHIP GRANT	HEB EXCELLENCE IN EDUCATION AWARD
	REVENUES				
5700	Local and Intermediate Sources	\$ 25,000	\$ 15,000	\$ 8,021	\$ 25,000
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>25,000</u>	<u>15,000</u>	<u>8,021</u>	<u>25,000</u>
	EXPENDITURES				
0011	Instruction	23,910	-	-	-
0012	Instructional Resources & Media Services	-	-	-	-
0013	Curriculum Development and Instructional Staff Development	-	-	8,021	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling, & Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Curricular/Extracurricular Activities	-	-	-	-
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>23,910</u>	<u>-</u>	<u>8,021</u>	<u>-</u>
1100	Excess (Deficiency) Revenues Over (Under) Expenditures	<u>1,090</u>	<u>15,000</u>	<u>-</u>	<u>25,000</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	1,090	15,000	-	25,000
0100	Fund Balances - Beginning	-	-	-	-
3000	FUND BALANCES - ENDING	<u>\$ 1,090</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>



JUDSON INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018

EXHIBIT O-2 (CONTINUED)

TOTAL NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2018	TOTAL NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2017
\$ 2,255,800	\$ 2,195,126
716,445	608,106
<u>20,468,307</u>	<u>20,353,602</u>
<u>23,440,552</u>	<u>23,156,834</u>
6,536,910	6,903,203
58	25
2,813,919	2,589,207
508,665	550,159
66,153	82,360
214,472	236,583
189,672	94,350
67,611	107,123
-	-
12,324,092	12,524,078
16,495	11,059
-	-
289,158	268,680
495	-
-	-
40,749	39,259
-	-
-	88,924
-	1,500
-	-
-	-
<u>342,500</u>	<u>249,045</u>
<u>23,410,949</u>	<u>23,745,555</u>
<u>29,603</u>	<u>(588,721)</u>
398	3,120
-	-
<u>398</u>	<u>3,120</u>
<u>398</u>	<u>3,120</u>
30,001	(585,601)
<u>2,685,470</u>	<u>3,428,473</u>
<u>\$ 2,715,471</u>	<u>\$ 2,685,470</u>

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**OTHER SCHEDULES PRESENTED BY THE DISTRICT**

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JUDSON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF SCHOOL TAX ASSESSOR-COLLECTOR ACCOUNT (UNAUDITED)  
YEAR ENDED JUNE 30, 2018

EXHIBIT S-1

CHARGES

Original Roll as Approved (Certified by BCAD)	\$ 127,249,126	
Add: Corrections to Tax Levy	<u>(1,999,210)</u>	
Total Taxes to Account For		\$ 125,249,916

CREDITS

Cash Collections		<u>122,970,715</u>
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BALANCE CURRENT ROLL, JUNE 30, 2018		<u>\$ 2,279,201</u>
-------------------------------------	--	---------------------

CASH ACCOUNT (Tax Year)

Current Roll Collections	\$ 122,970,715	
Delinquent Taxes-2016	278,846	
Delinquent Taxes-2015	95,827	
Delinquent Taxes-2014	136,636	
Delinquent Taxes-2013	100,542	
Delinquent Taxes-2012	90,663	
Delinquent Taxes-2011	37,845	
Delinquent Taxes-2010	36,575	
Delinquent Taxes-2009	17,227	
Delinquent Taxes-2008 and Prior	<u>31,677</u>	\$ 123,796,553

Penalty and Interest		<u>742,995</u>
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TOTAL CASH COLLECTED		<u>\$ 124,539,548</u>
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TOTAL CASH REMITTED TO DISTRICT		<u>\$ 124,539,548</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, 2018

EXHIBIT S-2

REVENUES

\$ 476,708

EXPENDITURES

Payroll Costs:

Salaries	\$ 165,056	
Group Health and Life Insurance	9,759	
Teacher's Retirement	3,763	
Worker's Compensation	4,946	
Payroll Taxes (FICA)	<u>2,552</u>	186,076

