

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

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

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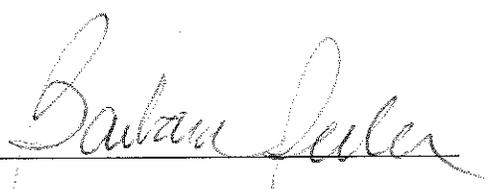
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CERTIFICATE OF BOARD

Jourdanton Independent School District                      Atascosa                      007902  
Name of School District                      County                      Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved \_\_\_\_\_ disapproved for the year ended August 31, 2018 at a meeting of the Board of Trustees of such school district on the 10<sup>th</sup> of December, 2018.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is(are):  
(attach list as necessary)

# COLEMAN, HORTON & COMPANY, LLP

## Certified Public Accountants

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Jourdanton Independent School District  
200 Zanderson  
Jourdanton, Texas 78026

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jourdanton Independent School District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the Jourdanton Independent School 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### ***Opinions***

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

### ***Change in Accounting Principle***

As described in Note N to the financial statements, in 2018, the District adopted new accounting guidance, *GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. Because GASB #75 implements new measurement criteria and reporting provisions, significant information has been added to the Government-Wide Statements. Exhibit A-1 discloses the District's Net OPEB Liability and some deferred resource outflows and deferred resource inflows related to the District's OPEB. Exhibit B-1 discloses the adjustment to the District's Beginning Net Position. Our opinion is not modified with respect to the matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions for Pensions, Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of District Contributions for Other Post-Employment Benefits, on pages 7-12 and 49-53 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 Jourdan Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulation of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-3. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2018, on our consideration of the Jourdanton 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Jourdanton Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Jourdanton Independent School District's internal control over financial reporting and compliance.

*Coleman Horton + Company, LLP*

Uvalde, Texas  
November 23, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The annual financial report of Jourdanton Independent School District (the District) is presented in six sections, management's discussion and analysis (this part), basic financial statements, required supplementary information, combining and other statements, required TEA supplementary information, and federal section. This section of the District's annual financial report presents our discussion and analysis of the financial performance during the year ending August 31, 2018. Please read it in conjunction with the District's financial section, which follows.

### **Overview of the Basic Financial Statements**

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 TEA supplementary information* that further explains and supports the information in the financial statements.

### **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 is the difference between the District's assets and deferred outflows less the District's liabilities and deferred inflows is one way to measure the District's financial health or *position*.

- \* Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- \* To assess the overall health of the District, you need 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 two 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 government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, then explain the relationship (or differences) between them.
- \* *Fiduciary funds*-The District is the trustee, or *fiduciary*, for certain funds. 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 position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## Financial Highlights

\* The District's combined net position was \$6,062,973 at August 31, 2018, an increase of \$2,215,688 from day to day operations and a decrease of \$8,945,577 from a prior period adjustment to implement GASB 75 related to the District's Other Post-Employment Benefits.

\* For the year, the District's revenues were \$17,353,217 as reflected below:

<b>Governmental Activities</b>			
	<b>Current Year</b>	<b>Prior Year</b>	<b>Change</b>
a) Taxes	\$ 12,154,586	\$ 10,285,115	\$ 1,869,471
b) State Aid	2,530,672	4,141,673	(1,611,001)
c) Federal Aid	1,732,412	1,586,283	146,129
d) Investment Earnings	147,617	112,685	34,932
e) Other	787,930	868,589	(80,659)
Total	<u>\$ 17,353,217</u>	<u>\$ 16,994,345</u>	<u>\$ 358,872</u>

\* During the year, the District's expenses were \$15,137,529 as reflected below:

<b>Governmental Activities</b>			
	<b>Current Year</b>	<b>Prior Year</b>	<b>Change</b>
a) Instruction and instructional related	\$ 6,554,742	\$ 9,422,446	\$ (2,867,704)
b) Instruction leadership/school leadership	667,496	1,080,689	(413,193)
c) Guidance, social work, health, transportation	796,927	990,017	(193,090)
d) Food services	976,774	1,149,310	(172,536)
e) Extracurricular activities	806,835	1,006,499	(199,664)
f) General administration	518,746	643,471	(124,725)
g) Plant maintenance and security	1,369,071	1,624,137	(255,066)
h) Data processing services	199,609	234,210	(34,601)
i) Community services	(17,300)	4,004	(21,304)
j) Debt services	1,930,623	1,191,470	739,153
k) Capital outlay	989,489	249,678	739,811
l) Payments to fiscal agent/member districts - shared service	136,192	141,226	(5,034)
m) Intergovernmental charges	208,325	208,377	(52)
Total Expenses	<u>\$ 15,137,529</u>	<u>\$ 17,945,534</u>	<u>\$ (2,808,005)</u>

- \* The general fund reported a fund balance for the year of \$4,691,343, an increase of \$980,635 from the prior year.
- \* The debt service fund reported a fund balance for the year of \$145,369, an increase of \$138,312 from the prior year.
- \* The capital projects fund reported a fund balance for the year of \$2,705,647, a decrease of \$11,074,471 from the prior year.
- \* The District's combined net position was \$6,062,973 at August 31, as reflected below:

	<b>Governmental Activities</b>		
	<b>Current Year</b>	<b>Prior Year</b>	<b>Change</b>
<b>Assets:</b>			
Current and other assets	\$ 10,859,293	\$ 24,385,717	\$ (13,526,424)
Capital and non-current assets	56,639,690	47,590,706	9,048,984
<b>Total Assets</b>	<b>\$ 67,498,983</b>	<b>\$ 71,976,423</b>	<b>\$ (4,477,440)</b>
Deferred Outflows	\$ 1,081,264	\$ 1,376,778	\$ (295,514)
<b>Liabilities:</b>			
Current liabilities	\$ 2,321,992	\$ 5,972,282	\$ (3,650,290)
Long term liabilities	57,572,671	54,331,105	3,241,566
<b>Total Liabilities</b>	<b>\$ 59,894,663</b>	<b>\$ 60,303,387</b>	<b>\$ (408,724)</b>
Deferred Inflows	\$ 2,622,611	\$ 256,952	\$ 2,365,659
<b>Net position:</b>			
Net investment in capital assets	\$ 9,716,291	\$ 10,365,212	\$ (648,921)
Restricted	218,330	60,359	157,971
Unrestricted	(3,871,648)	2,367,291	(6,238,939)
<b>Total Net Position</b>	<b>\$ 6,062,973</b>	<b>\$ 12,792,862</b>	<b>\$ (6,729,889)</b>

- \* Property tax rates increased 15.41/\$100 from the previous year. The taxable value increased during the past year by \$59,376,109. The tax levy increased by \$2,062,146 over the prior year.
- \* State aid decreased for the year by \$1,611,001.
- \* Federal aid increased for the year by \$146,129.
- \* The general fund transferred \$130,916 to supplement the Child Nutrition Program.

## **Capital Assets and Debt Administration**

### **Capital Assets**

Capital assets for the District at the end of the fiscal year August 31, 2018 amounted to \$56,639,690. It is the District's policy to charge off as a current expenditure any purchases less than \$5,000. The total capital assets recorded were land and its improvements, buildings, equipment and vehicles as reflected below:

#### **District's Capital Assets**

	<b>Governmental Activities</b>		
	<b>Current Year</b>	<b>Prior Year</b>	<b>Change</b>
Land	\$ 1,181,420	\$ 1,181,420	\$ -
Buildings and improvements	61,345,314	38,138,087	23,207,227
Equipment	2,857,540	2,836,253	21,287
Library books and media	120,525	120,525	-
Construction in progress	-	12,981,795	(12,981,795)
Totals at historical cost	65,504,799	55,258,080	10,246,719
Total accumulated depreciation	(8,865,109)	(7,667,374)	(1,197,735)
Net capital assets	<u>\$ 56,639,690</u>	<u>\$ 47,590,706</u>	<u>\$ 9,048,984</u>

### **Long-term Liabilities**

The District's long-term liabilities includes bonds payable, maintenance tax notes, time warrants, and loans payable in the amount of \$49,629,046.

