

CLINT INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2017



CLINT INDEPENDENT SCHOOL DISTRICT

**ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2017**

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CLINT INDEPENDENT SCHOOL DISTRICT

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CERTIFICATE OF BOARD

Clint Independent School District
Name of School District

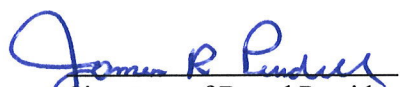
El Paso County
County

071-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved _____ disapproved for the year ended August 31, 2017, at a meeting of the board of trustees of such school district on the 14th day of December, 2017.



Signature of Board Secretary



Signature of Board President

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

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FINANCIAL SECTION

Independent Auditor's Report

To the Board of Trustees
Clint Independent School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clint Independent School District as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clint Independent School District, as of August 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison, and pension information on pages 7 through 15 and 71 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clint Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements, and the required TEA schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2017, on our consideration of the Clint Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clint Independent School District's internal control over financial reporting and compliance.

Gibson Ruddock Patterson, LLC
El Paso, Texas
December 7, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

In this section of the Annual Financial and Compliance Report, we, the management of the Clint Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2017. Please read this discussion in conjunction with the independent auditor's report and the District's financial statements, which follow this section.

Financial Highlights

- The General Fund ended the year with a fund balance of \$47 million, or 47 percent of the total general fund expenditures, increasing by \$6.5 million.
- During the year, the District had expenses that were less than the \$106.5 million generated in tax and other revenues for the general fund.
- The District's total long term liabilities decreased by \$7.4 million or 3.15 percent.

The District continues to receive the highest rating attainable on the Financial Integrity Rating System of Texas (FIRST). The primary goal of FIRST is to achieve quality performance in the management of school district resources. The District continues to maintain on-line financial information to provide transparency and to provide taxpayers with a transparent look at local expenditures and other financial information.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Clint Independent School District's basic financial statements. The Clint Independent School District's basic financial statements are comprised of three components: 1) governmental-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Clint Independent School District's finances, in a manner similar to that of a private sector business. The government-wide fund financial statements can be found on pages 18-19 of this report.

The *statement of net position* presents information on all the Clint Independent School District's assets and deferred outflows of resources, and liabilities, and deferred inflows of resources with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g., uncollected taxes).

Both the *statement of net position* and the *statement of activities* distinguish functions of the Clint Independent School District that are primarily supported by property taxes and federal and state revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through fees and charges. The *governmental activities* of the Clint Independent School District included education, bus transportation, food service and other services. The District does not have any business-type activities.

Fund Financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Clint Independent School District, like other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Clint Independent School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near term financing decisions. Both the governmental fund balance sheets and the governmental fund statements of revenues, expenditures, and changes in the fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The Clint Independent School District maintains four individual governmental fund types. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balance for the general fund and debt service fund. The final funds are comprised of the special revenue funds and permanent fund and such is listed in the "other funds" column.

The Clint Independent School District adopts an annual appropriated budget for its general, child nutrition program and debt service funds individually. The governmental fund financial statements can be found on pages 21-28 of the report.

Proprietary funds

The Clint Independent School District maintains only one type of proprietary fund-an Internal Service Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's co-sponsored self-funded workers' compensation fund. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the District's workers' compensation fund. The proprietary fund financial statements can be found on pages 29-32 of this report.

Fiduciary funds

Fiduciary funds are used for resources held in trust for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those are not available to support the Clint Independent School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements can be found on pages 33-35 of this report.

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

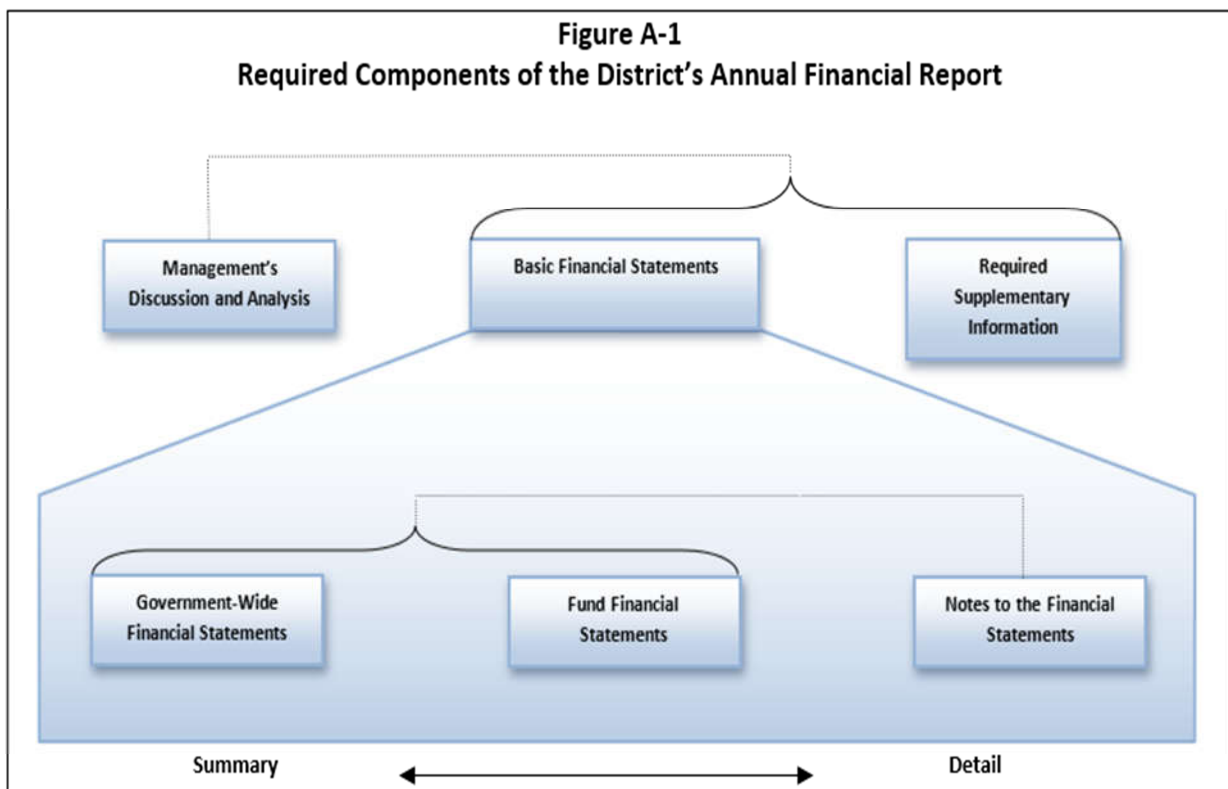


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of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

**Figure A-2
Major Features of the District’s Government-wide and Fund Financial Statements**

Type of Statements	Government-Wide	Governmental Funds	Fund Statements Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire District’s government (except fiduciary fund) and the District’s component units (no components units exist for District)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses; self-insurance	Instances in which the District is the trustee or agent for someone else’s resources
<i>Required Financial Statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Net position • Statement of Revenues, Expenses and changes in Fund Net position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net position
<i>Accounting Basis & Measurement Focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of Asset/Liability Information</i>	All assets and liabilities, both financial and capital; short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District’s funds do not currently contain capital assets
<i>Type of Inflow/Outflow Information</i>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide Financial Analysis

Net position for the District’s governmental activities increased by \$8,259,895 or 13.0%. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, were \$27.6 million and \$32 million at August 31, 2017 and August 31, 2016 respectively.

Food Service operations or the Child Nutrition Program continue to run well and be self-sufficient. The District contracts with a management company to increase student participation through the type and quality of food served coupled with presentation. The increased expenditures incurred from contracting with the management company are offset by the increase in funding generated by increases in participation.

Overall estimated revenue and expenses were in-line with District projections. Our analysis of comparative balances and changes therein focus on the net position (Table I and Table II) and changes in net position of the District’s governmental activities.

Table I
Clint Independent School District
SUMMARIZED NET POSITION

Governmental Activities	August 31, 2017	August 31, 2016	Variance	% Change
Current and Other Assets	\$ 107,839,290	\$ 130,445,152	(22,605,862)	-17.3%
Capital Assets	192,102,248	162,418,516	29,683,732	18.3%
Total Assets	\$ 299,941,538	\$ 292,863,668	7,077,870	2.4%
Deferred Charge for Refunding	6,001,933	6,425,578	(423,645)	-6.6%
Deferred Outflow Related to TRS	9,255,723	10,647,097	(1,391,374)	-13.1%
Total Deferred Outflows of Resources	\$ 15,257,656	\$ 17,072,675	(1,815,019)	-10.6%
Current Liabilities	13,125,442	8,957,314	4,168,128	46.5%
Non-Current Liabilities	227,465,904	234,856,951	(7,391,047)	-3.1%
Total Liabilities	\$ 240,591,346	\$ 243,814,265	(3,222,919)	-1.3%
Deferred Gain on Refunding	521,341	564,755	(43,414)	
Deferred Inflow Related to TRS	2,227,814	1,958,525	269,289	13.7%
Total Deferred Inflows of Resources	\$ 2,749,155	\$ 2,523,280	225,875	9.0%
Net Investment in Capital Assets	33,520,955	23,131,495	10,389,460	44.9%
Restricted	10,766,783	8,385,369	2,381,414	28.4%
Unrestricted	27,570,955	32,081,934	(4,510,979)	-14.1%
Total Net Position	\$ 71,858,693	\$ 63,598,798	8,259,895	13.0%

The cost of all governmental activities this year was \$123 million compared to \$128 million last year. Costs decreased by \$5 million or 4.1 percent. The prior year stated an increase of \$13 million and funds were used to purchase technology for 1:1 student laptop initiative, purchasing property for a high school expansion, and various expenditures to increase supplies and equipment and landscaping projects. These projects were finalized and funds were not needed this year. Although compensation increases were given, the decline in enrollment resulted in reduced spending and reduced staffing. Management reviewed staff vacancies closely and held off filling vacancies or eliminated positions not supported by enrollment. The Board of Trustees approved several budget amendments during the year. The most noteworthy amendments in the General Fund, excluding the Child Nutrition Program, included receipt of insurance recovery proceeds and an increase in related repairs in the General Fund; a decrease of Instruction expenditures offset with increases in Extracurricular Activities and Other Intergovernmental Activities related to estimated payroll, UIL events and tax payment projections. The Board approved an increase to the Child Nutrition Budget for equipment and contracting needs. As shown in the *Statement of Activities* on page 19, the amount that taxpayers ultimately financed for these activities through District Taxes was only \$14.9 million, because the majority of the costs continue to be funded by State.

