

CLINT INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2011



CLINT INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2011

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INTRODUCTORY SECTION


CERTIFICATE OF BOARD


Clint Independent School District
Name of School District

El Paso County
County

071-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) X approved _____ disapproved for the year ended August 31, 2011, at a meeting of the board of trustees of such school district on the 18th day of Jan. 2012.


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

UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION
AND OTHER SUPPLEMENTARY INFORMATION INCLUDING THE
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Independent Auditor's Report

Board of Trustees
Clint Independent School District

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 (District) as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these basic 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2012 on our consideration of the District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison on page 7 through 16 and 66 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.

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 introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The required TEA schedules are presented for purposes of additional analysis and are not required a part of the basic financial statements. We have applied certain limited procedures to the compliance schedules required by the Texas Education Agency, with the exception of Exhibit J-3 (Cash Flows and the Optimum Fund Balance Calculation Schedule), which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and do not express an opinion or provide any assurance on it. The introductory section and Exhibit J-3, which is marked UNAUDITED, 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.



El Paso, Texas
January 11, 2012

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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, 2011. 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 \$23.2 million, or 28 percent of the total general fund expenditures, increasing by \$2 million.
- During the year, the District had expenses that were less than the \$83.5 million generated in tax and other revenues for the general fund, as planned.
- The District's total long term liabilities decreased by \$4.9 million or 3.3 percent.

Academic Highlights

The District continues to receive Superior Achievement ratings on the Financial Integrity Rating System of Texas (FIRST). The primary goal of FIRST is to achieve quality performance in the management of schools districts resources. The Texas Comptroller of Public Accounts has also developed a Financial Allocation Study for Texas (FAST). The District has received extremely high ratings on this study as well. This report identifies cost effective operations and how they relate to academic achievement. The District also earned a Gold Leadership Circle Award. This award is issued by the Texas Comptroller of Public Accounts to recognize local governments that meet a high standard for financial transparency on-line.

The Clint Independent School District continues to be a Recognized District and has carried this academic rating for two consecutive years. The District currently has seven Recognized campuses and all others are rated Acceptable.

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) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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 assets* presents information on all the Clint Independents School District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 assets* 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 five 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, debt service fund and capital projects 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, food service 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 partially 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 page 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 page 33-35 of this report.

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

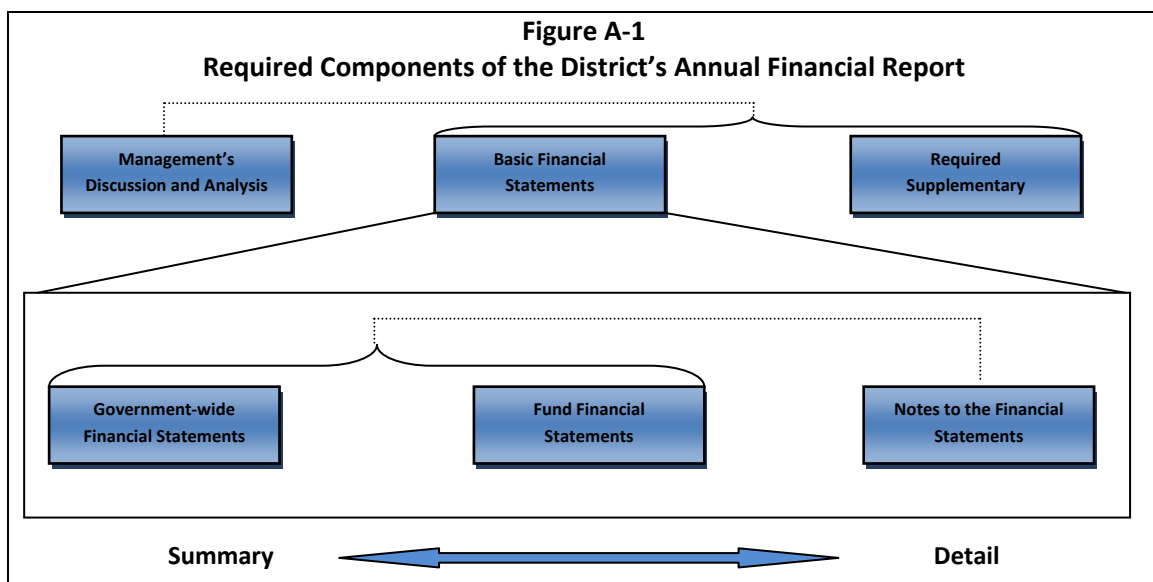


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of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

Figure A-2 Major Features of the District’s Government-wide and Fund Financial Statements				
Type of Statements	Government-wide	Government 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 Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses and changes in Fund Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
<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

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", establishing fund balance categories of nonspendable, restricted, committed, assigned and unassigned. Prior year amounts were not revised.

Net assets for the District’s governmental activities increased by \$2.4 million or 3.8 percent. The District has implemented new and robust accounting software over the last two years. The District was aware not all features of the prior software were operating correctly and transition to the new product would result in an adjustment. A prior period adjustment was recorded to decrease beginning net assets in the amount of \$8.2 million. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$22.1 million and \$14.5 million at August 31, 2011 and August 31, 2010 respectively. In September 2010, the State Board of Education voted to make distributions in fiscal year 2011 which included 1) the amounts not distributed in fiscal year 2010 due to constitutional limitations and 2) the annual fiscal 2011 distributions (which increased the per capita apportionment rate from \$262 to \$466). In addition, average daily attendance increased by 424 students. These items relate to the increase in net assets.

Food Service operations increased as a result of a new program. The District has contracted with a management company to increase student participation through the type and quality of food served coupled with presentation. The increase in expenses is offset by the increase in funding generated by increases in participation.

The District has completed many major instructional renovations and is near completion of a new high school, which will replace a twenty plus year old facility; thereby decreasing available cash balances in current and other assets and increasing capital assets.

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

Table I
Clint Independent School District
NET ASSETS

Governmental Activities	August 31, 2011	(REVISED FOR PPA)	Variance	% Change
		August 31, 2010		
Current and Other Assets	\$ 60,765,696	\$ 83,546,104	\$ -22,780,408	-27.3%
Capital Assets	158,379,473	135,028,346	23,351,127	17.3%
Total Assets	219,145,169	218,574,450	570,719	0.3%
Current Liabilities	9,527,364	6,448,880	3,078,484	47.7%
Long-Term Liabilities	144,485,227	149,348,345	-4,863,118	-3.3%
Total Liabilities	154,012,591	155,797,225	-1,784,634	-1.1%
Invested in Capital Assets Net of Related Debt	39,275,679	42,889,181	-3,613,502	-8.4%
Restricted	3,748,088	5,419,731	-1,671,643	-30.8%
Unrestricted	22,108,811	14,468,314	7,640,497	52.8%
Total Net Assets	\$ 65,132,578	\$ 62,777,226	\$ 2,355,352	3.8%

The cost of all governmental activities this year was \$106,738 million compared to \$106,546 million last year. Costs were relatively even to those of last year and only increased \$192,000 due to changes in State funding which resulted in decreases state wide. However, as shown in the statement of Activities on page 19, the amount that taxpayers ultimately financed for these activities through District Taxes was only \$12.8 million, approximately 11.7 percent of total revenues, because the majority of the costs continue to be funded by the State. Capital expenditures were funded through prior issuances of bonded debt.