#### **District's Long-Term Liabilities**

	<b>Governmental Activities</b>		
	<b>Current Year</b>	<b>Prior Year</b>	<b>Change</b>
Bonds payable	\$ 40,650,000	\$ 41,280,000	\$ (630,000)
Net issuance premiums/discounts	4,275,722	4,459,100	(183,378)
Total Bonds Payable	44,925,722	45,739,100	(813,378)
Maintenance tax notes	4,585,000	5,092,000	(507,000)
Loans payable	118,324	174,511	(56,187)
Total Debt	<u>\$ 49,629,046</u>	<u>\$ 51,005,611</u>	<u>\$ (1,376,565)</u>

### **General Fund Budgetary Highlights**

Over the course of the year, the District revised its budget several times. With these adjustments, actual expenditures were \$969,576 below final budget amounts. Additionally, resources available were \$5,232 above the final budgeted amount.

- \* Local revenue sources were \$40,878 more than expected.
- \* State funding was less than budgeted amounts by \$37,655.
- \* Federal revenue was more than budgeted amounts by \$2,008.

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

This financial report is designed for customers, 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, contact the District's Business Services department.

## **BASIC FINANCIAL STATEMENTS**

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 9,068,789
1220 Property Taxes - Delinquent	1,124,681
1230 Allowance for Uncollectible Taxes	(168,702)
1240 Due from Other Governments	676,697
1290 Other Receivables, Net	136,447
1300 Inventories	21,381
Capital Assets:	
1510 Land	1,181,420
1520 Buildings, Net	54,731,328
1530 Furniture and Equipment, Net	723,250
1560 Library Books and Media, Net	3,692
1000 Total Assets	67,498,983
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Outflow Related to TRS Pension	999,206
1706 Deferred Outflow Related to TRS OPEB	82,058
1700 Total Deferred Outflows of Resources	1,081,264
<b>LIABILITIES</b>	
2110 Accounts Payable	1,331,079
2140 Interest Payable	105,957
2150 Payroll Deductions and Withholdings	83,429
2160 Accrued Wages Payable	631,692
2180 Due to Other Governments	78,938
2200 Accrued Expenses	31,655
2300 Unearned Revenue	59,242
Noncurrent Liabilities	
2501 Due Within One Year	1,496,086
2502 Due in More Than One Year	48,132,960
2540 Net Pension Liability (District's Share)	2,842,052
2545 Net OPEB Liability (District's Share)	5,101,573
2000 Total Liabilities	59,894,663
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Resource Inflow Related to TRS Pension	488,614
2606 Deferred Resource Inflow Related to TRS OPEB	2,133,997
2600 Total Deferred Inflows of Resources	2,622,611
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	9,716,291
3820 Restricted for Federal and State Programs	51,580
3850 Restricted for Debt Service	145,369
3890 Restricted for Other Purposes	21,381
3900 Unrestricted	(3,871,648)
3000 Total Net Position	\$ 6,062,973

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

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

EXHIBIT B-1

Data	Program Revenues			Net (Expense)
Control	1	3	4	Revenue and
Codes	Expenses	Charges for	Operating	Changes in Net
		Services	Grants and	Position
			Contributions	Primary Gov.
				Governmental
				Activities

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 6,460,554	\$ 9,282	\$ 601,807	\$ (5,849,465)
12 Instructional Resources and Media Services	74,586	-	-	(74,586)
13 Curriculum and Instructional Staff Development	19,602	-	1,603	(17,999)
21 Instructional Leadership	58,863	-	-	(58,863)
23 School Leadership	608,633	-	-	(608,633)
31 Guidance, Counseling and Evaluation Services	247,045	-	-	(247,045)
33 Health Services	87,529	-	34,119	(53,410)
34 Student (Pupil) Transportation	462,353	-	-	(462,353)
35 Food Services	976,774	222,819	649,231	(104,724)
36 Extracurricular Activities	806,835	254,669	-	(552,166)
41 General Administration	518,746	-	-	(518,746)
51 Facilities Maintenance and Operations	1,322,548	59,687	-	(1,262,861)
52 Security and Monitoring Services	46,523	-	-	(46,523)
53 Data Processing Services	199,609	13,260	-	(186,349)
61 Community Services	(17,300)	-	-	17,300
72 Debt Service - Interest on Long-Term Debt	1,929,623	-	-	(1,929,623)
73 Debt Service - Bond Issuance Cost and Fees	1,000	-	-	(1,000)
81 Capital Outlay	989,489	-	-	(989,489)
93 Payments Related to Shared Services Arrangements	130,363	-	-	(130,363)
95 Payments to Juvenile Justice Alternative Ed. Prg.	5,829	-	-	(5,829)
99 Other Intergovernmental Charges	208,325	-	-	(208,325)
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 15,137,529</b>	<b>\$ 559,717</b>	<b>\$ 1,286,760</b>	<b>(13,291,052)</b>

Data	General Revenues:		
Control			
Codes			
	Taxes:		
MT	Property Taxes, Levied for General Purposes		9,294,316
DT	Property Taxes, Levied for Debt Service		2,860,270
SF	State Aid - Formula Grants		4,592,021
GC	Grants and Contributions not Restricted		(1,615,697)
IE	Investment Earnings		147,617
MI	Miscellaneous Local and Intermediate Revenue		228,213
TR	Total General Revenues		15,506,740
CN	Change in Net Position		2,215,688
NB	Net Position - Beginning		12,792,862
PA	Prior Period Adjustment		(8,945,577)
NE	Net Position--Ending		\$ 6,062,973

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 5,096,312	\$ 135,110	\$ 3,781,977
1220 Property Taxes - Delinquent	1,026,174	98,507	-
1230 Allowance for Uncollectible Taxes	(153,926)	(14,776)	-
1240 Due from Other Governments	374,282	-	-
1260 Due from Other Funds	24,633	-	-
1290 Other Receivables	113,718	-	-
1300 Inventories	3,245	-	-
1000 Total Assets	<u>\$ 6,484,438</u>	<u>\$ 218,841</u>	<u>\$ 3,781,977</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 158,255	\$ -	\$ 1,076,330
2150 Payroll Deductions and Withholdings Payable	83,429	-	-
2160 Accrued Wages Payable	578,037	-	-
2170 Due to Other Funds	24,633	-	-
2180 Due to Other Governments	74,756	-	-
2200 Accrued Expenditures	26,671	-	-
2300 Unearned Revenue	19,860	-	-
2000 Total Liabilities	<u>965,641</u>	<u>-</u>	<u>1,076,330</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	827,454	73,472	-
2600 Total Deferred Inflows of Resources	<u>827,454</u>	<u>73,472</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	3,245	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	2,705,647
3480 Retirement of Long-Term Debt	-	145,369	-
Committed Fund Balance:			
3510 Construction	59,689	-	-
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	4,628,409	-	-
3000 Total Fund Balances	<u>4,691,343</u>	<u>145,369</u>	<u>2,705,647</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,484,438</u>	<u>\$ 218,841</u>	<u>\$ 3,781,977</u>

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

Other Funds	Total Governmental Funds
\$ 55,390	\$ 9,068,789
-	1,124,681
-	(168,702)
302,415	676,697
-	24,633
22,729	136,447
18,136	21,381
<u>\$ 398,670</u>	<u>\$ 10,883,926</u>
\$ 96,494	\$ 1,331,079
-	83,429
53,655	631,692
-	24,633
4,182	78,938
4,984	31,655
39,382	59,242
<u>198,697</u>	<u>2,240,668</u>
-	900,926
<u>-</u>	<u>900,926</u>
18,136	21,381
51,580	51,580
-	2,705,647
-	145,369
-	59,689
106,110	106,110
24,147	4,652,556
<u>199,973</u>	<u>7,742,332</u>
<u>\$ 398,670</u>	<u>\$ 10,883,926</u>

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

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	7,742,332
<b>1</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$55,258,080 and the accumulated depreciation was (\$7,667,374). In addition, long-term liabilities, including bonds payable of (\$41,280,000) and loans payable of (\$5,266,512), are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		1,044,194
<b>2</b> Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2018 capital outlays of \$10,246,719 and debt principal payments of \$1,193,188 is to increase net position.		11,439,907
<b>3</b> The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,197,735)
<b>4</b> Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of (\$2,842,052), a deferred resource inflow of (\$488,614), and a deferred resource outflow of \$999,206. The net effect is to decrease net position.		(2,331,460)
<b>5</b> The District implemented GASB 75 reporting requirements for the OPEB benefit plan through TRS. Since this is the first year of implementation, a prior period adjustment had to be made. The District's share of the TRS plan resulted in a net OPEB liability of (\$5,101,573), a deferred resource inflow of (\$2,133,997) and a deferred resource outflow of \$82,058. The net effect is to decrease net position.		(7,153,512)
<b>6</b> Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes of \$900,926 as revenue, recording the unamortized net premium/discount on bonds of (\$4,275,722), and recognizing the liabilities associated with maturing long-term debt and interest of (\$105,957). The net effect of these reclassifications and recognitions is to decrease net position.		(3,480,753)
<b>19 Net Position of Governmental Activities</b>	<u>\$</u>	<u>6,062,973</u>