Table II
Clint Independent School District
SUMMARIZED STATEMENT OF ACTIVITIES

	August 31, 2017	August 31, 2016	Variance	% Change
Governmental Activities				
Revenues				
Program Revenues				
Charges for Services	\$ 847,491	\$ 563,546	283,945	50.4%
Operating Grants and Contributions	34,868,219	31,958,778	2,909,441	9.1%
Capital Grants and Contributions	-	450,153	(450,153)	-100.0%
General Revenues				
Property Taxes Levied for General Purposes	11,031,543	10,531,466	500,077	4.7%
Property Taxes Levied for Debt Services	3,873,097	3,703,338	169,759	4.6%
State Aid-Formula Grants	78,925,422	78,094,957	830,465	1.1%
Investment Earnings	1,108,621	497,956	610,665	122.6%
Miscellaneous Revenue	886,646	6,034,055	(5,147,409)	-85.3%
Total Revenues	\$ 131,541,039	\$ 131,834,249	(293,210)	-0.2%
Expenses				
Instruction	59,564,092	63,483,809	(3,919,717)	-6.2%
Instructional Resources and Media Services	1,229,852	1,189,181	40,671	3.4%
Curriculum and Staff Development	3,017,660	2,819,076	198,584	7.0%
Instructional Leadership	2,875,001	3,100,872	(225,871)	-7.3%
School Leadership	7,186,072	7,278,839	(92,767)	-1.3%
Guidance, Counseling and Evaluation Services	3,783,553	3,593,800	189,753	5.3%
Social Work Services	175,153	209,672	(34,519)	-16.5%
Health Services	1,205,680	1,262,564	(56,884)	-4.5%
Student (Pupil) Transportation	3,533,276	3,621,393	(88,117)	-2.4%
Food Services	9,751,272	9,714,219	37,053	0.4%
Extracurricular Activities	2,767,775	2,944,794	(177,019)	-6.0%
General Administration	3,084,223	3,291,641	(207,418)	-6.3%
Plant Maintenance and Operations	11,713,128	12,392,833	(679,705)	-5.5%
Security and Monitoring Services	2,375,334	2,595,009	(219,675)	-8.5%
Data Processing Services	2,181,473	2,050,184	131,289	6.4%
Community Services	290,885	263,894	26,991	10.2%
Debt Service-Interest on Long Term Debt	7,577,215	7,198,015	379,200	5.3%
Debt Service-Bond Issuance Cost and Fees	7,994	638,923	(630,929)	-98.7%
Capital Outlay	662,576	630,727	31,849	5.0%
Other Intergovernmental Charges	298,930	268,872	30,058	11.2%
Total Expenses	\$ 123,281,144	\$ 128,548,317	(5,267,173)	-4.1%
Increase in Net Position Before Prior Period Adj	8,259,895	3,285,932	4,973,963	151.4%
Prior Period Adjustment (TRS)	-	-	-	
Increase in Net Position	\$ 8,259,895	\$ 3,285,932	4,973,963	151.4%
Beginning Net Position	63,598,798	60,312,866	3,285,932	5.4%
Ending Net Position	\$ 71,858,693	\$ 63,598,798	8,259,895	13.0%

Capital Asset and Debt Administration

Capital Assets

At the end of 2017, the District had \$192 million, net of depreciation, invested in a broad range of capital assets, including land, facilities, vehicles and other equipment for instruction, transportation, athletics, administration, and maintenance. The depreciation expense was \$5.0 million with a net increase in capital assets of \$29.6 million. The District continues to expend Series 2015 Building bond proceeds. Additional information about the District's capital assets can be found in Note D.

Debt

At year-end, the District had \$201 million in bonds and a capital lease outstanding, a decrease of \$7 million over last year. The District issued \$78 million in new bond debt during the fiscal year ended August 31, 2015. The bond funds will provide numerous repairs, renovations and additions to school buildings. These projects include safety and security vestibules and access control systems, classroom additions and expansions, roof repairs and replacements, heating and cooling upgrades and replacements, electrical and plumbing renovations and other interior and exterior renovations. The majority of the projects have begun and construction is in progress.

The District aggressively manages its debt and has refinanced or refunded portions of it to reduce the burden to taxpayers and the State. Each occurrence has resulted in lower interest rates and annual savings. The District utilizes the Existing Debt Allotment and Instructional Facilities Allotment funding, which provides savings to the District and well as tax payers.

The District credit ratings have remained favorable and have not decreased. The current Moody's credit rating is Aaa/A1 and the Fitch Rating is AAA/AA-. Both parties note the District has a stable financial outlook which is significant as it allows the District to sell and refund bonds in a more competitive market and realize potential interest rate savings, which are considered during budget and tax rate preparations.

Detailed information about the District's long-term liabilities is presented in Note I and J.

The District's Funds

As the District completed the year, its general fund (as presented in the balance sheet on page 22) reported a fund balance of \$47 million, which is an increase of \$6.7 million over last year's general fund balance. The District has implemented a planned fund balance program, even though fund balance amounts have always been projected and available to insure fiscal stability, a formal policy has been adopted. With the recent changes in State funding and the reductions these changes impose, available cash flow and reserves are imperative.

The District continues to use allocation based budgeting process. Allocation based budgeting has provided the District with consistent expenditures per pupil populations, attendance zones, and provides the District with an equitable and efficient budgeting process. The District has chosen this process to insure budgeting practices enhance the evaluation of the budget and educational performance. Budgets are monitored and reviewed on a monthly basis. Guidelines and procedures are in place to insure federal, state and local budget requirements are reviewed, monitored and met.

Economic Factors and Next Year's Budget and Rates

Many economic factors were considered in developing the budget and setting the tax rate for the 2017-2018 school year— State and Federal funding, property values, student growth, investment income, teacher shortages and retainage, and the economy are all factored into the decision making process.

Student enrollment decreased over the last several years and is largely attributed to the economic condition of the area and the State. New home construction has slowed, but continues. New housing construction is evident in several areas of the District, but remains slow. The District is projecting flat enrollment for the next few years, continues to monitor it, but remains passive when estimating growth and revenue for budget purposes. Fiscal year 2018 student enrollment has increased slightly. Providing facilities to accommodate growth and improvement of other facilities is imperative and continues to be a priority of the District. As one of the most property poor Districts in the State, the District has met bond obligations through maximizing funding, and receiving State assistance through the Instructional Facilities Allotment and the Existing Debt Allotment programs. The Board of Trustees of the Clint Independent School District is committed to maximizing funding and maintaining a tax rate that meets debt obligations and budget requirements, while not overburdening the tax payers.

The District's financial position will continue to be a priority and includes consideration of employee compensation and benefits. The District continues to have a very competitive employee salary compensation plan. This allows the District to attract needed and qualified teachers to meet the instructional needs of the students.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please view the Transparency portion of our web-site at www.clintweb.net or contact the District's Business Service Department, at (915) 925-4000 located at 14521 Horizon Blvd., El Paso, Texas.

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BASIC FINANCIAL STATEMENTS

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2017

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 98,835,671
1220 Property Taxes Receivable (Delinquent)	4,387,005
1230 Allowance for Uncollectible Taxes	(3,021,232)
1240 Due from Other Governments	7,371,157
1290 Other Receivables, net	12,575
1300 Inventories	248,161
Capital Assets:	
1510 Land	6,930,175
1520 Buildings, Net	139,210,187
1530 Furniture and Equipment, Net	5,754,590
1550 Leased Property Under Capital Leases, Net	531,124
1580 Construction in Progress	39,676,172
1800 Restricted Assets	5,953
1000 Total Assets	299,941,538
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	6,001,933
1705 Deferred Outflow Related to TRS	9,255,723
1700 Total Deferred Outflows of Resources	15,257,656
LIABILITIES	
2110 Accounts Payable	3,899,934
2140 Interest Payable	331,459
2160 Accrued Wages Payable	4,526,915
2177 Due to Fiduciary Funds	23,668
2180 Due to Other Governments	2,749,211
2200 Accrued Expenses	1,577,988
2300 Unearned Revenue	16,267
Noncurrent Liabilities	
2501 Due Within One Year	8,005,633
2502 Due in More Than One Year	193,223,705
2540 Net Pension Liability (District's Share)	26,236,566
2000 Total Liabilities	240,591,346
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Gain on Refunding	521,341
2605 Deferred Inflow Related to TRS	2,227,814
2600 Total Deferred Inflows of Resources	2,749,155
NET POSITION	
3200 Net Investment in Capital Assets	33,520,955
3820 Restricted for Federal and State Programs	1,777,416
3850 Restricted for Debt Service	6,923,694
3860 Restricted for Capital Projects	2,057,547
3880 Restricted for Scholarships	8,126
3900 Unrestricted	27,570,955
3000 Total Net Position	\$ 71,858,693

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

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position <u>Primary Gov. Governmental Activities</u>

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 59,402,973	\$ 361,132	\$ 8,333,081	\$ (50,708,760)
12 Instructional Resources and Media Services	1,229,852	-	68,610	(1,161,242)
13 Curriculum and Staff Development	3,017,660	-	1,292,452	(1,725,208)
21 Instructional Leadership	2,875,001	-	537,189	(2,337,812)
23 School Leadership	7,186,072	-	458,426	(6,727,646)
31 Guidance, Counseling and Evaluation Services	3,783,553	-	1,181,262	(2,602,291)
32 Social Work Services	175,153	-	12,980	(162,173)
33 Health Services	1,205,680	-	806,476	(399,204)
34 Student (Pupil) Transportation	3,533,276	-	205,150	(3,328,126)
35 Food Services	9,751,272	322,461	8,590,079	(838,732)
36 Extracurricular Activities	2,928,894	43,028	97,660	(2,788,206)
41 General Administration	3,084,223	110,809	998,929	(1,974,485)
51 Facilities Maintenance and Operations	11,713,128	10,061	747,815	(10,955,252)
52 Security and Monitoring Services	2,375,334	-	129,290	(2,246,044)
53 Data Processing Services	2,181,473	-	85,081	(2,096,392)
61 Community Services	290,885	-	166,639	(124,246)
72 Debt Service - Interest on Long Term Debt	7,577,215	-	11,157,100	3,579,885
73 Debt Service - Bond Issuance Cost and Fees	7,994	-	-	(7,994)
81 Capital Outlay	662,576	-	-	(662,576)
99 Other Intergovernmental Charges	298,930	-	-	(298,930)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 123,281,144	\$ 847,491	\$ 34,868,219	(87,565,434)

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		11,031,543
DT	Property Taxes, Levied for Debt Service		3,873,097
SF	State Aid - Formula Grants		78,925,422
IE	Investment Earnings		1,108,621
MI	Miscellaneous Local and Intermediate Revenue		886,646
TR	Total General Revenues		95,825,329
CN	Change in Net Position		8,259,895
NB	Net Position - Beginning		63,598,798
NE	Net Position--Ending		\$ 71,858,693