Table II
Clint Independent School District
Changes in Net Assets

Governmental Activities	August 31, 2011	Revised for PPA August 31, 2010	Variance	% Change
Revenues				
Program Revenues				
Charges for Services	\$ 564,884	\$ 640,717	\$ -75,833	-11.8%
Operating Grants and Contributions	33,236,296	37,432,304	-4,196,008	-11.2%
General Revenues				
Property Taxes Levied for General Purposes	9,929,267	9,611,699	317,568	3.3%
Property Taxes Levied for Debt Services	2,831,262	2,742,504	88,758	3.2%
State Aid-Formula Grants	61,154,195	58,333,459	2,820,736	4.8%
Other	1,378,094	329,364	1,048,730	318.4%
Total Revenues	109,093,998	109,090,047	3,951	0.004%
Expenses				
Instruction	54,867,380	56,890,811	-2,023,431	-3.6%
Instructional Resources and Media Services	1,098,777	1,379,383	-280,606	-20.3%
Curriculum and Staff Development	378,661	1,086,214	-707,553	-65.1%
Instructional Leadership	2,630,408	2,321,142	309,266	13.3%
School Leadership	6,028,462	5,843,034	185,428	3.2%
Guidance, Counseling and Evaluation Services	2,799,067	2,454,754	344,313	14.0%
Social Work Services	234,940	197,304	37,636	19.1%
Health Services	853,884	830,687	23,197	2.8%
Student (Pupil) Transportation	3,343,640	3,353,755	-10,115	-0.3%
Food Services	7,843,334	6,346,744	1,496,590	23.6%
Extracurricular Activities	2,489,847	2,559,485	-69,638	-2.7%
General Administration	3,379,898	3,077,906	301,992	9.8%
Plant Maintenance and Operations	9,722,015	8,748,200	973,815	11.1%
Security and Monitoring Services	2,209,429	2,109,608	99,821	4.7%
Data Processing Services	1,507,427	1,391,382	116,045	8.3%
Community Services	306,532	301,472	5,060	1.7%
Debt Service	6,521,555	7,051,400	-529,845	-7.5%
Capital Outlay	330,074	402,846	-72,772	-18.1%
Other Intergovernmental Charges	192,621	199,803	-7,182	-3.6%
Total Expenses	106,737,951	106,545,930	192,021	0.2%
Increase in Net Assets Before Special Item	2,356,047	2,544,117	-188,070	-7.4%
Special Item	-695	417,233	-417,928	-100.2%
Increase in Net Assets	2,355,352	2,961,350	-605,998	-20.5%
Beginning Net Assets, Before Prior Period Adjustment	62,777,226	68,038,635	-5,261,409	-7.7%
Prior Period Adjustment		-8,222,759	8,222,759	-100.0%
Ending Net Assets	\$ 65,132,578	\$ 62,777,226	\$ 2,355,352	3.8%

Capital Assets and Debt Administration

Capital Assets

At the end of 2011, the District had \$158.4 million invested in a broad range of capital assets, including land, facilities, vehicles and other equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of over \$23.4 million, or 17 percent, over last year. The District's new high school is near completion along with other major renovations.

This year's major additions included:

Buildings and Building Improvements	\$ 667,122
Equipment and Furniture	708,908
Construction in Progress	<u>26,143,796</u>
 Totaling	 <u>\$27,519,826</u>

Additional information about the District's capital assets and construction commitments can be found in the Notes G and X.

Debt

At year-end, the District had \$144.5 million in bonds and notes outstanding, a decrease of \$4.9 million. The district has issued \$90 million in bonds for new schools, renovations and additions over the last few years. All projects have been completed or are near completion.

The District aggressively manages its debt and has refinanced or refunded portions of it, each year for the last three years, to reduce the burden to taxpayers and the State. Each occurrence has resulted in lower interest rates and annual savings. During a recent rating update, for the sale and refunding of bonds, the District's credit rating stayed constant from both Standard & Poor's and Fitch Ratings. The district still carries an A- rating from both parties with stable financial outlooks 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 M and N.

The District's Funds

As the District completed the year, its general fund (as presented in the balance sheet on pages 22-23) reported a fund balance of \$23.2 million, which is an increase of \$2 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.

General Fund revenue increased because of the State Board of Education's decision to make additional current and catch up distributions in fiscal year 2011. Debt service revenue decreased because of bond

refunding issues reducing the District's eligible debt for state funding. Revenues in the Other Funds column decreased because of smaller ARRA award balances available for spending in the current year. Overall, there was a small decrease in revenues.

Although employees were granted a 1% raise and step salary increases, the District managed to keep general fund expenditures steady by reducing spending in other areas. Capital project expenditures increased as the result of progress on the new high school and phase II bond projects. Because smaller ARRA award balances were available, expenditures also decreased in the Other Funds column, mostly in function 11.

Budgetary Highlights

The Facilities Maintenance and Operations budget was amended during the year, in the amount of \$100,000 for repairs that occurred due to inclement weather, and boiler and plumbing repairs were completed. In addition to these repairs, a lift station was repaired. The Facilities Acquisition and Construction budget was also amended in the amount of \$410,000. These repairs resulted from inclement weather damage that occurred several years ago. An insurance settlement was received, but rather than reduce the fund balance, the District opted to fund the expenditure. Other minor amendments were also approved to various functions. These budget amendments explain the actual increases in function 51.

The Child Nutrition Program, or the Food Service Fund, continues to maintain an adequate fund balance. Several amendments were approved, during the year, to spend down or reduce the fund balance in the amount of \$764,000. An amount of \$400,000 was approved to increase the spending ability of the program. The Texas Department of Agriculture (TDA) approved a plan to reduce the fund balance in the amount of \$363,000 and the District has purchased many items included in the plan, but has the approval, from TDA, to complete the purchases by July 2012. The purchases include upgrading serving lines, wiring, alarm systems, painting and minor remodeling, and replacement of coolers and freezers. These budget amendments explain the actual increases in function 35 and 51.

The District continues to use an allocation based budgeting process. Allocation based budgeting has provided the District with consistent expenditures per pupil populations, attendance zones, and provides the District with an equitable and efficient budgeting process. The District has chosen this process to 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 2010-2011 school year—increasing property values, student growth, investment income, teacher shortages and retainage, and the economy are all factored into the decision making process.

Student enrollment, with an average increase of 4 percent over the last several years, has occurred in the Horizon area. Providing facilities to accommodate growth and improvement of other facilities is imperative. As one of the most poverty 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. With an increasing tax base and sound balanced budget practices, the District has been able to set tax rates far less than originally communicated to the public.

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 and in most areas is the highest in the Region and is among the highest in the State. 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, and 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, contact the District's business office, at the Clint Independent School District, 14521 Horizon Blvd., El Paso, Texas.