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 9,651,750	\$ 2,825,659	\$ 128,989
5800 State Program Revenues	5,294,590	-	-
5900 Federal Program Revenues	585,741	-	-
5020 Total Revenues	<u>15,532,081</u>	<u>2,825,659</u>	<u>128,989</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	8,198,633	-	-
0012 Instructional Resources and Media Services	99,121	-	-
0013 Curriculum and Instructional Staff Development	18,129	-	-
0021 Instructional Leadership	94,854	-	-
0023 School Leadership	841,755	-	-
0031 Guidance, Counseling and Evaluation Services	339,850	-	-
0033 Health Services	71,960	-	-
0034 Student (Pupil) Transportation	426,682	-	-
0035 Food Services	26,755	-	-
0036 Extracurricular Activities	809,568	-	-
0041 General Administration	630,413	-	-
0051 Facilities Maintenance and Operations	1,588,610	-	-
0052 Security and Monitoring Services	51,767	-	-
0053 Data Processing Services	237,435	-	-
0061 Community Services	3,094	-	-
<b>Debt Service:</b>			
0071 Principal on Long-Term Debt	563,188	630,000	-
0072 Interest on Long-Term Debt	74,199	2,056,347	-
0073 Bond Issuance Cost and Fees	-	1,000	-
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	-	-	11,203,460
<b>Intergovernmental:</b>			
0093 Payments to Fiscal Agent/Member Districts of SSA	130,363	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	5,829	-	-
0099 Other Intergovernmental Charges	208,325	-	-
6030 Total Expenditures	<u>14,420,530</u>	<u>2,687,347</u>	<u>11,203,460</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,111,551</u>	<u>138,312</u>	<u>(11,074,471)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	(130,916)	-	-
7080 Total Other Financing Sources (Uses)	<u>(130,916)</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	980,635	138,312	(11,074,471)
0100 Fund Balance - September 1 (Beginning)	<u>3,710,708</u>	<u>7,057</u>	<u>13,780,118</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 4,691,343</u>	<u>\$ 145,369</u>	<u>\$ 2,705,647</u>

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

Other Funds	Total Governmental Funds
\$ 477,601	\$ 13,083,999
140,089	5,434,679
1,146,671	1,732,412
1,764,361	20,251,090
675,250	8,873,883
-	99,121
1,603	19,732
-	94,854
-	841,755
-	339,850
34,119	106,079
-	426,682
963,349	990,104
165,245	974,813
-	630,413
-	1,588,610
-	51,767
-	237,435
-	3,094
-	1,193,188
-	2,130,546
-	1,000
-	11,203,460
-	130,363
-	5,829
-	208,325
1,839,566	30,150,903
(75,205)	(9,899,813)
130,916	130,916
-	(130,916)
130,916	-
55,711	(9,899,813)
144,262	17,642,145
\$ 199,973	\$ 7,742,332

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

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(9,899,813)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2018 capital outlays of \$10,246,719 and debt principal payments of \$1,193,188 is to increase net position.		11,439,907
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(1,197,735)
Current year changes due to GASB 68 decreased revenues in the amount of (\$119,416) but also increased expenditures in the amount of (\$6,377). The net position decreased as a result of the changes.		(125,793)
The implementation of GASB 75 to report the District's share of the TRS OPEB plan resulted in a prior period adjustment. The changes in the ending net position as a result of reporting the OPEB items was an increase in the change in net position.		1,792,065
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue of \$6,134 to show the revenue earned from the current year's tax levy, recording amortization of bond premium of \$183,378, and recognizing the change in liabilities associated with maturing long-term debt and interest of \$17,545. The net effect of these reclassifications and recognitions is to decrease net position.		207,057
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>2,215,688</u></b>

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

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

	Private Purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 5,818	\$ 89,517
Total Assets	<u>5,818</u>	<u>\$ 89,517</u>
<b>LIABILITIES</b>		
Accounts Payable	-	\$ 12,059
Due to Student Groups	-	77,458
Total Liabilities	<u>-</u>	<u>\$ 89,517</u>
<b>NET POSITION</b>		
Restricted for Other Purposes	<u>5,818</u>	
Total Net Position	<u>\$ 5,818</u>	

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

JOURDANTON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

	Private Purpose Trust Fund
<b>ADDITIONS:</b>	
Local and Intermediate Sources	\$ 39,455
Total Additions	<u>39,455</u>
<b>DEDUCTIONS:</b>	
Payroll Costs	<u>36,989</u>
Total Deductions	<u>36,989</u>
Change in Net Position	2,466
Total Net Position - September 1 (Beginning)	<u>3,352</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 5,818</u></u>

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

JOURDANTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2018

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Jourdanton Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *GASB Statement No. 76* and it complies with the requirements of the appropriate version of Texas Education Agency’s *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

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

*Fair Value.* Jourdanton Independent School District applies Governmental Accounting Standards Board (“GASB”) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

**A. REPORTING ENTITY**

The Board of Trustees (the “Board”) is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (“GASB”) in its Statement No. 14, “The Financial Reporting Entity.” There are no component units included within the reporting entity.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Jourdanton Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by property taxes, State foundation funds, grants, and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The “operating grants and contributions” column indicates amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act and Individuals with Disabilities Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District’s functions. Property taxes are always general revenues.

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

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

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

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

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

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”, that is, when they are both measurable and available. The District considers them “available” if they are collected within 60 days of the end of the fiscal year. 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.

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

Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrued basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

Agency Funds utilize the accrual basis of accounting but do not have a measurable focus as they report only assets and liabilities.

## **D. FUND ACCOUNTING**

The District reports the following major governmental funds:

1. **The General Fund** - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Capital Projects Fund** - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Additionally, the District reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds:

2. **Agency Funds** - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds is the student activity fund.
3. **Private Purpose Trust Fund** - This fund is one in which the District holds assets in trust for others in an investment program managed by the District. The District's Private Purpose Trust Funds is its After School Care Fund.

## **E. FUND BALANCE POLICY**

Jourdanton Independent School District reports fund balance for governmental funds in classifications based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The **nonspendable** classification represents assets that will be consumed or "must be maintained in tact" and therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the **restricted** classification. The nature of these two classifications precludes a need for a policy from the Board of Trustees. However, the Board has adopted fund balance policies for the three unrestricted classifications – committed, assigned, and unassigned.

From time to time, the Board of Trustees may commit fund balances by a majority vote in a scheduled meeting. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the district does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions and other purposes determined by the Board.

The Board of Trustees may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a scheduled meeting.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures should be charged to restricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures should be charged to committed, assigned then unassigned.

By a majority vote in a scheduled meeting the Board of Trustees may commit fund balances and it may modify or rescind commitments. The Board may also delegate authority to persons or parties to assign fund balances in specific circumstances or funds.

**Nonspendable**

Inventories in the general fund	\$ 3,245
Inventories in the food service fund	18,136
Total Nonspendable	21,381

**Restricted**

Capital acquisition	2,705,647
Federal and State fund grant restrictions	51,580
Retirement of long-term debt	145,369
Total Restricted	2,902,596

**Committed**

Construction	59,689
Campus activity funds	106,110
Total Committed	165,799

Unassigned	4,652,556
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Total Fund Balances	\$ 7,742,332
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**F. OTHER ACCOUNTING POLICIES**

1. Although food service commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include fuel inventories for the transportation department and are recorded at cost.
2. The District records purchases of supplies as expenditures.