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

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

CLINT INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2017

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 48,198,377	\$ 7,009,891	\$ 43,436,820
1220 Property Taxes - Delinquent	3,423,557	963,448	-
1230 Allowance for Uncollectible Taxes (Credit)	(2,395,958)	(625,274)	-
1240 Receivables from Other Governments	6,950,372	-	-
1260 Due from Other Funds	1,838,261	-	-
1290 Other Receivables	12,575	-	-
1300 Inventories	248,161	-	-
1800 Restricted Assets	-	-	-
1000 Total Assets	<u>\$ 58,275,345</u>	<u>\$ 7,348,065</u>	<u>\$ 43,436,820</u>
LIABILITIES			
2110 Accounts Payable	\$ 945,962	\$ -	\$ 2,924,425
2160 Accrued Wages Payable	4,526,915	-	-
2170 Due to Other Funds	1,741,826	92,912	230,748
2180 Due to Other Governments	2,748,511	-	-
2200 Accrued Expenditures	-	-	1,577,988
2300 Unearned Revenues	11,037	-	-
2000 Total Liabilities	<u>9,974,251</u>	<u>92,912</u>	<u>4,733,161</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	851,725	276,201	-
2600 Total Deferred Inflows of Resources	<u>851,725</u>	<u>276,201</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	81,296	-	-
3445 Other Non-Spendable Fund Balance	-	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	1,713,550	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	38,703,659
3480 Retirement of Long-Term Debt	-	6,978,952	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3510 Construction	8,000,000	-	-
3530 Capital Expenditures for Equipment	4,000,000	-	-
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3550 Construction	1,000,000	-	-
3570 Capital Expenditures for Equipment	1,000,000	-	-
3600 Unassigned Fund Balance	31,654,523	-	-
3000 Total Fund Balances	<u>47,449,369</u>	<u>6,978,952</u>	<u>38,703,659</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 58,275,345</u>	<u>\$ 7,348,065</u>	<u>\$ 43,436,820</u>

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

Other Funds	Total Governmental Funds
\$ 190,583	\$ 98,835,671
-	4,387,005
-	(3,021,232)
420,785	7,371,157
90,271	1,928,532
-	12,575
-	248,161
5,953	5,953
<u>\$ 707,592</u>	<u>\$ 109,767,822</u>
\$ 29,547	\$ 3,899,934
-	4,526,915
439,004	2,504,490
700	2,749,211
-	1,577,988
5,230	16,267
<u>474,481</u>	<u>15,274,805</u>
-	1,127,926
<u>-</u>	<u>1,127,926</u>
-	81,296
5,000	5,000
63,866	1,777,416
-	38,703,659
-	6,978,952
3,126	3,126
-	8,000,000
-	4,000,000
161,119	161,119
-	1,000,000
-	1,000,000
-	31,654,523
<u>233,111</u>	<u>93,365,091</u>
<u>\$ 707,592</u>	<u>\$ 109,767,822</u>

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CLINT INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2017

Total Fund Balances - Governmental Funds	\$	93,365,091
1 The District uses internal service funds to charge the costs of self-insurance for workers' compensation, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		552,290
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$235,079,240 and the accumulated depreciation was \$72,660,724. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position. Note: Beginning balances related to TRS are not included in this amount.		(40,604,301)
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2017 capital outlays and debt principal payments is to increase net position.		41,943,182
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$9,255,723, a deferred resource inflow in the amount of \$2,227,814, and a net pension liability in the amount of \$26,236,566. This resulted in a decrease in net position.		(19,208,657)
5 The 2017 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(5,017,558)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		828,646
19 Net Position of Governmental Activities	\$	71,858,693

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

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 12,708,843	\$ 4,085,584	\$ 570,165
5800 State Program Revenues	83,299,914	11,157,100	-
5900 Federal Program Revenues	10,539,785	-	-
5020 Total Revenues	<u>106,548,542</u>	<u>15,242,684</u>	<u>570,165</u>
EXPENDITURES:			
Current:			
0011 Instruction	49,751,481	-	362,098
0012 Instructional Resources and Media Services	1,151,150	-	-
0013 Curriculum and Instructional Staff Development	1,608,657	-	-
0021 Instructional Leadership	2,246,226	-	-
0023 School Leadership	6,661,767	-	-
0031 Guidance, Counseling and Evaluation Services	2,504,298	-	-
0032 Social Work Services	163,509	-	-
0033 Health Services	1,122,844	-	-
0034 Student (Pupil) Transportation	3,646,683	-	-
0035 Food Services	9,237,572	-	-
0036 Extracurricular Activities	2,786,352	-	-
0041 General Administration	2,924,377	-	-
0051 Facilities Maintenance and Operations	10,898,994	-	412,452
0052 Security and Monitoring Services	2,031,659	-	285,100
0053 Data Processing Services	2,191,323	-	-
0061 Community Services	119,741	-	-
Debt Service:			
0071 Principal on Long Term Debt	293,455	5,711,143	-
0072 Interest on Long Term Debt	6,809	8,807,700	-
0073 Bond Issuance Cost and Fees	-	7,994	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	737,802	-	33,679,362
Intergovernmental:			
0099 Other Intergovernmental Charges	298,930	-	-
6030 Total Expenditures	<u>100,383,629</u>	<u>14,526,837</u>	<u>34,739,012</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	6,164,913	715,847	(34,168,847)
OTHER FINANCING SOURCES (USES):			
7913 Capital Leases	299,280	-	-
1200 Net Change in Fund Balances	<u>6,464,193</u>	<u>715,847</u>	<u>(34,168,847)</u>
0100 Fund Balance - September 1 (Beginning)	<u>40,985,176</u>	<u>6,263,105</u>	<u>72,872,506</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 47,449,369</u>	<u>\$ 6,978,952</u>	<u>\$ 38,703,659</u>

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

Other Funds	Total Governmental Funds
\$ 356,202	\$ 17,720,794
1,048,433	95,505,447
6,990,231	17,530,016
8,394,866	130,756,257
5,339,057	55,452,636
-	1,151,150
1,234,144	2,842,801
452,362	2,698,588
34,436	6,696,203
1,030,150	3,534,448
-	163,509
-	1,122,844
28	3,646,711
104,477	9,342,049
-	2,786,352
-	2,924,377
-	11,311,446
-	2,316,759
-	2,191,323
158,011	277,752
-	6,004,598
-	8,814,509
-	7,994
-	34,417,164
-	298,930
8,352,665	158,002,143
42,201	(27,245,886)
-	299,280
42,201	(26,946,606)
190,910	120,311,697
\$ 233,111	\$ 93,365,091

CLINT INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017

Total Net Change in Fund Balances - Governmental Funds	\$	(26,946,606)
 The District uses internal service funds to charge the costs of self-insurance for workers' compensation to appropriate functions in other funds. The net income of internal service fund is reported with governmental activities. The net effect of this consolidation is to increase net position.		86,810
 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 2017 capital outlays and debt principal payments is to increase net position.		41,943,182
 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.		(5,017,558)
 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(221,476)
 GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan cause the change in ending net position to increase by \$2,205,239. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position by \$2,205,967. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$1,583,729. The net result is a decrease in the change in net position.		(1,584,457)
 Change in Net Position of Governmental Activities	\$	8,259,895

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

PROPRIETARY FUND FINANCIAL STATEMENTS

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2017

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Due from Other Funds	\$ 552,290
Total Assets	<u>552,290</u>
NET POSITION	
Unrestricted Net Position	<u>552,290</u>
Total Net Position	<u><u>\$ 552,290</u></u>

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

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 707,100
Total Operating Revenues	707,100
OPERATING EXPENSES:	
Professional and Contracted Services	620,290
Total Operating Expenses	620,290
Operating Income	86,810
Total Net Position - September 1 (Beginning)	465,480
 Total Net Position - August 31 (Ending)	 \$ 552,290

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

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 620,290
Cash Payments for Insurance Claims	(620,290)
Net Cash Provided by Operating Activities	-
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	\$ -
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 86,810
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase in Due From Other Funds	(86,810)
Net Cash Provided by Operating Activities	\$ -

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

FIDUCIARY FUND FINANCIAL STATEMENTS

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CLINT INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 AUGUST 31, 2017

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 303,005
Due from Other Funds	23,668
Total Assets	<u>\$ 326,673</u>
 LIABILITIES	
Accounts Payable	\$ 23,665
Due to Student Groups	303,008
Total Liabilities	<u>\$ 326,673</u>

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

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clint Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

Because the Board of Trustees (the "Board") is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB"). There are no component units included within the reporting entity.

B. Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, charges to school districts for services, state funds, grants and other intergovernmental revenues.

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement category represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For pensions, this outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over a systematic and rational method over a closed period.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement category represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For pensions, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a systematic and rational method over a closed period.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (cont.)

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

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include transcripts, staff development, use of facilities, etc. The "grants and contributions" columns include amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Revenues from local sources consist primarily of property taxes, fees for services provided to other districts, and investment income. Revenues received from the State are recognized under the susceptible-to-accrual concept. The District considers property tax revenue available if they expect the revenue to be collected within 60 days of the end of the fiscal year. State revenues received under the District's existing debt allotment and instructional facilities allotment are considered available if received within 120 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Unavailable revenue from property taxes arises only under the modified accrual basis of accounting. The governmental funds report this unavailable revenue as a deferred inflow of resources and recognize revenue in the period that the amounts become available.

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont.)

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted, and unrestricted.

D. Fund Accounting

The District reports the following major governmental funds:

1. General Fund – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Starting in fiscal year 2007, the child nutrition program was accounted for in the general fund.
2. Debt Service Fund – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund. This is a budgeted fund and separate bank accounts are maintained.
3. Capital Projects Fund - The proceeds from long-term debt financing and revenues and expenditures related to authorized acquisition, construction, or renovations as well as furnishing and equipping capital facilities are accounted for in a capital projects fund.

Additionally, the District reports the following fund types:

GOVERNMENTAL FUNDS:

4. Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by a grantor in a special revenue fund. Most Federal and State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
5. Permanent Funds – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District's permanent fund is the David Cramer Scholarship Fund.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Fund Accounting (cont.)

PROPRIETARY FUNDS:

6. Enterprise Funds - The District has no Enterprise Funds.
7. Internal Service Funds – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's internal service fund is the Workers' Compensation fund for its partially self-funded worker's compensation program.

FIDUCIARY FUNDS:

8. Private Purpose Trust Funds - The District has no private purpose trust funds.
9. Pension (and Other Employee Benefit) Trust Funds - The District has no pension trust funds.
10. Investment Trust Fund - The District has no investment trust funds.
11. Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are the Student Activity Account and the Sunshine Account.

E. Other Accounting Policies

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. Investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year end. Investments with an original maturity of less than one year are reported at amortized cost.
3. The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Accounting Policies (cont.)

4. The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. Management asserts that the District is in substantial compliance with the requirements of the Act and with local policies.
5. Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk:

Deposits - This is not applicable to the District.

Temporary Investments - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, mutual bond funds, public funds investment pools to those that have received top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2017, the District's investment in LoneStar Investment Pool was rated AAAM by Standard & Poor's.