BASIC FINANCIAL STATEMENTS

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2011

Data	Primary Government
Control	
Codes	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 49,236,248
1220 Property Taxes Receivable (Delinquent)	3,903,374
1230 Allowance for Uncollectible Taxes	(2,791,637)
1240 Due from Other Governments	7,329,580
1290 Other Receivables, net	377,504
1300 Inventories	214,908
1420 Capitalized Bond and Other Debt Issuance Costs	2,489,865
Capital Assets:	
1510 Land	6,849,790
1520 Buildings, Net	110,881,589
1530 Furniture and Equipment, Net	6,028,742
1580 Construction in Progress	34,619,352
1801 Restricted Assets-Cash	5,854
1000 Total Assets	219,145,169
LIABILITIES	
2110 Accounts Payable	597,968
2140 Interest Payable	230,239
2150 Payroll Deductions & Withholdings	1,432
2160 Accrued Wages Payable	2,603,339
2177 Due to Fiduciary Funds	21,768
2180 Due to Other Governments	4,079,378
2200 Accrued Expenses	1,973,106
2300 Deferred Revenues	20,134
Noncurrent Liabilities	
2501 Due Within One Year	5,675,094
2502 Due in More Than One Year	138,810,133
2000 Total Liabilities	154,012,591
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	39,275,679
3820 Restricted for Federal and State Programs	2,037,421
3850 Restricted for Debt Service	1,704,665
3881 Restricted for Scholarships-Nonexpendable	5,000
3882 Restricted for Scholarships-Expendable	854
3890 Restricted for Other Purposes	148
3900 Unrestricted Net Assets	22,108,811
3000 Total Net Assets	\$ 65,132,578

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, 2011

EXHIBIT B-1

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

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 54,867,380	\$ 168,401	\$ 12,691,685	\$ (42,007,294)
12 Instructional Resources and Media Services	1,098,777	-	302,250	(796,527)
13 Curriculum and Staff Development	378,661	-	317,136	(61,525)
21 Instructional Leadership	2,630,408	-	1,250,079	(1,380,329)
23 School Leadership	6,028,462	-	562,964	(5,465,498)
31 Guidance, Counseling and Evaluation Services	2,799,067	-	931,470	(1,867,597)
32 Social Work Services	234,940	-	14,220	(220,720)
33 Health Services	853,884	-	247,659	(606,225)
34 Student (Pupil) Transportation	3,343,640	-	151,329	(3,192,311)
35 Food Services	7,843,334	238,069	6,983,018	(622,247)
36 Extracurricular Activities	2,489,847	57,278	61,520	(2,371,049)
41 General Administration	3,379,898	86,887	220,022	(3,072,989)
51 Facilities Maintenance and Operations	9,722,015	14,249	1,196,106	(8,511,660)
52 Security and Monitoring Services	2,209,429	-	120,482	(2,088,947)
53 Data Processing Services	1,507,427	-	566,735	(940,692)
61 Community Services	306,532	-	206,461	(100,071)
72 Debt Service - Interest on Long Term Debt	6,517,463	-	7,398,301	880,838
73 Debt Service - Bond Issuance Cost and Fees	4,092	-	-	(4,092)
81 Capital Outlay	330,074	-	14,859	(315,215)
99 Other Intergovernmental Charges	192,621	-	-	(192,621)

[TP] TOTAL PRIMARY GOVERNMENT:

\$ 106,737,951	\$ 564,884	\$ 33,236,296	(72,936,771)
----------------	------------	---------------	--------------

Data
Control
Codes

General Revenues:

	Taxes:	
MT	Property Taxes, Levied for General Purposes	9,929,267
DT	Property Taxes, Levied for Debt Service	2,831,262
SF	State Aid - Formula Grants	61,154,195
GC	Grants and Contributions not Restricted	566,661
IE	Investment Earnings	106,255
MI	Miscellaneous Local and Intermediate Revenue	705,178
S2	Special Item - (Use)	(695)
TR	Total General Revenues & Special Items	75,292,123
CN	Change in Net Assets	2,355,352
NB	Net Assets--Beginning	70,999,985
PA	Prior Period Adjustment	(8,222,759)
NE	Net Assets--Ending	\$ 65,132,578

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, 2011

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 22,082,003	\$ 1,503,570	\$ 25,552,632
1220 Property Taxes - Delinquent	3,054,194	849,180	-
1230 Allowance for Uncollectible Taxes (Credit)	(2,183,018)	(608,619)	-
1240 Receivables from Other Governments	3,598,689	1,794,583	-
1260 Due from Other Funds	3,910,520	457,210	-
1290 Other Receivables	377,504	-	-
1300 Inventories	214,908	-	-
1800 Restricted Assets	-	-	-
1000 Total Assets	<u>\$ 31,054,800</u>	<u>\$ 3,995,924</u>	<u>\$ 25,552,632</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 597,706	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	1,432	-	-
2160 Accrued Wages Payable	2,507,943	-	-
2170 Due to Other Funds	1,920,303	92,912	687,958
2180 Due to Other Governments	2,079,977	1,997,265	-
2200 Accrued Expenditures	-	-	1,973,106
2300 Deferred Revenues	752,124	201,082	-
2000 Total Liabilities	<u>7,859,485</u>	<u>2,291,259</u>	<u>2,661,064</u>
Fund Balances:			
Nonspendable Fund Balance:			
3410 Inventories	42,781	-	-
3445 Other Non-Spendable Fund Balance	-	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	2,004,249	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	22,891,568
3480 Retirement of Long-Term Debt	-	1,704,665	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3510 Construction	3,240,000	-	-
3530 Capital Expenditures for Equipment	500,000	-	-
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	17,408,285	-	-
3000 Total Fund Balances	<u>23,195,315</u>	<u>1,704,665</u>	<u>22,891,568</u>
4000 Total Liabilities and Fund Balances	<u>\$ 31,054,800</u>	<u>\$ 3,995,924</u>	<u>\$ 25,552,632</u>

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

Other Funds	Total Governmental Funds
\$ 98,043	\$ 49,236,248
-	3,903,374
-	(2,791,637)
1,936,308	7,329,580
29,592	4,397,322
-	377,504
-	214,908
5,854	5,854
<u>\$ 2,069,797</u>	<u>\$ 62,673,153</u>
\$ 262	\$ 597,968
-	1,432
95,396	2,603,339
1,855,054	4,556,227
2,136	4,079,378
-	1,973,106
-	953,206
<u>1,952,848</u>	<u>14,764,656</u>
-	42,781
5,000	5,000
33,172	2,037,421
-	22,891,568
-	1,704,665
1,002	1,002
-	3,240,000
-	500,000
77,775	77,775
-	17,408,285
<u>116,949</u>	<u>47,908,497</u>
<u>\$ 2,069,797</u>	<u>\$ 62,673,153</u>

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CLINT INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2011

Total Fund Balances - Governmental Funds	\$ 47,908,497
1 The District uses an internal service fund to charge the costs of self-insurance for worker's 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 assets. The net effect of this consolidation is to increase net assets.	137,137
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 \$179,889,046 and the accumulated depreciation was \$44,860,700. 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 assets.	(3,880,946)
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 2011 capital outlays and debt principal payments is to increase net assets.	32,425,581
4 The 2011 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(4,168,004)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.	933,072
6 Prior period adjustment related to (1) duplicate assets recorded in prior years and (2) equipment not recorded in prior years. The net effect of the prior period adjustment is to decrease net assets.	(8,222,759)
19 Net Assets of Governmental Activities	<u>\$ 65,132,578</u>