3. The District records its investments in certificates of deposit and state sponsored money market accounts at fair value.
4. Unearned revenue accounted for on the balance sheet of the general fund and special revenue funds relates to excess funds received from the Texas Education Agency over earned amounts.
5. The District provides risk management obligations by carrying commercial insurance policies. Property and general liability insurance is obtained from a licensed insurer. Risk of loss is not retained by the District.
6. 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows of resources consist of differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), differences between projected and actual investment earnings (OPEB), change in proportion and differences between employer's contributions and the proportionate share of contributions (pension & OPEB), and contributions paid to TRS subsequent to the measurement date (pension & OPEB).
7. 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 one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. In the government wide financial statements, the District reports a deferred inflow of resources for differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), differences between projected and actual investment earnings (pension & OPEB), and changes in proportion and differences between employer's contributions and the proportionate share of contributions (pension & OPEB).
8. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
9. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.
10. In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Debt issuance costs, are expensed as incurred.  
  
In the fund financial statements, governmental fund types recognized debt issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.
11. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government.

12. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-30
Vehicles	5-10
Office equipment	3-10
Computer equipment	5
Library books and media	5

## **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. BUDGETARY DATA**

The Board of Trustees adopts an “appropriated budget” for the General Fund, Food Service Fund, and the Debt Service Fund, which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other reports is in Exhibit J-2 and J-3.

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days’ public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.

4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

August 31, 2018 Fund Balance	
Appropriated Budget Funds - Food Service Special Revenue Funds	\$ 69,716
Nonappropriated Budget Funds	130,257
All Special Revenue Funds	\$ 199,973

### III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

#### A. DEPOSITS AND INVESTMENTS

##### District Policies and Legal and Contractual Provisions Governing Deposits

*Custodial Credit Risk for Deposits* State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The pledge of approved securities is waived only to the extent of the depository's bond or the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. Since the District complies with this law, it has no custodial credit risk for deposits.

At August 31, 2018 the District had deposits of \$4,224,449 not covered by FDIC insurance, but fully collateralized by either the depository or the depository's agent in the District's name.

As of August 31, 2018, Jourdanton Independent School District had the following accounts included in cash and cash equivalents.

<b>Cash and Cash Equivalent Types</b>	<b>Fair Value</b>	<b>Maturities (in years)</b>			<b>Credit Rating</b>
		<b>Less than 1</b>	<b>1-10</b>	<b>More than 10</b>	
Lonestar Investment Pool	\$ 1,484,060	\$ 1,484,060	\$ -	\$ -	AAAm
Money Market Accounts	2,991,206	2,941,206			N/A
Bank Certificate of Deposit	123,560	123,560	-	-	N/A

There were several times during the year in which the District was exposed to custodial risk due to deposits exceeding both the FDIC insurance and pledged securities by the depository bank. The cause of the under-pledging of securities was the result of the District transferring money from its investment accounts to cover its normal check or payroll runs. The under pledged amounts normally did not exceed two business days as the bank was able to pledge the required securities to make up the deficiency.

## District Policies and Legal and Contractual Provisions Governing Investments

### **Compliance with the Public Funds Investment Act**

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Jourdanon Independent School District is in substantial compliance with the requirements of the Act and with local policies.

Additional polices and contractual provisions governing deposits and investments for Jourdanon Independent School District are specified below:

*Credit Risk* To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to bank certificates of deposit and State sponsored investment pools.

*Custodial Credit Risk for Investments* To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. All of the securities are in the District's name and held by the District or its agent.

*Concentration of Credit Risk* To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District investment is in secured bank certificates of deposit and State sponsored investment pools.

*Interest Rate Risk* To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

The investment pools used by the District are organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investment pools are public funds investment pools created to provide a safe environment for the placement of local government funds in authorized short-term investment.

The District's investment in investment pools, which are exempt from regulation by the Securities and Exchange Commission, have as one of their objectives the maintenance of stable net asset value of \$1. The book value of the position in the pools is the same as the number of the shares in each pool; the market value of a share should approximately equal the book value of a share.

Lone Star Investment Pool (the Pool): The Pool’s liquidity fund operates in a manner consistent with the SEC Rule 2a7 of the Investment Company Act of 1940, which allows the fund to use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the District’s position in the Pool is the same as the value of the Pool’s shares and does not include any unrealized gains and losses.

The Pool is governed by an eleven member board of trustees (Board) made up of active participants in the Pool. The Board has the responsibility of adopting and monitoring compliance with the investment policy, appointing investment officers, overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. The Board is also responsible for monitoring performance of the Pool. Financial information for the Pool can be obtained by writing to Post Office Box 400, Austin, Texas 78767-0400 or by calling 1-800-758-3927.

The Jourdanton Independent School District has no investments measured at the Net Asset Value (NAV) per Share (or its equivalent).

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

**C. DELINQUENT TAXES RECEIVABLE**

Delinquent taxes are collected based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General Fund are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**D. INTERFUND BALANCES AND TRANSFERS**

Interfund balances, primarily for payroll clearing purposes, at August 31, 2018 consisted of the following amounts:

**Due to General Fund From:**

Intrafund	\$ 24,633
Total Due to General Fund From Other Funds	<u>\$ 24,633</u>

**Transfers to Nonmajor Governmental Funds From:**

General Fund	\$ 130,916
Total Transfers to Nonmajor Governmental Funds From Other Funds	<u>\$ 130,916</u>

Transfers were used to supplement the District’s Child Nutrition Program.

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at August 31, 2018 were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
<b>Governmental Activities:</b>					
General Fund	\$ 1,026,174	\$ 374,282	\$ 24,633	\$ 113,718	\$ 1,538,807
Debt Service Fund	98,507	-	-	-	98,507
Nonmajor Governmental Funds	-	302,415	-	22,729	325,144
Total Governmental Activities	<u>\$ 1,124,681</u>	<u>\$ 676,697</u>	<u>\$ 24,633</u>	<u>\$ 136,447</u>	<u>\$ 1,962,458</u>
Amount not scheduled for collection during subsequent year	<u>\$ 168,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,702</u>

Payables at August 31, 2018 were as follows:

	Accounts Payables	Salaries and Benefits	Due to Other Funds	Due to Other Governments	Total Payables
<b>Governmental Activities:</b>					
General Fund	\$ 158,255	\$ 661,466	\$ 24,633	\$ 74,756	\$ 919,110
Capital Projects Funds	1,076,330	-	-	-	1,076,330
Nonmajor Governmental Funds	96,494	53,655	-	4,182	154,331
Total Governmental Activities	<u>\$ 1,331,079</u>	<u>\$ 715,121</u>	<u>\$ 24,633</u>	<u>\$ 78,938</u>	<u>\$ 2,149,771</u>
Amount not scheduled for payment during subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**F. CAPITAL ASSET ACTIVITY**

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

	Primary Government			
	Beginning Balance	Additions/ Reclassifications	Retirements/ Reclassifications	Ending Balance
<b>Governmental Activities:</b>				
Land	\$ 1,181,420	\$ -	\$ -	\$ 1,181,420
Buildings and improvements	38,138,087	23,207,227	-	61,345,314
Equipment	2,836,253	21,287	-	2,857,540
Library books and media	120,525	-	-	120,525
Construction in progress	12,981,795	10,213,971	(23,195,766)	-
Total at historical cost	<u>55,258,080</u>	<u>33,442,485</u>	<u>(23,195,766)</u>	<u>65,504,799</u>
Less accumulated depreciation				-
Buildings and improvements	(5,577,844)	(1,036,142)	-	(6,613,986)
Equipment	(1,972,697)	(161,593)	-	(2,134,290)
Library books and media	<u>(116,833)</u>	<u>-</u>	<u>-</u>	<u>(116,833)</u>
Total accumulated depreciation	<u>(7,667,374)</u>	<u>(1,197,735)</u>	<u>-</u>	<u>(8,865,109)</u>
Governmental activities capital assets, net	<u>\$ 47,590,706</u>	<u>\$ 32,244,750</u>	<u>\$ (23,195,766)</u>	<u>\$ 56,639,690</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 615,547
Instructional resources and media services	10,259
School leadership	72,655
Guidance, counseling and evaluation services	27,205
Health services	8,170
Student transportation	206,538
Food services	57,942
Extracurricular activities	10,857
General administration	50,969
Plant maintenance and operations	124,391
Data processing services	<u>13,202</u>
Total Depreciation Expense	<u>\$ 1,197,735</u>