Custodial Credit Risk :

Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. Since the District complies with this law, it has minimal custodial credit risk for deposits.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Other Accounting Policies (cont.)

Temporary Investments - To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. Investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form.

Concentration of Credit Risk :

Deposits - This is not applicable to the District.

Temporary Investments - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. Concentration of credit risk is not applicable to investment pools since the purpose of these pools is to diversify the District's investment portfolio.

Interest Rate Risk:

Deposits - This is not applicable to the District.

Temporary Investments - To limit the risk that changes in interest rates will adversely affect the fair value of the investments, the District requires its investment portfolio to have maturities of less than one year on a weighted average maturity (WAM) basis. All of the District's investment pools use amortized cost, and therefore, the interest rate risk disclosure is not applicable.

Foreign Currency Risk:

Deposits - The District attempts to limit the risk that changes in exchange rates will adversely affect a deposit by avoiding deposits denominated in a foreign currency.

Temporary and Long-term Investments - The District attempts to limit the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding investment pools or securities which are denominated in a foreign currency.

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Accounting Policies (cont.)

7. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.
8. Inventories of supplies on the balance sheet are stated at weighted average cost and they include consumable maintenance, instructional, office, athletic, child nutrition and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture (TDA). Although commodities are received at no cost, their fair market value is supplied by the TDA and should be recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged and revenue is recognized for an equal amount.
9. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Premiums and discounts are presented as a component of liabilities while deferred charges on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight line method. Long-term debt is reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.
10. Capital assets, which include land, buildings and furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life extending beyond a single reporting period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Accounting Policies (cont.)

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

Assets	Years
Buildings	30-50
Building Improvements	15-20
Vehicles	8-10
Office Equipment	5-15
Furniture and Fixtures	5

11. The restricted assets presented on the balance sheet represent the restricted cash held for scholarships in the permanent fund.

12. The District does not pay for accrued sick leave or vacation leave upon retirement or termination.

13. The District revised its policy August 13, 2015 to pay any accumulated compensated absences by the end of each fiscal year. Beginning with fiscal year 2015, payment will be made only upon departure from the District or with a cabinet member's approval. Management believes the balance of accrued compensated absences at August 31, 2017 is immaterial in relation to the financial statements taken as a whole and as such, has elected not to accrue a liability.

14. Net Position on the Statement of Net Position includes the following:

Net Investment in Capital Assets - this component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.

Restricted for Federal and State Programs - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agencies.

Restricted for Debt Service - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenants for the purpose of future debt service payments.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Accounting Policies (cont.)

Restricted for Scholarships - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by external parties.

Restricted for Other Purposes - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by external parties other than federal or state agencies.

Unrestricted Net Position - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

15. The District reports the following fund balance categories which describe the relative strength of the spending constraints:

- **Nonspendable fund balance** - Represents amounts that are not in spendable form, such as inventory, or are required to be maintained intact.
- **Restricted fund balance** - Represents amounts constrained to specific purposes by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation, including immaterial amounts related to nonspendable inventory for the child nutrition program.
- **Committed fund balance** - Represents amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, i.e., Board of Trustees. To be reported as committed, amounts cannot be used for any other purpose unless the District's Board of Trustees approves the changes by Board Resolution.
- **Assigned fund balance** - Represents amounts the District intends to use for a specific purpose. Intent can be expressed by the Superintendent or his designee as named in the Board Resolution dated July 27, 2011.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Accounting Policies (cont.)

- **Unassigned fund balance** - Represents amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as commitments of the fund (such as for special incentives). Assigned fund balance is established by the Superintendent or his designee.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first unless unrestricted assets will have to be returned because they were not used. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees have provided otherwise in their commitment or assignment actions.

In fiscal year 2014, the Board of Trustees adopted a minimum fund balance policy for the General Fund which indicates that the District shall strive to maintain a fund balance of at least two months of operating expenditures.

16. In the fund financial statements, certain governmental funds report restrictions of the entire fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Since the entire fund balance is restricted for these funds, all assets are in essence restricted for their specified purpose.
17. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government - wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
18. The District co-sponsors a self-insured plan to provide workers' compensation benefits to employees. Revenues of this Internal Service Fund are received from both the General and Special Revenue Funds. Expenses are comprised of professional services paid to the Plan Supervisor. These costs provide for the administration of claims, loss control, record keeping and the Cost of Excess Insurance. The Plan Supervisor charges a fixed cost based upon estimated payroll figures which are subsequently adjusted when actual payroll figures are available. The General Fund is contingently liable for liabilities of these funds.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Accounting Policies (cont.)

19. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.
20. In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the Texas State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.
21. The District receives substantial amounts of funding from special revenue sources. The majority of this money is cost reimbursement to the District by the federal government or Texas Education Agency. The portion of revenue allowable for indirect cost is credited as revenue to the General Fund and as a reduction to revenue in the Special Revenue Fund or Food Service, as appropriate. These indirect costs are then fully allocated to function 41, General Administration, on the Government-Wide Statement of Activities.
22. Preparation of these financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable and the District's proportionate share of the net pension liability are not due and payable in the current period and are not reported as liabilities in the funds.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

Exhibit C-4 provides the reconciliation between the net changes in fund balance as shown on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both net position and the change in net position.

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of reclassifying other resources, other uses, and various other items. With the implementation of GASB 68, certain pension expenditures were de-expended and the District recorded its proportionate share of the pension expense.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Child Nutrition Program (which is included in the General Fund). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the Child Nutrition Program and the Debt Service Fund reports appear in Exhibit J-2 and J-3, respectively.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. Budgetary Data (cont.)

3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, a few amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At August 31, 2017 the carrying amount of the District's deposits in the general fund, major, and nonmajor governmental funds, internal service funds, and agency funds (including restricted cash of \$5,953) were \$3,772,623 and the total bank balance was \$5,509,087. Except as noted at © below, the District's cash deposits at August 31, 2017 and during the year ended August 31, 2017 were fully insured by federal depository insurance or pledged collateral held by the District's agent bank in the District's name. In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: **WestStar Bank**.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$10,134,307.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$13,299,709 and occurred during the month of March 2017. The shortage of \$2,915,402 occurred when monies were transferred from the Lone Star Investment Pool to cover two actions that occurred just prior to a District-wide closure for Spring Break. These actions include a large payment on a construction contract and a payroll run which would be posted that week. Once these checks cleared during that following week, the funds were fully collateralized. The District has procedures in place to monitor collateralization coverage on a monthly basis and maintains excess monies in the District's Lone Star Investment Pool accounts. Subsequent to year-end, the District modified its procedures to monitor these balances daily.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

A. Deposits and Investments (cont.)

Due to the immediate availability of the funds, the District's temporary investments at August 31, 2017 are included in cash and cash equivalents and are shown below:

	Governmental Activities			Total Governmental Activities
	General Fund	Debt Service Fund	Capital Projects Fund	
<u>Temporary Investments</u>				
Lone Star Investment Pool				
Government Overnight Plus Fund at fair value:	\$ 45,202,771	\$ 6,995,811	\$ 43,173,217	\$ 95,371,799
Government Overnight Fund at amortized cost:	195	12	-	207
Total	\$ 45,202,966	\$ 6,995,823	\$ 43,173,217	\$ 95,372,006

The Lone Star Investment Pool is a member owned, member-governed public funds investment pool. It is managed by an eleven-member Board of Trustees and the Board is authorized to adopt and maintain bylaws. There is also an Advisory Board composed of participants that gathers and exchanges information from participants relating to the operation of the Pool. Each fund within the Pool has received the highest rating, that of AAAM, from Standard & Poor's as required by the Public Funds Investment Act. Lone Star issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by calling Lone Star at 1-800-558-8875. For the pool measured at amortized cost, management is not aware of the presence of any limitations or restrictions on withdrawals such as redemption notice periods, maximum transaction amounts, or the investment pool's authority to impose liquidity fees or redemption gates.

B. Receivables from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the Foundation School and Per Capita Programs. TEA has the right to offset the receivable and liability. Amounts due from federal and state governments as of August 31, 2017, are summarized below. A majority of the federal grants are passed through the TEA and are reported on the combined financial statements as Receivables from Other Governments.

	General Fund	Nonmajor Governmental	Total
State and Local Entitlements	\$ 6,255,347	\$ 322,774	\$ 6,578,121
Federal Grants	695,025	98,011	793,036
Total	\$ 6,950,372	\$ 420,785	\$ 7,371,157

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

C. Interfund Balances and Transfers

Interfund balances at August 31, 2017 consisted of the following individual fund balances:

	Due from Other Funds	Due to Other Funds
General Fund:		
General Fund	\$ 1,099,265	\$ 1,099,265
Debt Service Fund	92,912	-
Non-major Governmental Funds	415,336	90,271
Internal Service Fund	-	552,290
Capital Projects	230,748	-
General Fund Total	<u>1,838,261</u>	<u>1,741,826</u>
Debt Service Fund:		
General Fund	-	92,912
Debt Service Fund Total	<u>-</u>	<u>92,912</u>
Capital Projects Fund:		
General Fund	-	230,748
Capital Projects Fund Total	<u>-</u>	<u>230,748</u>
Non-major Governmental Funds:		
General Fund	90,271	415,336
Fiduciary Fund	-	23,668
Non-major Governmental Funds Total	<u>90,271</u>	<u>439,004</u>
Internal Service Fund		
General Fund	552,290	-
Internal Service Fund Total	<u>552,290</u>	<u>-</u>
Fiduciary Fund:		
Non-major Governmental Funds	23,668	-
Fiduciary Fund Total	<u>23,668</u>	<u>-</u>
Total	<u>\$ 2,504,490</u>	<u>\$ 2,504,490</u>

Interfund balances are a result of normal operations and are eliminated periodically. Management intends to pay out these balances within one year with the exception of interfund balances in the Internal Service Fund. This is because the Internal Service Fund does not have its own bank account. The balance will only be cleared out if the Internal Service Fund is terminated.