Purchased and Contracted Services:

Professional Services	-	
Equipment Maintenance and Repairs	86,438	
Continuing Education	3,295	
Game Officials and Security	212,255	
Electricity	2,871	
Rents	<u>13,583</u>	318,442

Supplies and Materials:

Athletic Supplies	<u>411,451</u>	411,451
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Other Operating Expenses:

Travel and Subsistence	89,520	
Insurance and Bonding Expense	112,892	
Dues	5,858	
Miscellaneous Operating Fees	20,777	
Reclassified Transportation Expense	<u>142,157</u>	371,204

Capital Outlay:

Furniture and Equipment	<u>89,148</u>	89,148
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Total Expenditures		<u>1,376,321</u>
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EXPENDITURES IN EXCESS OF REVENUES		<u>\$ (899,613)</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 - Governmental Funds, General Fund, Exhibit C-2.

JUDSON INDEPENDENT SCHOOL DISTRICT  
CHILD NUTRITION AND SUMMER FEEDING PROGRAM  
BALANCE SHEET (UNAUDITED)  
JUNE 30, 2018

EXHIBIT S-3

ASSETS

Cash and Cash Equivalents	\$ 218,154
Temporary Investments	2,671,344
Accounts Receivable	84,149
Inventory	28,542
Deferred Expenses	<u>989</u>

TOTAL ASSETS \$ 3,003,178

LIABILITIES

Accounts Payable	\$ 33,615
Accrued Wages	28,270
Workmen's Compensation-Future Pay	145,118
Due to General Fund	5,972
Unearned Revenues	<u>120,712</u>
Total Liabilities	<u>333,687</u>

FUND BALANCE 2,669,491

TOTAL LIABILITIES AND FUND BALANCE \$ 3,003,178

NOTE: This balance sheet is included in the Balance Sheet - Governmental Fund, Other Governmental Funds, Exhibit C-1, as funds 240 and 242.

JUDSON INDEPENDENT SCHOOL DISTRICT  
CHILD NUTRITION AND SUMMER FEEDING PROGRAM  
STATEMENT OF REVENUES AND EXPENDITURES (UNAUDITED)  
JUNE 30, 2018

EXHIBIT S-4

REVENUES

Food Service Revenues	\$ 2,105,362	
State Matching Funds	73,577	
Child Nutrition Programs*	9,403,722	
Commodities Receipts	888,764	
Other Resources	86,886	
Insurance Recoveries	55,706	
Interest	21,631	
Total Revenues		\$ 12,635,648

EXPENDITURES

<u>Payroll Costs</u>		
Salaries - Food Service	4,416,706	
Uniform Allowance	1,080	
Group Health and Life Insurance	577,390	
Teacher's Retirement	314,671	
Employee Benefits	16,545	
Worker's Compensation	145,643	
Payroll Taxes (FICA)	67,466	5,539,501
<u>Purchased and Contracted Services:</u>		
Equipment Repair	99,633	
Water	20,570	
Electricity	53,971	
Gas	8,316	
Other Professional Services	99,098	281,588
<u>Supplies and Materials:</u>		
Vehicle - Supplies/Repairs and Gasoline	66,713	
Food and Milk	5,161,729	
Commodities	888,764	
Nonfood Consumed	510,049	
General Supplies	68,626	6,695,881
<u>Other Operating Expenses</u>		
Travel	5,576	
Dues	712	
Other	7,318	
Insurance and Bonding Expenses	6,043	19,649
<u>Capital Outlay</u>		
Equipment	77,039	77,039
Total Expenditures		12,613,658

EXPENDITURES IN EXCESS OF REVENUES		\$ 21,990
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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 C-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, 2018

EXHIBIT S-5

Fund Balance at July 1, 2017	\$ 2,647,501
Expenditures in Excess of Revenues - Year Ended June 30, 2018	<u>21,990</u>
 FUND BALANCE AT JUNE 30, 2018	 <u>\$ 2,669,491</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, 2018 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 C-2, as funds 240 and 242.