## G. BONDS PAYABLE

Bond indebtedness of the District is reflected in the Statement of Net Position, and current requirements for principles and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in bonds payable for the year ended August 31, 2018 is as follows:

Description	Final Maturity	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Amounts Outstanding 9/1/2017	Issued	Retired/ Refunded	Amounts Outstanding 8/31/2018	Amounts Due Within One Year
Unlimited Tax School Building Bonds, Series 2016	2041	2.00% - 5.00%	\$ 22,305,000	\$ 999,050	\$ 21,790,000	\$ -	\$ 555,000	\$ 21,235,000	\$ 565,000
Unlimited Tax School Building Bonds, Series 2017	2047	1.66% - 5.00%	19,490,000	1,057,297	19,490,000	-	75,000	19,415,000	360,000
Totals				\$ 2,056,347	\$ 41,280,000	\$ -	\$ 630,000	\$ 40,650,000	\$ 925,000

Debt Service requirements for general obligation bonds and refund bonds are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2019	\$ 925,000	\$ 1,755,466	\$ 2,680,466
2020	955,000	1,725,391	2,680,391
2021	985,000	1,696,996	2,681,996
2022	1,010,000	1,664,600	2,674,600
2023	1,055,000	1,621,225	2,676,225
2024-2028	6,025,000	7,338,525	13,363,525
2029-2033	7,500,000	5,826,300	13,326,300
2034-2038	9,400,000	3,896,350	13,296,350
2039-2043	8,610,000	1,613,000	10,223,000
2044-2047	4,185,000	343,100	4,528,100
Total	\$ 40,650,000	\$ 27,480,953	\$ 68,130,953

## H. DEBT PAYABLE

On February 24, 2011, the District issued Maintenance Tax Notes in the amount of \$4,926,000 for the purpose of providing funds to pay maintenance improvements as authorized by Texas Education Code, Section 45.108. The Board of Trustees elected to designate the Note as a “Qualified School Construction Bond” under sections 54A and 54F of the Internal Revenue Code of 1986. Under these sections the District is able to obtain a “Federal Subsidy” or cash subsidy for the amount of interest which would have been payable under such Note if such interest were determined at the applicable credit rate determined under Section 54A(b)(3) of the Internal Revenue Code. Annual principal and interest payments are scheduled to begin on February 15, 2012 and end on February 15, 2026. The interest rate on the Note is 6.75% with a federally subsidized amount of 5.45% for a net interest cost of 1.30% to the District.

On April 8, 2014, the District issued Maintenance Tax Notes in the amount of \$2,300,000 for the purpose of providing funds to pay for repairs and renovations as authorized by Texas Education Code, Section 45.108. The Board of Trustees elected to designate the Note as a “Qualified Zone Academy Bond” under section 54E of the Internal Revenue Code of 1986. Under these sections the District is able to obtain a “Federal Subsidy” or cash subsidy for the amount of interest which would have been payable under such Note if such interest were determined at the applicable credit rate determined under Section 54A(d)(4)(c) of the Internal Revenue Code. Annual principal and interest payments are scheduled to begin on December 15, 2014 and end on December 15, 2027. The interest rate on the Note is 4.95% with a federally subsidized amount of 4.24% for a net interest cost of 0.71% to the District.

Notes payable of the District are reflected in the Statement of Net Position, and current requirements for principal and interest expenditures are accounted for in the General Fund.

A summary of changes in debt payable for the year ended August 31, 2018 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable		Retired/ Refunded	Amounts Outstanding 8/31/2018	Amounts Due Within One Year
				Amounts Outstanding 9/1/2017	Issued			
Maintenance Tax Notes Series 2011	1.30%	\$ 4,926,000	\$ 56,197	\$ 3,386,000	\$ -	\$ 357,000	\$ 3,029,000	\$ 362,000
Maintenance Tax Notes Series 2013	0.71%	2,300,000	12,113	1,706,000	-	150,000	1,556,000	151,000
Loan Payable - Buses	3.378%	281,634	5,889	174,512	-	56,188	118,324	58,086
<b>Totals</b>		<u>\$ 7,507,634</u>	<u>\$ 74,199</u>	<u>\$ 5,266,512</u>	<u>\$ -</u>	<u>\$ 563,188</u>	<u>\$ 4,703,324</u>	<u>\$ 571,086</u>

Long-term debt service requirements are as follows:

Year Ended August 31,	Total Requirements		
	Principal	Interest	Total
2019	\$ 571,086	\$ 54,415	\$ 625,501
2020	578,238	46,486	624,724
2021	524,000	38,809	562,809
2022	530,000	32,900	562,900
2023	536,000	26,919	562,919
2024-2028	<u>1,964,000</u>	<u>47,562</u>	<u>2,011,562</u>
<b>Total</b>	<u>\$ 4,703,324</u>	<u>\$ 247,091</u>	<u>\$ 4,950,415</u>

**I. CHANGES IN LONG-TERM LIABILITIES**

Following is a summary of changes in long-term liabilities for the year ended August 31, 2018:

	Amounts Outstanding 9/1/2017	Additions	Deletions	Amounts Outstanding 8/31/2018	Due Within One Year
Bonds Payable	\$ 41,280,000	\$ -	\$ 630,000	\$ 40,650,000	\$ 925,000
Net Issuance Premiums/Discounts	4,459,100	-	183,378	4,275,722	-
Total Bonds Payable	45,739,100	-	813,378	44,925,722	925,000
Notes Payable	5,266,512	-	563,188	4,703,324	571,086
	<u>\$ 51,005,612</u>	<u>\$ -</u>	<u>\$ 1,376,566</u>	<u>\$ 49,629,046</u>	<u>\$ 1,496,086</u>

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2018.

**J. COMMITMENTS UNDER LEASES**

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of August 31, 2018, as follows:

Year Ended <u>August 31,</u>	
2019	<u>\$ 69,275</u>
Total Minimum Rentals	<u>\$ 69,275</u>
Rental Expenditures for Fiscal Year 2018	<u>\$ 87,505</u>

**K. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS**

The State of Texas has created a minimum personal leave program consisting of five days per year leave with no limit on accumulation and transferability among districts for every teacher regularly employed in Texas public schools.

Each district’s local Board of Education is required to establish a leave plan. Local school districts may provide additional leave beyond the state minimum. Jourdanon Independent School District provides an additional five days per year leave above the state granted five days per year. Personal leave is not vested, therefore, upon resignation, termination or nonrenewal of contract, accumulated personal leave is not paid.

**L. HEALTH CARE COVERAGE**

During the period ended August 31, 2018, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$298 per pay period per employee and dependents based on employee coverage selection to the plan. All premiums were paid to a self-funded pool. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement. The contract between the District and the licensed insurer is renewable annually and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Blue Cross/Blue Shield TRS ActiveCare are available and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

**M. DEFINED BENEFIT PENSION PLAN**

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

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

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

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

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

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 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

<b>Contributions Rates</b>		
	<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%
District's 2018 FY Employer Contributions		\$ 285,286
District's 2018 FY Member Contributions		\$ 749,012
Measurement Year NECE On-Behalf Contributions		\$ 511,622

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (including public 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 or a privately sponsored source.

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.

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

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

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.

**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:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return *
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Hedge Funds (Stable Value)	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectations			2.2%
Alpha			1.0%
<b>Total</b>	<b>100%</b>		<b>8.7%</b>

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

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 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:	\$4,791,138	\$2,842,052	\$1,219,122

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2018, Jourdanton Independent School District reported a liability of \$2,842,052 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Jourdanton Independent School District. The amount recognized by Jourdanton Independent School 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 Jourdanton Independent School District were as follows:

District's proportionate share of the collective net pension liability	\$ 2,842,052
State's proportionate share that is associated with the District	<u>5,002,291</u>
Total	<u>\$ 7,844,343</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 employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was .0088884646% which was an increase of 0.0000881901% from its proportion measured as of August 31, 2016.