The District did not have any interfund transfers for the year ended August 31, 2017.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

D. Capital Asset Activity

Capital asset activity for the District for the year ended August 31, 2017 was as follows:

	Primary Governments			
	Beginning Balance	Additions	Deletions and Reclassifications	Ending Balance
<u>Governmental activities:</u>				
Land	\$ 6,930,175	\$ -	\$ -	\$ 6,930,175
Buildings and improvements	202,096,314	-	-	202,096,314
Furniture and equipment	19,543,154	674,468	114,309	20,331,931
Capital Leases	587,167	299,280	(290,311)	596,136
Construction in progress	5,922,430	33,753,742	-	39,676,172
Totals at historic cost	235,079,240	34,727,490	(176,002)	269,630,728
Less accumulated depreciation for:				
Buildings and improvements	58,601,069	4,285,058	-	62,886,127
Furniture and equipment	14,028,730	673,668	(125,057)	14,577,341
Capital leases	30,925	58,832	(24,745)	65,012
Total accumulated depreciation	72,660,724	5,017,558	(149,802)	77,528,480
Governmental activities capital assets, net	\$162,418,516	\$ 29,709,932	\$ (26,200)	\$ 192,102,248

Depreciation expense was charged to governmental functions as follows:

11 Instruction	\$ 2,670,348
12 Instructional resources and media services	52,542
13 Curriculum and staff development	105,995
21 Instructional leadership	112,439
23 School leadership	332,864
31 Guidance, counseling & evaluation services	155,789
32 Social work services	8,307
33 Health services	56,116
34 Student (pupil) transportation	299,495
35 Food services	348,992
36 Extracurricular activities	103,375
41 General administration	112,648
51 Facilities maintenance and operations	392,978
52 Security and monitoring services	163,380
53 Data processing services	93,964
61 Community services	8,326
Total depreciation expense	<u>\$ 5,017,558</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

E. Property Insurance and Personnel Bonds

For the year ended August 31, 2017, Clint Independent School District carried insurance for building and personal property with a combined limit for both in the amount of \$322,377,014 with a deductible of \$50,000 per occurrence. Automobile liability is limited to \$1,000,000 with \$1,000 deductible per occurrence. The District also carried a General and Educators Liability policy that is limited to \$1,000,000 per occurrence and \$2,000,000 in the aggregate, with \$1,000 deductible per occurrence.

F. Deferred charge for refunding of bonds for the fiscal year ended August 31, 2017, presented as deferred outflows of resources, was as follows:

Description	Beginning Balance	Deferred Charge on New Issues	Net Amortization Recognized	Ending Balance
Series 2011	\$ 284,831	\$ -	\$ 40,930	\$ 243,901
Series 2014	1,803,359	-	120,465	1,682,894
Series 2015	1,981,119	-	123,735	1,857,384
Series 2016	2,356,269	-	138,515	2,217,754
	<u>\$ 6,425,578</u>	<u>\$ -</u>	<u>\$ 423,645</u>	<u>\$ 6,001,933</u>

Deferred gain on refunding of bonds for the year ended August 31, 2017, presented as deferred inflows of resources, was as follows:

Description	Beginning Balance	Deferred Gain on New Issues	Amortization Recognized	Ending Balance
Series 2015A	\$ 564,755	\$ -	\$ 43,414	\$ 521,341
	<u>\$ 564,755</u>	<u>\$ -</u>	<u>\$ 43,414</u>	<u>\$ 521,341</u>

G. Due to Other Governments

The Texas Education Agency (TEA) funds the District based on estimated average daily attendance (ADA), which is updated throughout the year. After final attendance information is available, TEA provides a Near-Final Summary of Finances which reports its calculation of the District's actual Foundation School Program Allotment, and presents any balance due from or owed to the District. TEA has the right to offset the receivable and liability. For the year ended August 31, 2017, TEA indicates that it overpaid the District by \$2,748,511. TEA has recouped this amount by reducing its payments to the District for fiscal year 2018. The balance in Due to Other Governments as of August 31, 2017 consisted of the following:

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

G. Due to Other Governments (cont.)

	General Fund	Debt Service	Nonmajor Governmental Funds	Total
Foundation School Program	\$ 2,748,511	\$ -	\$ -	\$ 2,748,511
Mathematics Achievement Academy Stipend	-	-	700	700
	<u>\$ 2,748,511</u>	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ 2,749,211</u>

H. Unearned Revenue

Unearned revenue as of August 31, 2017 was as follows:

	General Fund	Non-Major Governmental Funds	Total
State Textbook Fund	\$ -	\$ 5,230	\$ 5,230
USDA Commodities	11,037	-	11,037
Total Unearned Revenue	<u>\$ 11,037</u>	<u>\$ 5,230</u>	<u>\$ 16,267</u>

I. Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2017 was as follows:

	Funded by:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:						
Bonds Payable	Debt Service	\$ 181,708,267	\$ -	\$ 5,711,143	\$ 175,997,124	\$ 5,530,855
Accretion Payable		5,332,261	293,036	708,857	4,916,440	1,099,146
Unamortized Premium on Bonds		21,208,993	-	1,189,118	20,019,875	1,179,468
Capital Leases	General Fund	294,658	299,280	298,039	295,899	196,164
Total Governmental Long-term Liabilities		<u>\$ 208,544,179</u>	<u>\$ 592,316</u>	<u>\$ 7,907,157</u>	<u>\$ 201,229,338</u>	<u>\$ 8,005,633</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

J. General Long-term Debt

A summary of changes in general long-term debt for the year ended August 31, 2017 was as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balance 8/31/16	Issued	Retired	Ending Balance 8/31/17	Due Within One Year
Unlimited Tax School Bldg. and Refunding Bond - Series 2002: Capital appreciation bonds Final maturity 2-15-2024	5.76% - 5.91%	644,984	-	644,984	-	-	644,984	117,919
Unlimited Tax School Building Bonds - Series 2008 Final maturity 8-15-2018	3.5% - 5%	29,935,000	93,325	1,980,000	-	845,000	1,135,000	1,135,000
Unlimited Tax Refunding Bonds - Series 2009: Final maturity 2-15-2025	3% - 4.5%	6,385,000	69,444	1,780,000	-	190,000	1,590,000	195,000
Unlimited Tax Refunding Bonds - Series 2010 Capital appreciation bonds Final maturity 2-15-2021	2.8% - 3.85%	231,377	-	148,283	-	56,143	92,140	37,936
Unlimited Tax Refunding Bonds - Series 2010A Final maturity 2-15-2027	2% - 4%	12,305,000	155,100	4,600,000	-	1,445,000	3,155,000	900,000
Unlimited Tax Refunding Bonds - Series 2011 Current interest bonds Final maturity 8-15-2027	2% - 3.5%	8,725,000	230,025	7,380,000	-	920,000	6,460,000	940,000
Unlimited Tax Refunding Bonds - Series 2014 Current interest bonds Final maturity 8-15-2031	2% - 5%	23,815,000	1,025,250	23,745,000	-	1,165,000	22,580,000	1,205,000
Unlimited Tax Refunding Bonds - Series 2015A Final maturity 2-15-2029	2%-5%	15,890,000	648,100	15,660,000	-	1,090,000	14,570,000	1,000,000
Unlimited Tax Refunding Bonds - Series 2016 Final maturity 8-15-2033	2%-5%	24,735,000	977,400	24,355,000	-	-	24,355,000	-
Unlimited Tax Refunding Bonds - Series 2015 Final maturity 8-15-2032	2% - 5%	23,315,000	998,700	23,055,000	-	-	23,055,000	-
Unlimited School Building Bonds - Series 2015 Final maturity 8-15-2045	3.5% - 5%	78,360,000	3,901,500	78,360,000	-	-	78,360,000	-
		<u>224,341,361</u>	<u>8,098,844</u>	<u>181,708,267</u>	<u>-</u>	<u>5,711,143</u>	<u>175,997,124</u>	<u>5,530,855</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

J. General Long-term Debt (cont.)

Tax Refunding Bond 2002 series and 2010 series are capital appreciation bonds that require interest to be paid when the principal on the bonds is due. These capital appreciation bonds began to mature in 2013 and will mature through 2024.

Accretion payable for the year ended August 31, 2017, was as follows:

Description	Accretion Outstanding 8/31/2016	Issued	Accrual of Accretion	Accretion Retired	Accretion Outstanding 8/31/2017	Due Within One Year
Tax Refunding Bond Series 2002	\$ 2,028,389	\$ -	\$ 158,415	\$ -	\$ 2,186,804	\$372,082
Tax Refunding Bond Series 2010	3,303,872	-	134,621	708,857	2,729,636	727,064
	<u>\$ 5,332,261</u>	<u>\$ -</u>	<u>\$ 293,036</u>	<u>\$ 708,857</u>	<u>\$ 4,916,440</u>	<u>\$1,099,146</u>

Unamortized premiums on bonds for the year ended August 31, 2017 were as follows:

Description	Beginning Balance	Premiums on New Issues	Write-Off	Amortization Recognized	Ending Balance	Due Within One Year
Series 2008	\$ 27,698	\$ -	\$ -	18,673	9,025	9,025
Series 2009	61,421	-	-	6,824	54,597	6,824
Series 2010A	1,208,004	-	-	112,368	1,095,636	112,368
Series 2011	591,141	-	-	53,740	537,401	53,740
Series 2014	2,594,604	-	-	172,974	2,421,630	172,974
Series 2015 (Building)	8,406,502	-	-	289,879	8,116,623	289,879
Series 2015 (Refunding)	2,605,154	-	-	162,822	2,442,332	162,822
Series 2015A	1,971,975	-	-	151,691	1,820,284	151,691
Series 2016	3,742,494	-	-	220,147	3,522,347	220,145
Total Unamortized Premium	<u>\$21,208,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,189,118</u>	<u>\$ 20,019,875</u>	<u>\$ 1,179,468</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

J. General Long-term Debt (cont.)

Debt service requirements are as follows:

Year Ended August 31,	General Obligations		
	Principal	Interest	Total Requirements
2018	\$ 5,530,855	\$ 9,007,270	\$ 14,538,125
2019	5,789,634	8,810,066	14,599,700
2020	5,305,824	8,657,227	13,963,051
2021	5,271,816	8,505,884	13,777,700
2022	6,202,663	7,593,793	13,796,456
2023 - 2027	33,096,332	32,360,012	65,456,344
2028 - 2032	35,400,000	24,070,500	59,470,500
2033 - 2037	25,710,000	17,239,350	42,949,350
2038 - 2042	31,070,000	10,467,250	41,537,250
2043 - 2045	22,620,000	2,298,750	24,918,750
Total	\$ 175,997,124	\$ 129,010,102	\$ 305,007,226

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As of August 31, 2017, \$25,630,000 of defeased 2008 bonds were unpaid. The market value of the funds in escrow for the payments of these defeased bonds was \$26,592,860.

There are a number of limitations and restrictions contained in the general obligation bond indenture. The District's management has indicated that the District is in compliance with all significant limitations and restrictions, including arbitrage, at August 31, 2017.