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, 2011

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 10,804,749	\$ 2,871,158	\$ 64,487
5800 State Program Revenues	64,714,117	7,398,301	-
5900 Federal Program Revenues	7,971,114	-	-
5020 Total Revenues	<u>83,489,980</u>	<u>10,269,459</u>	<u>64,487</u>
EXPENDITURES:			
Current:			
0011 Instruction	42,255,741	-	-
0012 Instructional Resources and Media Services	1,012,856	-	-
0013 Curriculum and Instructional Staff Development	72,223	-	-
0021 Instructional Leadership	1,339,487	-	-
0023 School Leadership	5,532,644	-	-
0031 Guidance, Counseling and Evaluation Services	1,847,359	-	-
0032 Social Work Services	225,528	-	-
0033 Health Services	811,099	-	-
0034 Student (Pupil) Transportation	2,824,125	-	-
0035 Food Services	7,494,125	-	-
0036 Extracurricular Activities	2,421,520	-	33,635
0041 General Administration	3,188,821	-	-
0051 Facilities Maintenance and Operations	8,819,628	-	178,485
0052 Security and Monitoring Services	2,097,852	-	-
0053 Data Processing Services	1,067,623	-	-
0061 Community Services	102,216	-	-
Debt Service:			
0071 Principal on Long Term Debt	-	5,271,677	-
0072 Interest on Long Term Debt	-	6,155,424	-
0073 Bond Issuance Cost and Fees	-	158,592	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	221,564	-	26,867,170
Intergovernmental:			
0099 Other Intergovernmental Charges	192,621	-	-
6030 Total Expenditures	<u>81,527,032</u>	<u>11,585,693</u>	<u>27,079,290</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,962,948</u>	<u>(1,316,234)</u>	<u>(27,014,803)</u>
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	12,305,000	-
7915 Transfers In	32,197	-	-
7916 Premium or Discount on Issuance of Bonds	-	956,625	-
8911 Transfers Out (Use)	-	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(13,103,938)	-
7080 Total Other Financing Sources (Uses)	<u>32,197</u>	<u>157,687</u>	<u>-</u>
1200 Net Change in Fund Balances	1,995,145	(1,158,547)	(27,014,803)
0100 Fund Balance - September 1 (Beginning)	<u>21,200,170</u>	<u>2,863,212</u>	<u>49,906,371</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 23,195,315</u>	<u>\$ 1,704,665</u>	<u>\$ 22,891,568</u>

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

Other Funds	Total Governmental Funds
\$ 157,721	\$ 13,898,115
1,289,298	73,401,716
13,580,323	21,551,437
<u>15,027,342</u>	<u>108,851,268</u>
10,621,802	52,877,543
249,940	1,262,796
314,727	386,950
1,192,695	2,532,182
263,263	5,795,907
842,761	2,690,120
117	225,645
9,583	820,682
165	2,824,290
122,350	7,616,475
-	2,455,155
78,880	3,267,701
608,414	9,606,527
1,377	2,099,229
507,954	1,575,577
200,038	302,254
-	5,271,677
-	6,155,424
-	158,592
-	27,088,734
-	192,621
<u>15,014,066</u>	<u>135,206,081</u>
<u>13,276</u>	<u>(26,354,813)</u>
-	12,305,000
-	32,197
-	956,625
(32,197)	(32,197)
-	(13,103,938)
<u>(32,197)</u>	<u>157,687</u>
<u>(18,921)</u>	<u>(26,197,126)</u>
<u>135,870</u>	<u>74,105,623</u>
<u>\$ 116,949</u>	<u>\$ 47,908,497</u>

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, 2011

Total Net Change in Fund Balances - Governmental Funds	\$	(26,197,126)
The District uses an internal service fund to charge the costs of self-insurance for worker's compensation, to appropriate functions in other funds. The net income of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net assets.		52,171
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 2011 capital outlays and debt principal payments is to increase net assets.		32,425,581
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 assets.		(4,168,004)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.		242,730
Change in Net Assets of Governmental Activities	\$	2,355,352

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

PROPRIETARY FUND FINANCIAL STATEMENTS

CLINT INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 AUGUST 31, 2011

	Governmental Activities -
	Internal Service Fund
<hr/>	
ASSETS	
Current Assets:	
Due from Other Funds	\$ 137,137
Total Assets	<u>137,137</u>
NET ASSETS	
Unrestricted Net Assets	<u>137,137</u>
Total Net Assets	<u><u>\$ 137,137</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 ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 643,101
Total Operating Revenues	643,101
OPERATING EXPENSES:	
Professional and Contracted Services	590,930
Total Operating Expenses	590,930
Operating Income	52,171
Total Net Assets - September 1 (Beginning)	84,966
Total Net Assets - August 31 (Ending)	\$ 137,137

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, 2011

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 590,930
Cash Payments for Insurance Claims	(590,930)
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:	\$ 52,171
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase in Due from Other Funds	(52,171)
Net Cash Provided by Operating Activities	\$ -

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

FIDUCIARY FUND FINANCIAL STATEMENTS

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2011

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 228,820
Due from Other Funds	1,500	20,268
Total Assets	<u>1,500</u>	<u>\$ 249,088</u>
LIABILITIES		
Due to Student Groups	-	\$ 236,531
Payable from Restricted Assets	-	12,557
Total Liabilities	<u>-</u>	<u>\$ 249,088</u>
NET ASSETS		
Unrestricted Net Assets	<u>1,500</u>	
Total Net Assets	<u>\$ 1,500</u>	

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

CLINT INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

	Private Purpose Trust Fund
Change in Net Assets	-
Total Net Assets - September 1 (Beginning)	<u>1,500</u>
Total Net Assets - August 31 (Ending)	<u>\$ 1,500</u>

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

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CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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 general purpose financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; 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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Clint Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "operating grants and contributions" column includes 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 revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets 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 Assets. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Assets as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

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 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. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

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, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board Codification issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

D. FUND ACCOUNTING

The District accounts for its activities in three types of funds--Governmental, Proprietary, and Fiduciary and two account groups. It uses the fund and account group codes specified in the Resource Guide.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following major governmental funds:

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

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

Governmental Funds:

1. Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by 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.
2. 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.

Proprietary fund types include the following:

1. Enterprise Funds – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District has no enterprise funds.
2. 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 worker's compensation.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

Fiduciary fund types include the following:

1. Private Purpose Trust Funds – The District accounts for donations for which the donor has stipulated that the principal and income may be used for purposes that benefit parties outside the District. The District Private Purpose Trust Fund is the Rio Valle Woman’s Club Scholarship Fund.
2. Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity Fund and the Sunshine Fund.