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

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

For the year ended August 31, 2018, Jourdanton Independent School District recognized pension expense of \$381,555 and revenue of \$381,555 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2018, Jourdanton Independent School 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: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 41,581	\$ 153,268
Changes in actuarial assumptions	129,460	74,113
Net difference between projected and actual investment earnings	-	207,122
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	542,879	54,111
Contributions paid to TRS subsequent to the measurement date	285,286	-
Total	\$ 999,206	\$ 488,614

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2019	\$ 32,801
2020	214,217
2021	18,863
2022	(37,099)
2023	(4,101)
Thereafter	625

#### N. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2017 are as follows:

Net OPEB Liability	Total
Total OPEB Liability	\$ 43,885,784,621
Less: Plan fiduciary net position	399,535,986
Net OPEB liability	<u>\$ 43,486,248,635</u>
Net position as a percentage of total OPEB liability	<u>0.91%</u>

**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.

**TRS-Care Plan Premium Rates**  
Effective Sept. 1, 2016 - Dec. 31, 2017

	TRS Care-1 Basic Plan	TRS Care-2 Optional Plan	TRS Care-3 Optional Plan
Retiree*	\$ 0	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82

\*or surviving spouse

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which 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.

**Contributions 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%
District's 2018 FY Employer Contributions		\$ 81,260
District's 2018 FY Member Contributions		\$ 63,227
Measurement Year NECE On-Behalf Contributions		\$ 93,418

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. House Bill 21 was passed in special session and provided a supplemental appropriation in the amount of \$212 million in fiscal year 2018.

The District's proportionate share of the \$212,000,000 received during the district's 2018 fiscal year is reported in the fund level financial statements as an on-behalf contribution as required by GASB 85 and GASB 24.

**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	

**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% - 9.50%
Healthcare Trend Rates	4.50% - 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

**Discount Rate.** A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

**Sensitivity of the Net OPEB Liability:**

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (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 OPEB Liability:	\$6,021,122	\$5,101,573	\$4,362,462

**Healthcare Cost Trend Rates Sensitivity Analysis** - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$4,247,569	\$5,101,573	\$6,222,133

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At August 31, 2018, Jourdanton Independent School District reported a liability of \$5,101,573 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 Jourdanton Independent School District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 5,101,573
State's proportionate share that is associated with the District	7,813,831
Total	<u>\$ 12,915,404</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, 2017 the employer's proportion of the collective Net OPEB Liability was .0117314616% which was the same proportion measured as of August 31, 2016.

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

1. Significant plan changes were adopted during fiscal year ending August 31, 2018. 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.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.

- The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

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

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

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

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

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

For the year ended August 31, 2018, Jourdanton Independent School District recognized OPEB expense of \$(2,614,716) and revenue of \$(2,614,716) for support provided by the State.

At August 31, 2018, Jourdanton Independent School 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 actuarial experience	\$ -	\$ 106,499
Changes in actuarial assumptions	-	2,027,498
Net difference between projected and actual investment earnings	775	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	23	-
Contributions paid to TRS subsequent to the measurement date	81,260	-
Total	\$ 82,058	\$ 2,133,997

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2019	\$ (281,477)
2020	(281,477)
2021	(281,477)
2022	(281,477)
2023	(281,671)
Thereafter	(725,620)

**O. MEDICARE PART D - ON BEHALF PAYMENTS**

The Medicare Prescription Drug, Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Payments made on behalf of Jourdanton Independent School District for fiscal years 2016, 2017, and 2018 were \$40,199, \$32,375, and \$31,273.

**P. LITIGATION**

The District is occasionally involved in litigation in the general course of business. Attorneys for the District indicate there is no pending litigation at August 31, 2018.

**Q. SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

The District participates in numerous state and Federal 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, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 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 provision has been recorded in the accompanying combined financial statements for such contingencies.

**R. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS**

The District is the fiscal agent for a Shared Services Arrangement (“SSA”) which provides alternative campuses to member districts. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided by TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in its Special Revenue Fund and Fund 459 “Special Education Unit” and will be accounted for using Model 3 in the SSA section of the Resource Guide. Contributions to the SSA are summarized below:

Member Districts	Special Education Unit
Independent School District	\$ 5,829
Devine Independent School District	5,830
Dilley Independent School District	5,830
George West Independent School District	5,829
Jourdanton Independent School District	5,829
Lytle Independent School District	5,830
McMullen County Independent School District	5,830
Natalia Independent School District	5,830
Pearsall Independent School District	5,830
Pleasanton Independent School District	5,829
Poteet Independent School District	5,829
Somerset Independent School District	5,830
Portions Relieved from /(added to) Deferred Revenue	(5,125)
Total	<u>\$ 64,830</u>

**S. UNEARNED REVENUE**

Unearned revenue at year end consisted of the following:

	General Fund	Capital Projects Fund	Other Fund	Total
State Revenue	\$ -	\$ -	\$ 8,689	\$ 8,689
Federal Revenue	-	-	30,693	30,693
Local Revenue	19,860	-	-	19,860
Total Unearned Revenue	<u>\$ 19,860</u>	<u>\$ -</u>	<u>\$ 39,382</u>	<u>\$ 59,242</u>

**T. 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 August 31, 2018, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements.

Fund	State Entitlements	Federal Grants	Other	Total
General Fund	\$ 374,282	\$ -	\$ -	\$ 374,282
Other Funds	37,195	261,251	3,969	302,415
Total	<u>\$ 411,477</u>	<u>\$ 261,251</u>	<u>\$ 3,969</u>	<u>\$ 676,697</u>

**U. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

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

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Funds	Total
Property Taxes	\$ 9,323,770	\$ 2,824,682	\$ -	\$ -	\$ 12,148,452
Penalties, Interest and Other					
Tax-related Income	159,867	650	-	-	160,517
Investment Income	18,215	327	128,989	86	147,617
Rent	50,737	-	-	-	50,737
Foundation, Gifts and Bequests	-	-	-	2,865	2,865
Insurance Recovery	-	-	-	-	-
Food Sales	-	-	-	222,819	222,819
Extracurricular Student Activities	67,731	-	-	-	67,731
Enterprising Revenue	-	-	-	185,281	185,281
Shared Service	-	-	-	64,830	64,830
Other	31,430	-	-	1,720	33,150
Total	<u>\$ 9,651,750</u>	<u>\$ 2,825,659</u>	<u>\$ 128,989</u>	<u>\$ 477,601</u>	<u>\$ 13,083,999</u>

**V. GENERAL FUND FEDERAL SOURCES REVENUE**

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>
School Health and Related Services (SHARS) Program	N/A	\$ 416,471
Medicaid Administrative Claiming Program (MAC)	N/A	<u>169,270</u>
Total:		<u>\$ 585,741</u>

**W. RELATED PARTY TRANSACTIONS**

During the year the District received printing services and office supplies from R B Printing in the amount of \$6,284. R B Printing is owned by a trustee of the District. There was a related party payable to R B Printing of \$567 as of August 31, 2018.

**X. PRIOR PERIOD ADJUSTMENT**

During fiscal year 2018, the District adopted GASB Statement No. 75 for Accounting and Reporting for OPEB. With GASB 75, the District must assume their proportionate share of the OPEB Liability of the Teachers Retirement System of Texas TRS Care Plan. Adoption of GASB 75 required a prior adjustment to report the effect of GASB 75 retroactively. The amount of the prior period adjustment is \$(8,945,577). The restated beginning net position is \$3,847,285.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 9,290,500	\$ 9,610,872	\$ 9,651,750	\$ 40,878
5800	State Program Revenues	5,030,878	5,332,245	5,294,590	(37,655)
5900	Federal Program Revenues	340,000	583,733	585,741	2,008
5020	Total Revenues	14,661,378	15,526,849	15,532,081	5,232
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	8,307,001	8,664,004	8,198,633	465,371
0012	Instructional Resources and Media Services	101,699	104,750	99,121	5,629
0013	Curriculum and Instructional Staff Development	48,750	48,750	18,129	30,621
0021	Instructional Leadership	93,609	99,365	94,854	4,511
0023	School Leadership	824,169	846,371	841,755	4,616
0031	Guidance, Counseling and Evaluation Services	325,119	359,186	339,850	19,336
0033	Health Services	71,757	75,791	71,960	3,831
0034	Student (Pupil) Transportation	333,706	487,816	426,682	61,134
0035	Food Services	21,591	36,045	26,755	9,290
0036	Extracurricular Activities	800,533	822,567	809,568	12,999
0041	General Administration	651,946	694,280	630,413	63,867
0051	Facilities Maintenance and Operations	1,599,516	1,772,224	1,588,610	183,614
0052	Security and Monitoring Services	67,850	79,850	51,767	28,083
0053	Data Processing Services	236,215	252,935	237,435	15,500
0061	Community Services	678	5,678	3,094	2,584
Debt Service:					
0071	Principal on Long-Term Debt	563,189	563,189	563,188	1
0072	Interest on Long-Term Debt	74,754	74,754	74,199	555
Capital Outlay:					
0081	Facilities Acquisition and Construction	40,000	40,000	-	40,000
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	130,363	130,363	130,363	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.	6,000	6,000	5,829	171
0099	Other Intergovernmental Charges	226,188	226,188	208,325	17,863
6030	Total Expenditures	14,524,633	15,390,106	14,420,530	969,576
1100	Excess of Revenues Over Expenditures	136,745	136,743	1,111,551	974,808
<b>OTHER FINANCING SOURCES (USES):</b>					
8911	Transfers Out (Use)	(136,745)	(136,745)	(130,916)	5,829
1200	Net Change in Fund Balances	-	(2)	980,635	980,637
0100	Fund Balance - September 1 (Beginning)	3,710,708	3,710,708	3,710,708	-
3000	Fund Balance - August 31 (Ending)	\$ 3,710,708	\$ 3,710,706	\$ 4,691,343	\$ 980,637