K. Rebatable Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. Arbitrage is evaluated and estimated on an annual basis by a third party arbitrage rebate service company. The company has estimated no liability for the District as of August 31, 2017.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

L. Commitments under Capital Leases

During the year, the District entered into a capital lease agreement for the purchase of three buses. In each of the two prior years, the District also entered into capital lease agreements for the purchase of three buses. Each lease requires three equal annual payments, which include interest at rates between 2.3% and 2.6%. During the year, the final scheduled lease payment was made on the first lease and there are no further obligations or lease payments. As of August 31, 2017, the future minimum lease payment requirements for the District's two remaining capital leases are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2018	\$ 196,164	\$ 5,121	\$ 201,285
2019	99,735	2,598	102,333
Total	<u>\$ 295,899</u>	<u>\$ 7,719</u>	<u>\$ 303,618</u>

M. Fund Balances

As of August 31, 2017, fund balances are composed of the following:

	General Fund	Debt Service Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ 81,296	-	-	-	\$ 81,296
Corpus for Scholarship Fund	-	-	-	5,000	5,000
Restricted:					
Food Services	1,713,550	-	-	-	1,713,550
Federal and State Programs	-	-	-	63,866	63,866
Capital Acquisition	-	-	38,703,659	-	38,703,659
Retirement of Long-Term Debt	-	6,978,952	-	-	6,978,952
Other	-	-	-	3,126	3,126
Committed:					
Future Construction	8,000,000	-	-	-	8,000,000
Future Capital Equipment	4,000,000	-	-	-	4,000,000
Campus Activities	-	-	-	161,119	161,119
Assigned:					
Future Construction	1,000,000	-	-	-	1,000,000
Future Capital Equipment	1,000,000	-	-	-	1,000,000
Unassigned Fund Balance	31,654,523	-	-	-	31,654,523
Total fund balances	<u>\$ 47,449,369</u>	<u>\$ 6,978,952</u>	<u>\$ 38,703,659</u>	<u>\$ 233,111</u>	<u>\$ 93,365,091</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

N. Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At August 31, 2017, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental fund. Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:			Total
	Restricted Fund Balance	Committed Fund Balance	Assigned Fund Balance	
Capital Projects	\$ 33,217,554	\$ -	\$ -	\$ 33,217,554
Total	\$ 33,217,554	\$ -	\$ -	\$ 33,217,554

O. Construction Commitments

The District had ongoing construction projects under non-cancelable contracts at August 31, 2017. Construction commitments as of August 31, 2017 are as follows:

Project Name	Spent To Date	Remaining Commitment
Architectural Services	\$ 548,886	\$ 214,666
Cabling for Communications Lines	-	11,709
Cabling for Security Cameras	530	24,246
Furniture	-	150,027
Materials Testing & QC	67,204	58,901
Network equipment - New buildings	9,325	5,500
New Buildings	25,219,869	7,837,155
Padlocks to lock gates for safety	-	1,330
Parking lots	297,161	194,375
Power Outage Fees	-	750
Renovations	6,415,007	1,472,913
Third-party inspections	13,259	20,375
Upgrade PA System	-	27,976
Total	\$ 32,571,241	\$ 10,019,923

Subsequent to year-end, the District committed an additional \$4,539,159 related to construction contracts.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

P. Revenue from Local and Intermediate Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Fund	Total
Property taxes	\$ 11,019,283	\$ 3,863,583	\$ -	\$ -	\$ -	\$ 14,882,866
Penalties, interest and other tax revenues	344,516	100,633	-	-	-	445,149
Investment income	423,187	115,269	570,165	14	-	1,108,635
Rent income	10,061	-	-	-	-	10,061
Food sales	297,601	-	-	536	-	298,137
Athletic activities	43,028	-	-	-	-	43,028
Interfund services	-	-	-	-	707,100	707,100
Enterprising services	-	-	-	330,652	-	330,652
Insurance recovery	405,553	-	-	-	-	405,553
Other	165,614	6,099	-	-	-	171,713
Foundations gifts & bequests	-	-	-	25,000	-	25,000
Total	\$ 12,708,843	\$ 4,085,584	\$ 570,165	\$ 356,202	\$ 707,100	\$ 18,427,894

Q. Defined Benefit Pension Plan

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

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

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

Q. Defined Benefit Pension Plan (cont.)

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 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

	Plan Fiscal Year	
	2016	2017
Member	7.2%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

Contributions Required and Made

2017 Employer Contributions	\$	2,205,239
2017 Member Contributions		5,327,273
2016 Plan Year NECE On-Behalf Contributions (State)		3,293,618

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

Q. Defined Benefit Pension Plan (cont.)

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies, including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

Included in the employer contributions amount listed above for fiscal year 2017, the District paid \$-0- in retiree surcharges and \$824,546 for non-OASDI employees. These two additional surcharges an employer is subject to are summarized as follows:

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

Q. Defined Benefit Pension Plan (cont.)

Actuarial Assumptions: The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
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%
Municipal Bond Rate	N/A*
Last year ending August 31 in the 2016 to 2115 projection period (100 years)	2115
Inflation	2.50%
Salary Increases including inflation	3.50% to 9.50%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

*If a municipal bond rate was to be used, the rate would be 2.84% as of August 2016 (i.e. the weekly rate closest to but not later than the Measurement Date). The source for the rate is the Federal Reserve Statistical Release H.15, citing the Bond Buyer Index of general obligation bonds with 20 years to maturity and an average AA credit rating.

The actuarial methods and assumptions are primarily based 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, 2016 are summarized below:

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

Q. Defined Benefit Pension Plan (cont.)

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
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%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
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%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100%		8.7%

**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 2016 Net Pension Liability:

	1% Decrease in Discount Rate (7%)	Current Discount Rate 8%	1% Increase in Discount Rate (9%)
District's proportionate share of the net pension liability	\$40,605,366	\$ 26,236,566	\$ 14,048,919

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

Q. Defined Benefit Pension Plan (cont.)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At August 31, 2017, the District reported a liability of \$26,236,566 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the collective net pension liability	\$ 26,236,566
State's proportionate share that is associated with the District	<u>39,094,734</u>
Total	<u><u>\$ 65,331,300</u></u>

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 through August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.0694300% which was a decrease of 0.0050078% from its proportion measured as of August 31, 2015.

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, 2017, the District recognized pension expense of \$4,057,101 and revenue of \$4,057,101 for support provided by the State.

The amount of pension expense recognized by the District in the reporting period was \$4,522,874.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

Q. Defined Benefit Pension Plan (cont.)

At August 31, 2017, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 411,384	\$ 783,409
Changes in actuarial assumptions	799,643	727,243
Net difference between projected and actual investment earnings	2,221,658	-
Changes in proportion and differences between District's contributions and proportionate share of contributions	3,617,799	717,162
District contributions to TRS subsequent to the measurement date	<u>2,205,239</u>	<u>-</u>
Total	<u>\$ 9,255,723</u>	<u>\$ 2,227,814</u>

The \$2,205,239 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2018.

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

Year Ended August 31	Amount
2018	\$ 819,484
2019	819,484
2020	2,236,566
2021	710,607
2022	302,556
Thereafter	(66,027)

Changes in Net Pension liability:

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	<u>\$ 26,312,772</u>	<u>\$ 2,129,761</u>	<u>\$ 2,205,967</u>	<u>\$ 26,236,566</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

R. Retiree Health Plan

Plan Description: The Clint Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS website at www.trs.state.tx.us under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

Funding Policy: Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are equal to the required contributions for each year and are shown in the table below for fiscal years 2015-2016.

Contribution Rates

Period/ Year Ended	Active Member		State		School District		Federal	
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
2017	0.65%	\$ 449,708	1.0%	\$ 631,247	0.55%	\$ 380,522	1.0%	\$ 60,608
2016	0.65%	\$ 443,563	1.0%	\$ 682,398	0.55%	\$ 375,314	1.0%	\$ 60,985
2015	0.65%	\$ 439,363	1.0%	\$ 675,938	0.55%	\$ 371,767	1.0%	\$ 65,728

The contributions made by the State on behalf of the District have been recorded in the governmental fund financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

R. Retiree Health Plan (cont.)

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 provision of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Medicare Part D contributions made on behalf of the District's employees for the years ended August 31, 2015, 2016, and 2017 were \$275,451, \$264,059, and \$205,726 respectively. These amounts were recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

S. Workers' Compensation Program

As required by law the District has acquired adequate workers' compensation insurance coverage contracted through Claims Administrative Services, Inc. since September 1, 2001. The District has chosen to participate in a political subdivision risk pool, which means that the District shares its exposure with other school districts and public entities with similar employee populations. Currently, the District employs more than 1,600 full-time and part-time employees, and pays about \$612,000 in workers' compensation premium annually. This premium is considered sufficient by Claims Administrative Services, Inc. and no contingent liability is required to be reported. This total amount paid for workers' compensation costs is less than 1% of annual payroll, which illustrates that the District is managing and operating its workers' compensation program with comfortable success.

T. E-Rate Program for Schools and Libraries

The E-Rate, (the Schools and Libraries Universal Service Support Mechanism), provides discounts to assist most schools and libraries in the United States to obtain affordable telecommunications and Internet access. Three service categories are funded: Telecommunications Services, Internet Access, and Internal Connections. Discounts range from 20% to 90% of the costs of eligible services. The District applied for three service categories: Telecommunications Services, Internet Access and Internal Connections (Eligible Basic Maintenance services). These services were funded by an 89% discount during school year 2015-2016.

U. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board maintains insurance policies acquired from independent insurance carriers covering all structural property, automobiles, dishonesty, errors and omissions, boiler and machinery, personal property, general liability, and athletic insurance. There have been no reductions in insurance coverage from prior years and settlements have not exceeded insurance coverage.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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

V. Litigation

During the normal course of business, the District is subject to various legal claims. As of August 31, 2017, management was not aware of any such claim which would have a material adverse effect on the financial statements. Subsequent to year-end, one of the District's legal insurers filed for bankruptcy. The Board has agreed to pay the attorney fees in the interim for ongoing litigation expenses for cases filed with the insurer and expects to obtain reimbursement from the bankruptcy proceedings. As of September 1, 2017, the District has obtained litigation coverage for new legal proceedings.

W. Federal and State Funding

The District participates in numerous programs which are subject to audit by the Texas Education Agency and various Federal agencies. These programs have complex compliance requirements, and should State or Federal auditors discover areas of material noncompliance, those District funds may be subject to refund if so determined by administrative audit review.

X. Related Party Transactions

From time to time, the District may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the year ended August 31, 2017.

Y. Budget Variances - General Fund

The budget overage in function 35 was the result of an entry to recognize non-cash revenue and the related expenditures for food service commodities which had not been budgeted. The District purchased buses by entering into a capital lease. Since this did not require the use of operating funds, the Board did not amend the budget to reflect the financing sources. All transactions were approved by the Board; however, the budget was not officially amended.

Z. New Accounting Pronouncements

The District has not completed the process of evaluating the impact on its financial position that will result from adopting Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for fiscal years beginning after June 15, 2017. GASB No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers.