E. **OTHER ACCOUNTING POLICIES**

1. Inventories of supplies on the balance sheet are stated at weighted average cost and they include consumable maintenance, instructional, office, athletic, 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 Human Services (TDHS). Although commodities are received at no cost, their fair market value is supplied by the TDHS and should be recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged and revenue is recognized for an equal amount.
2. 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 in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications 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.
 - **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/her designee as named in the Board Resolution dated July 27, 2011.
 - **Unassigned fund balance** - Represents amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as commitments of the fund (such as for special incentives). Assigned fund balance is established by the Superintendent or his/her 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. 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 2011, the Board of Trustees adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be at least equal to two months operating expenses of the subsequent year's General Fund expenditures.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. 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.
5. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.
6. 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.
7. 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, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized 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.
8. The District does not pay for accrued sick leave or vacation leave upon retirement or termination.
9. The District's policy is to pay any accumulated compensated absences at June 30th. Management believes that the amount accrued from July 1st to August 31st is immaterial in relation to the financial statements taken as a whole and as such, has elected not to accrue a liability.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. 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.
11. 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.
12. The District has a partially self funded Workers Compensation Fund.
13. 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, as appropriate. Indirect costs are not allocated on the Government-wide Statement of Activities.
14. 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.
15. 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.

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 Assets

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. 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, 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, 2011

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 assets 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 the net asset balance and the change in net assets.

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 several items.

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 Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the Food Service Fund and the Debt Service Fund are in Exhibit J-4 and J-5.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

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. There were no encumbrances at the end of the year.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

District Polices and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits – State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk for Deposits – The District limits the risk that changes in exchange rates will adversely affect a deposit by not having any deposits denominated in a foreign currency.

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.

At August 31, 2011 the carrying amount of the District's deposits (cash, interest-bearing savings accounts, certificates of deposit, included agency funds, was \$3,415,905 and the bank balance was \$7,739,369. In addition, the District had \$1,700 in petty cash recorded in these financial statements. The District's cash deposits at August 31, 2011 and during the year ended August 31, 2011 were entirely covered by FDIC insurance or by 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: **The First National Bank of Fabens**

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$8,211,594.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$7,948,504 and occurred during the month of June 2011.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

District Policies and Legal and Contractual Provisions Governing Investments

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. The District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2011, the District has the following temporary investments:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Lone Star Investment Pool		
Liquidity Plus Fund:		
General Fund	\$ 20,784,258	\$ 20,784,258
Debt Service Fund	1,490,414	1,490,414
Capital Projects Fund	<u>23,778,645</u>	<u>23,778,645</u>
 Total	 <u>\$ 46,053,317</u>	 <u>\$ 46,053,317</u>

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. Although Lone Star Investment Pool (Lone Star) is not registered with the SEC as an investment company, it operates

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB Statement Number 31 allows 2a7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than market value to report net assets to compute share price. The fair value of the District's position in Lone Star is the same as the value of Lone Star shares. 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.

Additional polices and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk – To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in public funds investment pools to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2011, the District's investments in Lone Star Investment Pool were rated AAA by Standard & Poor's.

Custodial Credit Risk for Investments – To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. Investment pools are not categorized because they are not evidenced by securities that exist in physical or book-entry form.

Concentration of Credit Risk – To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. There is no concentration of credit risk since the purpose of Lone Star investment pool is to diversify the District's investment portfolio.

Interest Rate Risk – To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires investment portfolios to have maturities of less than one year on a weighted average maturity basis. The District's investment in the Lone Star Investment Pool qualifies as a 2a-7 like pool and is excluded from the Interest Rate Risk disclosure requirement according to the GASB 59 Statement.

Foreign Currency Risk for Investments – The District is not exposed to the risk that changes in exchange rates will adversely affect the fair value of an investment since none of the investments are denominated in a foreign currency.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

B. PROPERTY TAXES

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

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are 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.

D. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. TEA has the right to offset the receivable and liability. Amounts due from federal and state governments as of August 31, 2011, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>State and Local Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$ 3,282,640	\$ 316,049	\$ 3,598,689
Special Revenue	57,590	1,878,718	1,936,308
Debt Service	1,794,583	-	1,794,583
Total	<u>\$ 5,134,813</u>	<u>\$ 2,194,767</u>	<u>\$ 7,329,580</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

E. INTERFUND BALANCES AND TRANSFERS

Interfund balances at August 31, 2011 consisted of the following individual fund balances:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
General Fund	\$ 1,752,074	\$ 1,752,074
Debt Service Fund	92,912	-
Capital Projects Fund	230,748	-
Non-major Governmental Funds	1,834,786	29,592
Internal Service Fund	-	137,137
Fiduciary Fund	-	1,500
General Fund Total	<u>3,910,520</u>	<u>1,920,303</u>
Debt Service Fund:		
General Fund	-	92,912
Capital Projects Fund	457,210	-
Debt Service Fund Total	<u>457,210</u>	<u>92,912</u>
Capital Projects Fund:		
General Fund	-	230,748
Debt Service Fund	-	457,210
Capital Projects Fund Total	<u>-</u>	<u>687,958</u>
Non-major Governmental Funds:		
General Fund	29,592	1,834,786
Fiduciary Fund	-	20,268
Non-major Governmental Funds Total	<u>29,592</u>	<u>1,855,054</u>
Internal Service Fund		
General Fund	137,137	-
Internal Service Fund Total	<u>137,137</u>	<u>-</u>
Fiduciary Fund:		
Non-major Governmental Funds	20,268	-
General Fund	1,500	-
Fiduciary Fund Total	<u>21,768</u>	<u>-</u>
Total	<u>\$ 4,556,227</u>	<u>\$ 4,556,227</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

Interfund balances are a result of normal operations and are eliminated periodically. Management intends to pay out these balances within one year.

Interfund transfers for the year ended August 31, 2011, consisted of the following amounts:

	<u>Transfers In</u>	<u>Transfers Out</u>
Transfers in from other funds:		
General Fund	<u>\$ 32,197</u>	<u>\$ -</u>
Total General Fund	<u>32,197</u>	<u>-</u>
Transfers out to other funds:		
Nonmajor Governmental Funds:		
Special Revenue	<u>-</u>	<u>32,197</u>
Total Nonmajor Governmental Funds	<u>\$ 32,197</u>	<u>\$ 32,197</u>

Interfund transfers generally fall within two categories: (1) transfers to the Child Nutrition Program because of excess revenue from the Summer Feeding Program, and (2) transfers to cover operating expenditures/deficits in accordance with District policy or legal requirements.

F. DISAGGREGATION OF RECEIVABLES

Other Receivables as of August 31, 2011, consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>
E-Rate	\$ 375,792	\$ -	\$ 375,792
Other	<u>1,712</u>	<u>-</u>	<u>1,712</u>
Total	<u>\$ 377,504</u>	<u>\$ -</u>	<u>\$ 377,504</u>

Accounts receivable of \$377,504 in the governmental funds is shown at gross value. Management believes an allowance for doubtful accounts is not necessary for fair presentation.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

G. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2011 was as follows:

	Primary Governments			
	Restated Beginning Balance	Additions	Deletions and Reclassifications	Ending Balance
<u>Governmental activities:</u>				
Land	\$ 6,849,790	\$ -	\$ -	\$ 6,849,790
Buildings and improvements	149,992,289	667,122	(502,910)	150,156,501
Furniture and equipment	15,074,321	708,908	(37,666)	15,745,563
Construction in progress	7,972,646	26,143,796	502,910	34,619,352
Totals at historic cost	179,889,046	27,519,826	(37,666)	207,371,206
Less accumulated depreciation for:				
Buildings and improvements	36,063,591	3,211,321	-	39,274,912
Furniture and equipment	8,797,109	956,683	(36,971)	9,716,821
Total accumulated depreciation	44,860,700	4,168,004	(36,971)	48,991,733
Governmental activities capital assets, net	\$ 135,028,346	\$ 23,351,822	\$ (695)	\$ 158,379,473

Depreciation expense was charged to governmental functions as follows:

11	Instruction	\$ 2,070,619
12	Instruction resources and media services	42,514
13	Curriculum and instructional shop	1,739
21	Instruction leadership	99,827
23	School leadership	236,374
31	Guidance, counseling & evaluation services	110,741
32	Social work services	9,448
33	Health services	33,749
34	Student (pupil) transportation	533,101
35	Food services	249,318
36	Cocurricular/extracurricular activities	76,681
41	General administration	113,866
51	Plant maintenance and operations	348,510
52	Security and monitoring services	111,548
53	Data processing services	125,621
61	Community services	4,348
	Total depreciation expense	<u>\$ 4,168,004</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

H. CAPITAL LEASES

The District has no significant capital leases at August 31, 2011.