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

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
District's Proportion of the Net Pension Liability (Asset)	0.008888465%	0.0088003%	0.0094827%	0.0060084%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,842,052	\$ 3,325,493	\$ 3,352,008	\$ 1,604,926
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	5,002,291	6,176,031	5,928,650	5,233,836
Total	<u>\$ 7,844,343</u>	<u>\$ 9,501,524</u>	<u>\$ 9,280,658</u>	<u>\$ 6,838,762</u>
District's Covered Payroll	\$ 9,994,924	\$ 9,829,458	\$ 9,651,681	\$ 9,632,422
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	28.43%	33.83%	34.73%	16.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2017 for year 2018, August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only four years of data are presented this reporting period. "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."

JOURDANTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2018

	2018	2017	2016	2015
Contractually Required Contribution	\$ 285,286	\$ 291,312	\$ 279,607	\$ 268,708
Contribution in Relation to the Contractually Required Contribution	285,286	291,312	279,607	268,708
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Payroll	\$ 9,727,368	\$ 9,994,924	\$ 9,829,458	\$ 9,651,681
Contributions as a Percentage of Covered Payroll	2.93%	2.91%	2.84%	2.78%

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

Note: In accordance with GASB 68, Paragraph 138, only four years of data are presented this reporting period. "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."

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

	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.011731462%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 5,101,573
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) Associated with the District	7,813,831
Total	\$ 12,915,404
District's Covered Payroll	\$ 9,994,924
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	51.04%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2018 are based on the August 31, 2017 measurement date.

This 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.

JOURDANTON INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR FISCAL YEAR 2018

	2018
Contractually Required Contribution	\$ 81,260
Contribution in Relation to the Contractually Required Contribution	81,260
Contribution Deficiency (Excess)	\$ -0-
District's Covered Payroll	\$ 9,727,368
Contributions as a Percentage of Covered Payroll	0.84%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year..

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

JOURDANTON INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2018

A. Notes to Schedules for the TRS Pension

*Changes of Benefit terms.*

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

*Changes of Assumptions.*

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

B. Notes to Schedules for the TRS OPEB Plan

*Changes in Benefit.*

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

*Changes in Assumptions.*

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

1. 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.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

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

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

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

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

## **COMBINING AND OTHER STATEMENTS**

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

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	287 Mathematics and Science Partnership	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ (79,031)	\$ 112,001	\$ (10,223)	\$ -
1240	Due from Other Governments	97,759	38,739	10,223	-
1290	Other Receivables	-	5,241	-	-
1300	Inventories	-	18,136	-	-
1000	Total Assets	<u>\$ 18,728</u>	<u>\$ 174,117</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 51,161	\$ -	\$ -
2160	Accrued Wages Payable	14,977	20,471	-	-
2180	Due to Other Governments	2,237	-	-	-
2200	Accrued Expenditures	1,514	2,076	-	-
2300	Unearned Revenue	-	30,693	-	-
2000	Total Liabilities	<u>18,728</u>	<u>104,401</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	18,136	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	51,580	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>69,716</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 18,728</u>	<u>\$ 174,117</u>	<u>\$ -</u>	<u>\$ -</u>

289 Title IV Part A Subpart 2	294 SSA Head Start	331 SSA - Career & Technical - Basic Grant	350 SSA - III, A English Lang. Acquisition	410 State Textbook Fund	429 SB972 Trng. Acad Tchread Comp	459 Special Education Unit	461 Campus Activity Funds
\$ (91,647)	\$ (7,262)	\$ (3,969)	\$ -	\$ (664)	\$ -	\$ (2,890)	\$ 114,928
91,647	22,883	3,969	-	37,195	-	-	-
-	-	-	-	-	-	17,488	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 15,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,531</u>	<u>\$ -</u>	<u>\$ 14,598</u>	<u>\$ 114,928</u>
\$ -	\$ -	\$ -	\$ -	\$ 36,515	\$ -	\$ -	\$ 8,818
-	12,408	-	-	-	-	5,799	-
-	1,945	-	-	-	-	-	-
-	1,268	-	-	-	-	126	-
-	-	-	-	16	-	8,673	-
<u>-</u>	<u>15,621</u>	<u>-</u>	<u>-</u>	<u>36,531</u>	<u>-</u>	<u>14,598</u>	<u>8,818</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	106,110
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,110</u>
<u>\$ -</u>	<u>\$ 15,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,531</u>	<u>\$ -</u>	<u>\$ 14,598</u>	<u>\$ 114,928</u>

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

Data Control Codes	483 Virginia Steinle Fund	484 Billy & Alberta Mueller Fund	485 Paul Gansky Fund	Total Nonmajor Governmental Funds	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 18,172	\$ 5,205	\$ 770	\$ 55,390
1240	Due from Other Governments	-	-	-	302,415
1290	Other Receivables	-	-	-	22,729
1300	Inventories	-	-	-	18,136
1000	Total Assets	<u>\$ 18,172</u>	<u>\$ 5,205</u>	<u>\$ 770</u>	<u>\$ 398,670</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 96,494
2160	Accrued Wages Payable	-	-	-	53,655
2180	Due to Other Governments	-	-	-	4,182
2200	Accrued Expenditures	-	-	-	4,984
2300	Unearned Revenue	-	-	-	39,382
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,697</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	18,136
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	51,580
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	106,110
3600	Unassigned Fund Balance	18,172	5,205	770	24,147
3000	Total Fund Balances	<u>18,172</u>	<u>5,205</u>	<u>770</u>	<u>199,973</u>
4000	Total Liabilities and Fund Balances	<u>\$ 18,172</u>	<u>\$ 5,205</u>	<u>\$ 770</u>	<u>\$ 398,670</u>

JOURDANTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	287 Mathematics and Science Partnership
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ 222,896	\$ -	\$ -
5800 State Program Revenues	-	4,351	-	-
5900 Federal Program Revenues	227,421	644,880	31,855	550
5020 Total Revenues	227,421	872,127	31,855	550
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	193,302	-	31,475	550
0013 Curriculum and Instructional Staff Development	-	-	380	-
0033 Health Services	34,119	-	-	-
0035 Food Services	-	963,349	-	-
0036 Extracurricular Activities	-	-	-	-
6030 Total Expenditures	227,421	963,349	31,855	550
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(91,222)	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	124,303	-	-
1200 Net Change in Fund Balance	-	33,081	-	-
0100 Fund Balance - September 1 (Beginning)	-	36,635	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 69,716	\$ -	\$ -

289 Title IV Part A Subpart 2	294 SSA Head Start	331 SSA - Career & Technical - Basic Grant	350 SSA - III, A English Lang. Acquisition	410 State Textbook Fund	429 SB972 Trng. Acad Tchread Comp	459 Special Education Unit	461 Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,830	\$ 187,731
-	-	-	-	135,038	700	-	-
101,147	133,055	6,814	949	-	-	-	-
101,147	133,055	6,814	949	135,038	700	64,830	187,731
101,147	139,668	5,591	949	135,038	700	64,830	-
-	-	1,223	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	165,245
101,147	139,668	6,814	949	135,038	700	64,830	165,245
-	(6,613)	-	-	-	-	-	22,486
-	6,613	-	-	-	-	-	-
-	-	-	-	-	-	-	22,486
-	-	-	-	-	-	-	83,624
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,110