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REQUIRED SUPPLEMENTARY INFORMATION

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT G-1

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 12,646,420	\$ 12,646,420	\$ 12,708,843	\$ 62,424
5800	State Program Revenues	81,006,429	81,006,429	83,299,914	2,293,485
5900	Federal Program Revenues	11,960,544	11,960,544	10,539,785	(1,420,759)
5020	Total Revenues	105,613,393	105,613,393	106,548,542	935,150
EXPENDITURES:					
Current:					
0011	Instruction	51,790,269	51,391,213	49,751,481	1,639,732
0012	Instructional Resources and Media Services	1,179,340	1,167,440	1,151,150	16,290
0013	Curriculum and Instructional Staff Development	2,066,029	2,081,113	1,608,657	472,456
0021	Instructional Leadership	2,575,536	2,520,561	2,246,226	274,335
0023	School Leadership	6,844,744	6,844,662	6,661,767	182,895
0031	Guidance, Counseling and Evaluation Services	2,619,270	2,619,272	2,504,298	114,974
0032	Social Work Services	226,949	226,949	163,509	63,440
0033	Health Services	1,140,094	1,155,174	1,122,844	32,330
0034	Student (Pupil) Transportation	3,691,228	3,691,228	3,646,683	44,545
0035	Food Services	8,834,938	9,084,938	9,237,572	(152,634)
0036	Extracurricular Activities	2,788,927	2,993,295	2,786,352	206,943
0041	General Administration	3,508,358	3,508,357	2,924,377	583,980
0051	Facilities Maintenance and Operations	18,309,015	18,454,571	10,898,994	7,555,577
0052	Security and Monitoring Services	2,475,523	2,475,523	2,031,659	443,864
0053	Data Processing Services	2,067,854	2,331,158	2,191,323	139,835
0061	Community Services	133,051	138,051	119,741	18,310
Debt Service:					
0071	Principal on Long Term Debt	400,000	297,667	293,455	4,212
0072	Interest on Long Term Debt	-	6,809	6,809	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	6,775,765	6,775,765	737,802	6,037,963
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	45,000	45,000	-	45,000
0099	Other Intergovernmental Charges	280,000	310,000	298,930	11,070
6030	Total Expenditures	117,751,890	118,118,746	100,383,629	17,735,117
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,138,497)	(12,505,354)	6,164,913	18,670,267
OTHER FINANCING SOURCES (USES):					
7913	Capital Leases	-	-	299,280	299,280
1200	Net Change in Fund Balances	(12,138,497)	(12,505,354)	6,464,193	18,969,547
0100	Fund Balance - September 1 (Beginning)	40,985,176	40,985,176	40,985,176	-
3000	Fund Balance - August 31 (Ending)	\$ 28,846,679	\$ 28,479,823	\$ 47,449,369	\$ 18,969,547

CLINT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM
 FOR THE YEAR ENDED AUGUST 31, 2017

	Measurement Year Ended August 31,		
	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0694300%	0.0744378%	0.0553606%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 26,236,566	\$ 26,312,772	\$ 14,787,583
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	39,094,734	38,325,970	32,787,766
Total	<u>\$ 65,331,300</u>	<u>\$ 64,638,742</u>	<u>\$ 47,575,349</u>
District's Covered Employee Payroll	\$ 68,239,797	\$ 67,596,256	\$ 65,837,034
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll	38.45%	38.93%	22.46%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	78.00%	78.43%	83.25%

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

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

CLINT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM
 FOR THE YEAR ENDED AUGUST 31, 2017

	Fiscal Year Ended August 31,		
	2017	2016	2015
Contractually Required Contribution	\$ 2,205,239	\$ 2,205,967	\$ 2,204,690
Contribution in Relation to the Contractually Required Contribution	<u>(2,205,239)</u>	<u>(2,205,967)</u>	<u>(2,204,690)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Employee Payroll	\$ 69,185,538	\$ 68,239,797	\$ 67,596,256
Contributions as a percentage of Covered Employee Payroll	3.19%	3.23%	3.26%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's respective fiscal year as opposed to the time period covered by the measurement year.

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

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED AUGUST 31, 2017

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 assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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SUPPLEMENTARY INFORMATION

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2017

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	1,172	222,681	-
1260	Due from Other Funds	-	-	-
1800	Restricted Assets	-	-	-
1000	Total Assets	<u>\$ 1,172</u>	<u>\$ 222,681</u>	<u>\$ -</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ -	\$ -
2170	Due to Other Funds	1,172	222,681	-
2180	Due to Other Governments	-	-	-
2300	Unearned Revenues	-	-	-
2000	Total Liabilities	<u>1,172</u>	<u>222,681</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3445	Other Non-Spendable Fund Balance	-	-	-
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3490	Other Restricted Fund Balance	-	-	-
Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,172</u>	<u>\$ 222,681</u>	<u>\$ -</u>

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	22,173	50,049	15,699	-	11,000	-	74,821
-	-	-	-	52,485	-	2,249	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 22,173</u>	<u>\$ 50,049</u>	<u>\$ 15,699</u>	<u>\$ 52,485</u>	<u>\$ 11,000</u>	<u>\$ 2,249</u>	<u>\$ 74,821</u>
\$ -	\$ 819	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	21,354	50,049	15,699	-	11,000	-	69,591
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,230
<u>-</u>	<u>22,173</u>	<u>50,049</u>	<u>15,699</u>	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>74,821</u>
-	-	-	-	-	-	-	-
-	-	-	-	52,485	-	2,249	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,485</u>	<u>-</u>	<u>2,249</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 22,173</u>	<u>\$ 50,049</u>	<u>\$ 15,699</u>	<u>\$ 52,485</u>	<u>\$ 11,000</u>	<u>\$ 2,249</u>	<u>\$ 74,821</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2017

Data Control Codes	422 Matching Fund for Library Purchases	429 Other State Special Revenue Funds	457 Communities Foundation of Texas	461 Campus Activity Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 190,583
1240	Receivables from Other Governments	-	23,190	-	-
1260	Due from Other Funds	4,232	5,600	-	-
1800	Restricted Assets	-	-	-	-
1000	Total Assets	<u>\$ 4,232</u>	<u>\$ 28,790</u>	<u>\$ -</u>	<u>\$ 190,583</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 5,196
2170	Due to Other Funds	-	23,190	-	24,268
2180	Due to Other Governments	-	700	-	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>23,890</u>	<u>-</u>	<u>29,464</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3445	Other Non-Spendable Fund Balance	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	4,232	4,900	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	161,119
3000	Total Fund Balances	<u>4,232</u>	<u>4,900</u>	<u>-</u>	<u>161,119</u>
4000	Total Liabilities and Fund Balances	<u>\$ 4,232</u>	<u>\$ 28,790</u>	<u>\$ -</u>	<u>\$ 190,583</u>

499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	807 David Cramer Memorial Scholarship	Total Nonmajor Governmental Funds
\$ -	\$ 190,583	\$ -	\$ 190,583
-	420,785	-	420,785
25,705	90,271	-	90,271
-	-	5,953	5,953
<u>\$ 25,705</u>	<u>\$ 701,639</u>	<u>\$ 5,953</u>	<u>\$ 707,592</u>
\$ 23,532	\$ 29,547	\$ -	\$ 29,547
-	439,004	-	439,004
-	700	-	700
-	5,230	-	5,230
<u>23,532</u>	<u>474,481</u>	<u>-</u>	<u>474,481</u>
-	-	5,000	5,000
-	63,866	-	63,866
2,173	2,173	953	3,126
-	161,119	-	161,119
<u>2,173</u>	<u>227,158</u>	<u>5,953</u>	<u>233,111</u>
<u>\$ 25,705</u>	<u>\$ 701,639</u>	<u>\$ 5,953</u>	<u>\$ 707,592</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	14,262	4,125,608	1,844,187	12,114
5020 Total Revenues	14,262	4,125,608	1,844,187	12,114
EXPENDITURES:				
Current:				
0011 Instruction	12,963	2,566,174	963,436	12,114
0013 Curriculum and Instructional Staff Development	-	819,214	85,238	-
0021 Instructional Leadership	1,194	257,002	192,491	-
0023 School Leadership	-	26,817	-	-
0031 Guidance, Counseling and Evaluation Services	-	350,000	603,022	-
0034 Student (Pupil) Transportation	-	28	-	-
0035 Food Services	-	-	-	-
0061 Community Services	105	106,373	-	-
6030 Total Expenditures	14,262	4,125,608	1,844,187	12,114
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Textbook Fund
\$ 536	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	609,312
102,957	176,185	299,985	360,185	43,748	11,000	-	-
103,493	176,185	299,985	360,185	43,748	11,000	-	609,312
-	80,331	41,467	353,285	61,750	8,949	-	609,312
-	17,051	252,163	6,900	-	-	-	-
-	1,675	-	-	-	-	-	-
-	-	6,355	-	-	-	-	-
-	77,128	-	-	-	-	-	-
-	-	-	-	-	-	-	-
104,477	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
104,477	176,185	299,985	360,185	61,750	8,949	-	609,312
(984)	-	-	-	(18,002)	2,051	-	-
984	-	-	-	70,487	(2,051)	2,249	-
\$ -	\$ -	\$ -	\$ -	\$ 52,485	\$ -	\$ 2,249	\$ -

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	422 Matching Fund for Library Purchases	429 Other State Special Revenue Funds	457 Communities Foundation of Texas	461 Campus Activity Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 330,652
5800 State Program Revenues	-	439,121	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	-	439,121	-	330,652
EXPENDITURES:				
Current:				
0011 Instruction	-	362,563	913	265,800
0013 Curriculum and Instructional Staff Development	-	27,825	1,600	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	1,264	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0061 Community Services	-	51,533	-	-
6030 Total Expenditures	-	441,921	3,777	265,800
1200 Net Change in Fund Balance	-	(2,800)	(3,777)	64,852
0100 Fund Balance - September 1 (Beginning)	4,232	7,700	3,777	96,267
3000 Fund Balance - August 31 (Ending)	\$ 4,232	\$ 4,900	\$ -	\$ 161,119

499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	807 David Cramer Memorial Scholarship	Total Nonmajor Governmental Funds
\$ 25,000	\$ 356,188	\$ 14	\$ 356,202
-	1,048,433	-	1,048,433
-	6,990,231	-	6,990,231
25,000	8,394,852	14	8,394,866
-	5,339,057	-	5,339,057
24,153	1,234,144	-	1,234,144
-	452,362	-	452,362
-	34,436	-	34,436
-	1,030,150	-	1,030,150
-	28	-	28
-	104,477	-	104,477
-	158,011	-	158,011
24,153	8,352,665	-	8,352,665
847	42,187	14	42,201
1,326	184,971	5,939	190,910
\$ 2,173	\$ 227,158	\$ 5,953	\$ 233,111