I. LEASE AGREEMENTS

In 2009, the District entered into a lease agreement with Project Vida Health Center, Inc. in which the District would lease a particular parcel of real property including improvements of three (3) modular buildings for the purpose of operating a medical clinic and facility to provide medical and health related services to the residents of the District and surrounding areas. The lease commenced on March 1, 2009 and terminates on January 31, 2014.

J. PROPERTY INSURANCE AND PERSONNEL BONDS

For the year ended August 31, 2011, Clint Independent School District carried insurance for building and contents in the amount of \$230,085,644 limited to \$1,000,000 per occurrence with a deductible of \$50,000 per occurrence. Automobile liability is limited to \$1,000,000 per occurrence with no deductible per occurrence.

K. 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, 2011, TEA indicates that it overpaid the District by \$2,079,977. TEA has recouped this amount by reducing its payments to the District for fiscal year 2011. The balance in due to other governments as of August 31, 2011 consisted of the following:

	General Fund	Debt Service	Nonmajor Governmental Funds	Total
Foundation School Program	\$ 2,079,977	\$ -	\$ -	\$ 2,079,977
Existing Debt Allotment	-	1,646	-	1,646
Instructional Facilities Allotment	-	1,995,619	-	1,995,619
Miscellaneous	-	-	2,136	2,136
Total	\$ 2,079,977	\$ 1,997,265	\$ 2,136	\$ 4,079,378

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

L. DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Net Tax Revenue	\$ 731,990	\$ 201,082	\$ 933,072
Commodities	20,134	-	20,134
Total Deferred Revenue	\$ 752,124	\$ 201,082	\$ 953,206

M. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$137,339,697	\$ 12,305,000	\$ 18,011,677	\$ 131,633,020	\$ 5,201,677
Accretion Payable	7,302,808	364,457	158,323	7,508,942	154,217
Unamortized Premium on Bonds	4,705,840	956,625	319,200	5,343,265	319,200
Total Governmental Long-term Liabilities	\$149,348,345	\$ 13,626,082	\$ 18,489,200	\$ 144,485,227	\$ 5,675,094

N. GENERAL LONG-TERM DEBT

Many of the District's bonds are variable-rate debt. Interest rates for the variable-rate debt change based on pre-determined payment maturity schedules.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

A summary of changes in general long-term debt for the year ended August 31, 2011 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable Amount Outstanding 8/31/10	Issued	Retired	Outstanding 8/31/11	Due Within One Year
Unlimited Tax Refunding Bonds Series - 1998 Capital appreciation bonds	4.65% - 4.95%	\$ 58,385	\$ -	\$ 23,354	\$ -	\$ 11,677	\$ 11,677	\$ 11,677
Unlimited Tax School Bldg. and Refunding Bond - Series 2002:								
Current interest bonds	4% - 6%	29,050,000	876,433	14,470,000	-	14,470,000	-	-
Capital appreciation bonds	5.76% - 5.91%	644,984	-	644,984	-	-	644,984	-
Unlimited Tax School Bldg. and Refunding Bond - Series 2003	2.50% - 5%	20,905,000	231,275	4,195,000	-	700,000	3,495,000	725,000
Unlimited Tax School Bldg. Bond - Series 2003A	2% - 5.125%	19,130,000	397,335	9,205,000	-	560,000	8,645,000	580,000
Unlimited Tax School Bldg. Bond Series 2006	4% - 5%	33,880,000	1,489,790	30,080,000	-	880,000	29,200,000	915,000
Unlimited Tax Refunding Bldg. Bond - Series 2007:								
Current interest bonds	4% - 4.37%	20,720,000	806,853	19,395,000	-	250,000	19,145,000	605,000
Capital appreciation bonds	3.87% - 4%	554,982	-	554,982	-	-	554,982	-
Unlimited Tax School Bldg. Bond Series 2007A	4.5% - 5%	24,875,000	1,166,038	23,495,000	-	-	23,495,000	-
Unlimited Tax School Building Bonds - Series 2008	3.5% - 5%	29,935,000	1,418,625	28,660,000	-	-	28,660,000	-
Unlimited Tax Refunding Bonds - Series 2009:								
Current Interest bonds	3% - 4.5%	6,385,000	271,988	6,385,000	-	735,000	5,650,000	755,000
Capital Appreciation bonds		524,997	-	-	-	-	-	-
Unlimited Tax Refunding Bonds - Series 2010								
Capital appreciation bonds	2.8% - 3.85%	231,377	-	231,377	-	-	231,377	-
Unlimited Tax Refunding Bonds - Series 2010A	2% - 4%	12,305,000	-	-	12,305,000	405,000	11,900,000	1,610,000
		<u>199,199,725</u>	<u>6,658,337</u>	<u>137,339,697</u>	<u>\$ 12,305,000</u>	<u>18,011,677</u>	<u>131,633,020</u>	<u>5,201,677</u>

Tax Refunding Bonds 1998 series, part of 2002 series, part of 2007 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 will mature in 2008 through 2024.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

Accretion Payable for the year ended August 31, 2011, is as follows:

Description	Accretion Outstanding 8/31/2010	Accrual of Accretion	Accretion Retired	Accretion Outstanding 8/31/2011	Due Within One Year
Tax Refunding Bond Series 1998	\$ 300,557	\$ 11,983	\$ 158,323	\$ 154,217	\$ 154,217
Tax Refunding Bond Series 2002	1,247,594	112,144	-	1,359,738	-
Tax Refunding Bond Series 2007	2,494,039	121,076	-	2,615,115	-
Tax Refunding Bond Series 2010	3,260,618	119,254	-	3,379,872	-
	<u>\$ 7,302,808</u>	<u>\$ 364,457</u>	<u>\$ 158,323</u>	<u>\$ 7,508,942</u>	<u>\$ 154,217</u>

Unamortized Premiums on bonds for the year ended August 31, 2011 were as follows:

Description	Beginning Balance	Premiums on New Issues	Transfer of Premium on Refunded Debt	Amortization Recognized	Ending Balance	Due Within One Year
Series 2002	\$ 925,586	\$ -	\$ (925,586)	\$ -	\$ -	\$ -
Series 2003	393,783	-	-	23,865	369,918	23,865
Series 2003A	67,221	-	-	3,954	63,267	3,954
Series 2006	952,453	-	-	45,355	907,098	45,355
Series 2007	1,504,013	-	-	79,159	1,424,854	79,159
Series 2007A	300,224	-	-	13,647	286,577	13,647
Series 2008	429,485	-	-	18,673	410,812	18,673
Series 2009	133,075	-	-	22,179	110,896	22,179
Series 2010A	-	956,625	925,586	112,368	1,769,843	112,368
Total Premiums Payable	<u>\$ 4,705,840</u>	<u>\$ 956,625</u>	<u>\$ -</u>	<u>\$ 319,200</u>	<u>\$ 5,343,265</u>	<u>\$ 319,200</u>

Debt service requirements are as follows:

Year Ended August 31,	General Obligations		
	Principal	Interest	Total Requirements
2012	\$ 5,201,677	\$ 6,074,339	\$ 11,276,016
2013	4,551,886	6,718,960	11,270,846
2014	4,348,542	6,540,083	10,888,625
2015	4,739,554	6,437,321	11,176,875
2016	5,193,094	5,929,725	11,122,819
2017 - 2021	28,029,272	27,951,824	55,981,096
2022 - 2026	33,948,995	17,184,469	51,133,464
2027 - 2031	37,080,000	7,547,858	44,627,858
2032 - 2035	8,540,000	544,500	9,084,500
Total	<u>\$ 131,633,020</u>	<u>\$ 84,929,079</u>	<u>\$ 216,562,099</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

On November 23, 2010, the District issued Unlimited Tax Refunding Bonds, Series 2010A in the amount of \$12,305,000 which was used to refund \$12,740,000 of Unlimited Tax Refunding Bonds, Series 2002. The bonds are payable February 15 and August 15 of each year, commencing February 15, 2011 and ending upon maturity on February 15, 2027 or prior redemption. The issuance of the refunding bonds was undertaken to reduce total debt service payments over 17 years by \$2,513,424 and resulted in an economic present value gain of \$2,039,618 after allocation of all costs of issuance of the bonds. These 2002 refunded bonds were redeemed on February 15, 2011.

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, 2011, \$2,950,000 of the defeased 2002 bonds (these are not the same bonds that were refunded in 2010-2011), \$11,900,000 of the defeased 2003 bonds and \$6,425,000 of the defeased 2003A bonds were still unpaid. The market value of the funds in escrow for the payments for these defeased bonds was \$18,520,678 as of August 31, 2011.

The district has a number of capital appreciation bonds outstanding that were issued at deep discounts. These discounts are being accreted over the life of the bonds. As of August 31, 2011, interest had been accreted in the amount of \$7,508,942 and is presented as part of long-term liabilities.

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, 2011.

O. FUND BALANCES

As of August 31, 2011, fund balances are composed of the following:

	General Fund	Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ 42,781	\$ -	\$ -	\$ -	\$ 42,781
Corpus for Scholarship Fund	-	-	-	5,000	5,000
Restricted:					
Food Services	2,004,249	-	-	-	2,004,249
Federal and State Programs	-	-	-	33,172	33,172
Capital Acquisition	-	-	22,891,568	-	22,891,568
Retirement of Long-Term Debt	-	1,704,665	-	-	1,704,665
Other	-	-	-	1,002	1,002
Committed:					
Future Construction	3,240,000	-	-	-	3,240,000
Future Capital Expenditures	500,000	-	-	-	500,000
Campus Activities	-	-	-	77,775	77,775

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

	General Fund	Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assigned:					
Construction	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned Fund Balance	17,408,285	-	-	-	17,408,285
Total fund balances	\$ 23,195,315	\$ 1,704,665	\$ 22,891,568	\$ 116,949	\$ 47,908,497

As of August 31, 2011, the District did not have any encumbrances.

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	Other Funds	Internal Service Fund	Total
Property taxes	9,755,562	2,767,186	-	-	-	12,522,748
Penalties, interest and other tax revenues	392,528	97,286	-	-	-	489,814
Investment income	35,243	6,686	64,487	37	-	106,453
Rent income	14,249	-	-	-	-	14,249
Donations	4,000	-	-	-	-	4,000
Food sales	126,633	-	-	694	-	127,327
Athletic activities	57,278	-	-	-	-	57,278
Interfund services	-	-	-	-	643,101	643,101
Enterprising services	-	-	-	156,990	-	156,990
Insurance recovery	210,374	-	-	-	-	210,374
Other	208,882	-	-	-	-	208,882
Total	10,804,749	2,871,158	64,487	157,721	643,101	14,541,216

Q. DEFINED BENEFIT PENSION PLAN

Plan Description: Clint Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. It is a cost-sharing PERS with one exception-all risks and costs are not shared by the District, but are the liability of the State of Texas. The payments made by the State on behalf of the District are reflected in the accompanying financial statements as both revenue and expenditures/expenses. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8 Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy: State law provides for a member contribution rate of 6.4% for fiscal year 2009 and 6.644% for 2010 and 2011. State law also provides a state contribution rate of 6.58% for fiscal years 2009, 2010 and 2011. In certain instances the reporting district (I.S.D., college, university, or state agency) is required to make all or a portion of the state's 6.58% contribution for fiscal years 2011, 2010 and 2009. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Contributions: Staff members of the District are required to pay 6.4% (through December 2009) and 6.644% (beginning January 2010) of their eligible gross earnings to the TRS pension plan. The State of Texas contributes 6.58% of all employees' eligible gross earnings, except for those staff members subject to statutory minimum requirements and those staff members being paid from and participating in federally funded programs. State statutes establish these rates. The statutory minimum requirements are based on the State of Texas teacher schedule adjusted based on local tax rates. For staff members funded by federal programs, the federal programs are required to contribute 6.58%. State contributions to TRS made on behalf of the District's employees for the years ended August 31, 2011, 2010, and 2009, were as follows:

Year Ended	State TRS Contributions Made on Behalf of the District	(State/Federal) District Required Contributions to TRS	Staff Members' Contributions to TRS
2011	\$ 4,178,616	\$ 1,401,730	\$ 4,027,585
2010	4,066,141	1,347,450	3,916,813
2009	3,827,241	1,311,493	3,722,543

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

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

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). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under TRS. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

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. The State of Texas and active public school employee contribution rates were 1.0% and .65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at .55% for fiscal years 2011, 2010, and 2009. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than .25% or greater than .75% of the salary of each active employee of the public school. For staff members funded by federal programs, the federal programs are required to contribute 1.0%.

Contributions made by the State, District, and staff members, for the years ended August 31, 2011, 2010, and 2009, which equaled the required contributions each year are as follows:

Year Ended	(1%) State TRS Care Contributions Made on Behalf of the District	(.55% and 1% for Federal) District Required Contributions to TRS Care	(.65%) Staff Members' Contributions to TRS Care
2011	\$ 692,241	\$ 430,757	\$ 409,052
2010	612,002	433,308	397,801
2009	581,648	402,277	378,073

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

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

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, 2009, 2010, and 2011 were \$131,381, \$151,511, and \$144,568, respectively.