JOURDANTON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	483 Virginia Steinle Fund	484 Billy & Alberta Mueller Fund	485 Paul Gansky Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 9	\$ 2,015	\$ 120	\$ 477,601
5800 State Program Revenues	-	-	-	140,089
5900 Federal Program Revenues	-	-	-	1,146,671
5020 Total Revenues	9	2,015	120	1,764,361
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	2,000	-	-	675,250
0013 Curriculum and Instructional Staff Development	-	-	-	1,603
0033 Health Services	-	-	-	34,119
0035 Food Services	-	-	-	963,349
0036 Extracurricular Activities	-	-	-	165,245
6030 Total Expenditures	2,000	-	-	1,839,566
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,991)	2,015	120	(75,205)
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	130,916
1200 Net Change in Fund Balance	(1,991)	2,015	120	55,711
0100 Fund Balance - September 1 (Beginning)	20,163	3,190	650	144,262
3000 Fund Balance - August 31 (Ending)	\$ 18,172	\$ 5,205	\$ 770	\$ 199,973

## **T.E.A. REQUIRED SCHEDULES**

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2009 and prior years	Various	Various	\$ Various
2010	1.170000	0.000000	437,900,121
2011	1.170000	0.000000	453,741,129
2012	1.170000	0.000000	453,384,530
2013	1.221000	0.000000	529,953,569
2014	1.046000	0.000000	748,026,482
2015	1.170000	0.000000	804,674,701
2016	1.170000	0.000000	864,535,812
2017	1.170000	0.206200	748,548,612
2018 (School year under audit)	1.170000	0.360300	807,924,721
1000 TOTALS			

(10) Beginning Balance 9/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2018
\$ 292,014	\$ -	\$ 4,760	\$ -	\$ (16,298)	\$ 270,956
31,657	-	1,537	-	(3,475)	26,645
29,825	-	1,027	-	(2,013)	26,785
34,223	-	2,527	-	(242)	31,454
47,359	-	6,432	-	489	41,416
76,741	-	6,413	-	(713)	69,615
79,864	-	17,855	-	(2,059)	59,950
171,599	-	60,888	-	(3,127)	107,584
345,679	-	116,337	20,503	(11,133)	197,706
-	12,363,672	9,105,994	2,804,179	(160,929)	292,570
<u>\$ 1,108,961</u>	<u>\$ 12,363,672</u>	<u>\$ 9,323,770</u>	<u>\$ 2,824,682</u>	<u>\$ (199,500)</u>	<u>\$ 1,124,681</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 271,522	\$ 271,522	\$ 222,896	\$ (48,626)
5800 State Program Revenues	4,000	4,000	4,351	351
5900 Federal Program Revenues	615,288	630,495	644,880	14,385
5020 Total Revenues	890,810	906,017	872,127	(33,890)
<b>EXPENDITURES:</b>				
0035 Food Services	1,014,873	1,040,080	963,349	76,731
0051 Facilities Maintenance and Operations	240	240	-	240
6030 Total Expenditures	1,015,113	1,040,320	963,349	76,971
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(124,303)	(134,303)	(91,222)	43,081
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	124,303	124,303	124,303	-
1200 Net Change in Fund Balances	-	(10,000)	33,081	43,081
0100 Fund Balance - September 1 (Beginning)	36,635	36,635	36,635	-
3000 Fund Balance - August 31 (Ending)	\$ 36,635	\$ 26,635	\$ 69,716	\$ 43,081

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 2,687,348	\$ 2,818,468	\$ 2,825,659	\$ 7,191
5020	Total Revenues	2,687,348	2,818,468	2,825,659	7,191
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long-Term Debt	630,000	761,120	630,000	131,120
0072	Interest on Long-Term Debt	2,056,348	2,056,348	2,056,347	1
0073	Bond Issuance Cost and Fees	1,000	1,000	1,000	-
6030	Total Expenditures	2,687,348	2,818,468	2,687,347	131,121
1200	Net Change in Fund Balances	-	-	138,312	138,312
0100	Fund Balance - September 1 (Beginning)	7,057	7,056	7,057	1
3000	Fund Balance - August 31 (Ending)	\$ 7,057	\$ 7,057	\$ 145,369	\$ 138,312

## **FEDERAL SECTION**

# COLEMAN, HORTON & COMPANY, LLP

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

To the Board of Trustees of  
Jourdanton Independent School District  
200 Zanderson  
Jourdanton, Texas 78026

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 the Jourdanton Independent School District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the Jourdanton Independent School District's basic financial statements, and have issued our report thereon dated November 23, 2018.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Jourdanton Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jourdanton Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jourdanton Independent School 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 Jourdanton Independent School 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.

*Coleman Horton + Company, LLP*

Uvalde, Texas  
November 23, 2018

# COLEMAN, HORTON & COMPANY, LLP

Certified Public Accountants

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

To the Board of Trustees of  
Jourdanton Independent School District  
200 Zanderson  
Jourdanton, Texas 78026

### Report on Compliance for Each Major Federal Program

We have audited the Jourdanton Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Jourdanton Independent School District's major federal programs for the year ended August 31, 2018. Jourdanton Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

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

#### *Auditor's Responsibility*

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

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

#### *Opinion on Each Major Federal Program*

In our opinion, the Jourdanton Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

## Report on Internal Control over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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.

*Coleman Horton & Company, LLP*

Uvalde, Texas  
November 23, 2018

JOURDANTON INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED AUGUST 31, 2018

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

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Control deficiency(ies) identified?  Yes  No

Control deficiency(ies) identified that are not considered to be material weakness?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

2. Federal Awards

Internal control over major programs:

Control deficiency(ies) identified?  Yes  No

Control deficiency(ies) identified that are not considered to be material weakness?  Yes  None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 200.56 of the Uniform Guidance?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA #84.010A	ESEA, Title I, Part A - Improving Basic Program
CFDA #84.010A	ESEA, Title I, Part D - Subpart 2
CFDA #93.600	Head Start

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

Auditee qualified as low-risk auditee?  Yes  No

JOURDANTON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2018

**B. Financial Statement Findings**

-----None noted-----

**C. Federal Award Findings and Questioned Costs**

-----None noted-----

JOURDANTON INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2018

-----Not Applicable-----

JOURDANTON INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2018

-----None Noted-----

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through Region XX Service Center</u>			
SSA - Career and Technical - Basic Grant	84.048A	18420006007902	\$ 6,814
SSA - English Lang. Acquisition & Lang.Enhancement	84.365A	18671001015950	949
Mathematics and Science Partnerships	84.366B	176944047110001	550
Total Passed Through Region XX Service Center			8,313
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101007902	211,358
*ESEA, Title I, Part D - Subpart 2	84.010A	18610103007902	16,063
Total CFDA Number 84.010A			227,421
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	18694501007902	31,855
Title IV, Part A, Subpart 1	84.424A	1868010101007902	10,000
Immediate Aid to Restart School Operation	84.938C	S938C180013	91,147
Total Passed Through State Department of Education			360,423
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			368,736
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through BCFS Education Services</u>			
SSA - Head Start	93.600	N/A	133,055
Total Passed Through BCFS Education Services			133,055
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	N/A	169,270
Total Passed Through Texas Dept of Human Services			169,270
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			302,325
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401801	234,353
*National School Lunch Program - Cash Assistance	10.555	71301801	364,566
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	45,961
Total CFDA Number 10.555			410,527
Total Child Nutrition Cluster			644,880
Total Passed Through the State Department of Agriculture			644,880
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			644,880
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 1,315,941

\*Clustered Programs

\*\*Schedule does not include federal revenue reported in the General Fund consisting of SHARS of \$416,471.

JOURDANTON INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2018

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

- The period performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, Part 3, Uniform Guidance Compliance Supplement.
- CFDA numbers for commodity assistance are the CFDA numbers of the programs under which USDA donated the commodities.

## SCHOOLS FIRST QUESTIONNAIRE

Jourdanton Independent School District

Fiscal Year 2018

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	
SF11	Net Pension Assets (1920) at fiscal year-end.	
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$2,842,052
SF13	Pension Expense (6147) at fiscal year-end.	