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

	BALANCE SEPTEMBER 1 2016	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2017
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 280,450	\$ 620,283	\$ 597,728	\$ 303,005
Due From Other Funds	-	3	-	3
Total Assets	<u>\$ 280,450</u>	<u>\$ 620,286</u>	<u>\$ 597,728</u>	<u>\$ 303,008</u>
Liabilities:				
Due to Student Groups	<u>\$ 280,450</u>	<u>\$ 620,286</u>	<u>\$ 597,728</u>	<u>\$ 303,008</u>
SUNSHINE ACCOUNT				
Assets:				
Due From Other Funds	<u>\$ 18,773</u>	<u>\$ 38,170</u>	<u>\$ 33,278</u>	<u>\$ 23,665</u>
Liabilities:				
Accounts Payable	\$ -	\$ 23,665	\$ -	\$ 23,665
Payable from Restricted Assets	18,773	38,170	56,943	-
Total Liabilities	<u>\$ 18,773</u>	<u>\$ 61,835</u>	<u>\$ 56,943</u>	<u>\$ 23,665</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 280,450	\$ 620,283	\$ 597,728	\$ 303,005
Due From Other Funds	18,773	38,173	33,278	23,668
Total Assets	<u>\$ 299,223</u>	<u>\$ 658,456</u>	<u>\$ 631,006</u>	<u>\$ 326,673</u>
Liabilities:				
Accounts Payable	\$ -	\$ 23,665	\$ -	\$ 23,665
Due to Student Groups	280,450	620,286	597,728	303,008
Payable from Restricted Assets	18,773	38,170	56,943	-
Total Liabilities	<u>\$ 299,223</u>	<u>\$ 682,121</u>	<u>\$ 654,671</u>	<u>\$ 326,673</u>

OTHER INFORMATION - REQUIRED TEA SCHEDULES

CLINT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2017

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2008 and prior years	Various	Various	\$ 6,744,400,082
2009	1.040050	0.295000	888,716,321
2010	1.040050	0.295000	922,847,582
2011	1.040050	0.295000	941,462,049
2012	1.040050	0.295000	997,553,147
2013	1.040050	0.295000	1,026,403,818
2014	1.040050	0.295000	1,057,975,193
2015	1.040050	0.295000	1,067,074,400
2016	1.040100	0.366500	1,023,854,363
2017 (School year under audit)	1.040100	0.366500	1,069,176,764
1000 TOTALS			

(10) Beginning Balance 9/1/2016	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2017
\$ 1,630,421	\$ -	\$ 34,630	\$ 7,894	\$ (13,831)	\$ 1,574,066
154,259	-	8,333	2,364	-	143,562
148,110	-	8,990	2,550	-	136,570
176,121	-	13,312	3,776	-	159,033
201,366	-	19,730	5,596	(310)	175,730
259,853	-	47,255	13,404	54,107	253,301
321,055	-	59,215	16,796	62,964	308,008
392,334	-	61,015	17,306	51,040	365,053
721,964	-	181,587	63,985	15,346	491,738
-	15,039,040	10,543,785	3,715,313	-	779,942
<u>\$ 4,005,483</u>	<u>\$ 15,039,040</u>	<u>\$ 10,977,852</u>	<u>\$ 3,848,984</u>	<u>\$ 169,318</u>	<u>\$ 4,387,005</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 340,974	\$ 340,974	\$ 340,966	\$ (8)
5800 State Program Revenues	43,416	43,416	43,416	-
5900 Federal Program Revenues	8,128,473	8,128,473	8,722,573	594,100
5020 Total Revenues	8,512,863	8,512,863	9,106,955	594,092
EXPENDITURES:				
0035 Food Services	8,834,938	9,084,938	9,237,572	(152,634)
0041 General Administration	15,000	15,000	-	15,000
0051 Facilities Maintenance and Operations	401,240	401,240	204,952	196,288
6030 Total Expenditures	9,251,178	9,501,178	9,442,524	58,654
1200 Net Change in Fund Balances	(738,315)	(988,315)	(335,569)	652,746
0100 Fund Balance - September 1 (Beginning)	2,049,119	2,049,119	2,049,119	-
3000 Fund Balance - August 31 (Ending)	\$ 1,310,804	\$ 1,060,804	\$ 1,713,550	\$ 652,746

CLINT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 4,124,308	\$ 4,124,308	\$ 4,085,584	\$ (38,724)
5800	State Program Revenues	10,371,065	10,371,065	11,157,100	786,035
5020	Total Revenues	14,495,373	14,495,373	15,242,684	747,311
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	5,711,144	5,711,144	5,711,143	1
0072	Interest on Long Term Debt	8,841,484	8,807,701	8,807,700	1
0073	Bond Issuance Cost and Fees	250,000	250,000	7,994	242,006
6030	Total Expenditures	14,802,628	14,768,845	14,526,837	242,008
1200	Net Change in Fund Balances	(307,255)	(273,472)	715,847	989,319
0100	Fund Balance - September 1 (Beginning)	6,263,105	6,263,105	6,263,105	-
3000	Fund Balance - August 31 (Ending)	\$ 5,955,850	\$ 5,989,633	\$ 6,978,952	\$ 989,319

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FEDERAL AWARDS SECTION

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

To the Board of Trustees
Clint Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clint Independent School District (District) as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Gibson Ruddock Patterson, LLC
El Paso, Texas
December 7, 2017

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

To the Board of Trustees
Clint Independent School District

Report on Compliance for Each Major Federal Program

We have audited Clint Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Clint Independent School District's major federal programs for the year ended August 31, 2017. Clint Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion of Each Major Federal Program

In our opinion, the Clint Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Gibson Ruddock Patterson, LLC
El Paso, Texas
December 7, 2017

CLINT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2017

SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Were significant deficiencies in internal control disclosed?

None reported

Were material weaknesses in internal control disclosed?

No

Was any noncompliance disclosed that is material to the financial statements of the auditee, which would be required to be reported in accordance with Government Auditing Standards?

No

Federal Awards

Internal control over major federal award programs:

Were significant deficiencies in internal control over major programs disclosed?

None reported

Were material weaknesses in internal control over major programs disclosed?

No

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

Unmodified

Were there any audit findings that the auditor is required to disclose under Title 2 CFR 200.516 Audit findings paragraph (a)?

No

Major Federal Programs:

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

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Did auditee qualify as a low-risk auditee under 2 CFR 200.520 Criteria for a low-risk auditee?

Yes

CLINT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2017

FINANCIAL STATEMENT FINDINGS

There were no current year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current year findings or questioned costs.

CLINT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2017

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.

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CLINT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
NJROTC	12.000	N/A	\$ 261,979
Total Direct Programs			\$ 261,979
TOTAL U.S. DEPARTMENT OF DEFENSE			\$ 261,979
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Region ESC 10</u>			
ESEA, Title X, Part C - Homeless Children	84.196	17-010	\$ 14,637
Total Passed Through Region ESC 10			\$ 14,637
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	17610101071901	\$ 4,228,306
*IDEA - Part B, Formula	84.027A	176600010719016600	1,844,187
*IDEA - Part B, Preschool	84.173A	176610010719016610	12,114
Total Special Education Cluster (IDEA)			1,856,301
Career and Technical - Basic Grant	84.048A	17420006071901	180,975
Title III, Part A - English Language Acquisition	84.365A	17671001071901	367,389
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	17694501071901	307,868
Summer School LEP	84.369A	69551702	11,000
Total Passed Through State Department of Education			\$ 6,951,839
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 6,966,476
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-15-0048-00004	\$ 43,748
Total Passed Through Texas Dept of Human Services			\$ 43,748
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 43,748
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
**School Breakfast Program - Cash Assist.	10.553	71401701	\$ 2,930,658
**School Breakfast Program - Cash Assist.	10.553	71401601	398,172
Total CFDA Number 10.553			3,328,830
**National School Lunch Program - Cash Assistance	10.555	71301701	4,550,038
**National School Lunch Program - Cash Assistance	10.555	71301601	624,958
**National School Lunch Prog.- Non-Cash Assistance	10.555	071901	490,795
Total CFDA Number 10.555			5,665,791
**Summer Feeding Program - Cash Assistance	10.559	71401701	28,341
**Summer Feeding Program - Cash Assistance	10.559	71301701	74,616
Total CFDA Number 10.559			102,957
Total Child Nutrition Cluster			9,097,578
Child & Adult Care Food Program - Cash Assistance	10.558	071901	278,213
Fresh Fruits and Vegetables - Cash Assistance	10.582	00345	149,740
Total Passed Through the State Department of Agriculture			\$ 9,525,531
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 9,525,531
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 16,797,734

* and ** are Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2017

1. 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 committed for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, if balances have not been expended by the end of the project period, the grantor may require the District to refund all or part of the unused amount.

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

2. Accounting and Financial Reporting - 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 either the General Fund or in a Special Revenue Fund, a component of the Governmental Fund type. For specifics, see reconciliation at item number 4 and 6. Indirect costs were accounted for in the General Fund. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources and the fund balance are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

The modified accrual basis of accounting is used for 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Due to the nature of the reporting process for the SHARS program, the District recognizes revenue upon receipt of the reimbursement notice from the granting agency.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2017

2. Period of Performance - The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Awards, Part 3, OMB Compliance Supplement - June 2017.

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

Program Income - The Child Nutrition Cluster generated program income in the amount of \$341,502 for the year ended August 31, 2017.

3. Commodity assistance is reported by the CFDA number of the programs under which USDA donated the commodities.
4. Of the federal expenditures presented in schedule K-1, the District accounted for certain funds in the General Fund as follows:

Program Title	Federal CFDA Number	Amount
School Breakfast Program	10.553	\$ 3,048,830
National School Lunch Program - Cash Assistance	10.555	4,754,996
National School Lunch Prog. - Non-Cash Assistance	10.555	490,795
Child & Adult Care Food Program - Cash Assistance	10.558	278,213
Fresh Fruits and Vegetables - Cash Assistance	10.582	149,740
NJROTC	12.000	261,979
Indirect Costs - CNP	10.XXX	700,000
Indirect Costs - Other	84.XXX	<u>122,950</u>
		9,807,503
SHARS (not included in Exhibit K-1)		<u>732,282</u>
Total General Fund federal revenue per Exhibit C-3		<u><u>\$ 10,539,785</u></u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2017

5. The District did not elect to use the 10% de minimis indirect cost rate but used the indirect cost rate assigned by the Texas Education Agency.

The District accounted for federally funded indirect costs in the General Fund as follows:

Program Title	Federal CFDA Number	Amount
School Breakfast Program - Cash Assistance	10.553	\$ 280,000
National School Lunch Program - Cash Assistance	10.555	420,000
ESEA, Title I, Part A - Improving Basic Programs	84.010A	102,698
Career and Technical - Basic Grant	84.048A	4,790
Texas Support for Homeless Education Program	84.196A	375
Title III, Part A - English Language Acquisition	84.365A	7,204
Title II, Part A - Teacher/Principal Training	84.367A	<u>7,883</u>
Total Indirect Costs		<u><u>\$ 822,950</u></u>

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

Expenditures of federal awards per Exhibit K-1	\$ 16,797,734
School Health and Related Services (SHARS) reimbursements	<u>732,282</u>
Total federal revenue per Exhibit C-3	<u><u>\$ 17,530,016</u></u>