JUDSON INDEPENDENT SCHOOL DISTRICT  
STUDENT/CAMPUS ACTIVITY FUNDS  
COMBINED BALANCE SHEET (UNAUDITED)  
JUNE 30, 2018

EXHIBIT S-6

ASSETS

Cash in Bank, Twenty-Nine Accounts	\$ <u>1,567,616</u>
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TOTAL ASSETS	\$ <u>1,567,616</u>
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FUND BALANCE

Fund Balance at July 1, 2017	\$ 1,383,910
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Revenues in Excess of Expenditures for the Fiscal Year Ending June 30, 2018	<u>183,706</u>
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TOTAL FUND BALANCE	\$ <u>1,567,616</u>
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NOTE: This balance sheet is included in the statement of fiduciary net position on Exhibit E-1.

JUDSON INDEPENDENT SCHOOL DISTRICT  
STUDENT/CAMPUS ACTIVITY FUNDS  
COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE (UNAUDITED)  
YEAR ENDED JUNE 30, 2018

EXHIBIT S-7

	FUND BALANCE JULY 1, 2017	REVENUES	EXPENDITURES	NET INCREASE (DECREASE)	FUND BALANCE JUNE 30, 2018
Judson High School	\$ 297,808	\$723,245	\$696,801	\$ 26,444	\$ 324,252
Wagner High School	130,761	316,571	280,059	36,512	167,273
Judson Early College Academy	73,061	85,532	88,200	(2,668)	70,393
Veterans Memorial High School	70,068	323,802	240,447	83,355	153,423
Kirby Middle School	60,828	82,805	80,699	2,106	62,934
Kitty Hawk Middle School	147,345	173,291	168,621	4,670	152,015
Woodlake Hills Middle School	40,406	89,572	95,512	(5,940)	34,466
Metzger Middle School	27,062	82,373	75,997	6,376	33,438
Judson Middle School	69,519	140,827	135,535	5,292	74,811
Converse Elementary	34,246	26,344	26,998	(654)	33,592
Hopkins Elementary	20,466	23,106	20,967	2,139	22,605
Franz Elementary	15,906	25,463	17,655	7,808	23,714
Coronado Village Elementary	26,956	25,202	22,000	3,202	30,158
Park Village Elementary	4,924	19,426	13,899	5,527	10,451
Crestview Elementary	33,499	46,087	49,435	(3,348)	30,151
Woodlake Elementary	11,578	24,272	28,636	(4,364)	7,214
Olympia Elementary	30,292	35,075	38,382	(3,307)	26,985
Spring Meadows Elementary	35,718	20,062	14,879	5,183	40,901
Miller's Point Elementary	17,901	42,759	45,868	(3,109)	14,792
Candlewood Elementary	10,276	26,237	26,544	(307)	9,969
Elof Elementary	36,370	14,082	18,824	(4,742)	31,628
Paschall Elementary	24,393	11,000	8,415	2,585	26,978
Hartman Elementary	15,131	12,818	14,256	(1,438)	13,693
Salinas Elementary	32,729	17,872	13,467	4,405	37,134
Masters Elementary	20,802	18,588	12,830	5,758	26,560
Rolling Meadows Elementary	48,096	69,910	75,091	(5,181)	42,915
Copperfield Elementary	36,497	39,846	26,160	13,686	50,183
Escondido Elementary	-	400	-	400	400
JISD Activity Fund	11,272	10,291	6,975	3,316	14,588
<b>FUND TOTALS</b>	<b>\$ 1,383,910</b>	<b>\$ 2,526,858</b>	<b>\$ 2,343,152</b>	<b>\$ 183,706</b>	<b>\$ 1,567,616</b>

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