S. HEALTH CARE COVERAGE

As of January 1, 2009 the District switched to TRS-Active Care, a statewide health coverage program for public employees established by the 77th Texas Legislature. The plan is administered by the State of Texas and managed by Blue Cross Blue Shield of Texas. The District closed the self-insurance health fund by transferring any remaining assets to the General Fund. Management believes there are no outstanding liabilities related to the self funded plan.

T. WORKER'S 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 1,300 full-time and part-time employees, and pays about \$570,000 in worker's 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 worker's 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.

U. 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 89% discount during school year 2010-2011.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

V. 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.

W. LITIGATION

During the normal course of business, the District is subject to various legal claims. As of August 31, 2011, management was not aware of any such claim which would have a material adverse effect on the financial statements.

X. OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Construction Commitments - The District has active construction projects as of August 31, 2011 including renovations and site improvements. All accumulated resources for capital projects are reserved for construction commitments. Construction commitments as of August 31, 2011 are as follows:

<u>Project Name</u>	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Facility Upgrades	\$ 2,157,368	\$ 994,355
New High School	27,550,666	16,791,756
	<u>\$ 29,708,034</u>	<u>\$ 17,786,111</u>

Federal and State Funding

The District participates in numerous programs that are subject to audit by the Texas Education Agency and various Federal audit 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.

Y. 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 ending August 31, 2011.

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CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

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

Z. TOP TEN TAXPAYERS

The following businesses and individuals are the top ten taxpayers for the District:

<u>Name of Taxpayer</u>	<u>2010-2011 Taxable Value</u>
El Paso Natural Gas Co.	\$ 9,322,504
Southwestern Bell Telephone Co.	7,392,540
El Paso Electric Co.	6,164,904
Lettunich Development Group LP	5,596,289
Air Systems Components	3,940,718
Magellan Pipeline Co. LP	3,635,430
Ranchos Real Land Holdings LLC	3,600,000
Philips Industries Inc.	3,427,114
Ranchos Real Holdings LLC	2,849,829
Bain Enterprise LTD	2,823,803
	<u>\$ 48,753,131</u>

AA. BUDGET VARIANCE-DEBT SERVICE FUND

The District refunded a portion of their debt and issued new debt. Since this did not require the use of operating funds, the Board did not amend the budget to reflect the bond proceeds and related cost of issuance. All transactions were approved by the Board; however, the budget was not officially amended and thus the budget is presented with a negative variance of \$13,103,938 and \$151,972 related to the accounting entry. In addition, the issuance of the refunding bonds approved by the board had a payment due within the current year. Management did not amend the budget to reflect the payment due on the new bond issuance and thus the budget is presented with a negative variance of \$404,999.

AB. PRIOR PERIOD ADJUSTMENT

During the fiscal year 2010-2011, the District implemented a new accounting system which included a new capital assets module. The District reviewed its capital asset records and determined there were duplicate assets of \$12,990,427 with accumulated depreciation of \$3,838,686. In addition, there was \$1,218,675 of equipment, with accumulated depreciation of \$289,693, not on the capital asset records. A prior period adjustment was made and the effect was to decrease fund balance by \$0 and net assets by \$8,222,759.

AC. SUBSEQUENT EVENTS

On November 16, 2011, the Board of Trustees approved 2011 Series refunding bonds to refund older debt to take advantage of low interest rates. The refunding bonds were issued on December 29, 2011 in the amount of \$8,979,998.

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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, 2011

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	\$ 11,049,307	\$ 11,059,307	\$ 10,804,749	\$ (254,558)
5800 State Program Revenues	63,524,459	63,524,459	64,714,117	1,189,658
5900 Federal Program Revenues	7,197,297	7,197,297	7,971,114	773,817
5020 Total Revenues	81,771,063	81,781,063	83,489,980	1,708,917
EXPENDITURES:				
Current:				
0011 Instruction	42,457,670	42,469,773	42,255,741	214,032
0012 Instructional Resources and Media Services	950,892	1,025,892	1,012,856	13,036
0013 Curriculum and Instructional Staff Development	181,261	169,158	72,223	96,935
0021 Instructional Leadership	1,227,606	1,427,606	1,339,487	88,119
0023 School Leadership	5,229,152	5,679,152	5,532,644	146,508
0031 Guidance, Counseling and Evaluation Services	1,818,589	1,848,589	1,847,359	1,230
0032 Social Work Services	195,203	240,203	225,528	14,675
0033 Health Services	857,830	857,830	811,099	46,731
0034 Student (Pupil) Transportation	2,867,541	3,001,059	2,824,125	176,934
0035 Food Services	7,274,634	7,750,634	7,494,125	256,509
0036 Extracurricular Activities	2,402,495	2,402,495	2,421,520	(19,025)
0041 General Administration	3,370,536	3,370,536	3,188,821	181,715
0051 Facilities Maintenance and Operations	8,834,431	9,385,525	8,819,628	565,897
0052 Security and Monitoring Services	2,035,150	2,095,150	2,097,852	(2,702)
0053 Data Processing Services	1,635,001	1,635,001	1,067,623	567,378
0061 Community Services	111,323	121,323	102,216	19,107
Capital Outlay:				
0081 Facilities Acquisition and Construction	222,647	632,647	221,564	411,083
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	35,000	35,000	-	35,000
0099 Other Intergovernmental Charges	200,000	200,000	192,621	7,379
6030 Total Expenditures	81,906,961	84,347,573	81,527,032	2,820,541
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(135,898)	(2,566,510)	1,962,948	4,529,458
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	32,197	32,197
7080 Total Other Financing Sources (Uses)	-	-	32,197	32,197
1200 Net Change in Fund Balances	(135,898)	(2,566,510)	1,995,145	4,561,655
0100 Fund Balance - September 1 (Beginning)	21,200,170	21,200,170	21,200,170	-
3000 Fund Balance - August 31 (Ending)	\$ 21,064,272	\$ 18,633,660	\$ 23,195,315	\$ 4,561,655

OTHER SUPPLEMENTARY INFORMATION

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	220 Adult Education Federal	224 IDEA - Part B Formula	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	483,977	19,310	8,400	171,624
1260	Due from Other Funds	-	-	-	-
1800	Restricted Assets	-	-	-	-
1000	Total Assets	<u>\$ 483,977</u>	<u>\$ 19,310</u>	<u>\$ 8,400</u>	<u>\$ 171,624</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	483,977	19,310	8,400	171,624
2180	Due to Other Governments	-	-	-	-
2000	Total Liabilities	<u>483,977</u>	<u>19,310</u>	<u>8,400</u>	<u>171,624</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>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 483,977</u>	<u>\$ 19,310</u>	<u>\$ 8,400</u>	<u>\$ 171,624</u>

225 IDEA - Part B Preschool	242 Summer Feeding Program	243 Career and Technical - Preparation	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A EnglishLang. Acquisition	266 Title XIV ARRA State Stabilization	274 GEAR UP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,307	-	-	-	46,622	29,893	516,880	3,749
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 5,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,622</u>	<u>\$ 29,893</u>	<u>\$ 516,880</u>	<u>\$ 3,749</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
5,307	-	-	-	46,622	29,893	516,880	3,749
-	-	-	-	-	-	-	-
<u>5,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,622</u>	<u>29,893</u>	<u>516,880</u>	<u>3,749</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,622</u>	<u>\$ 29,893</u>	<u>\$ 516,880</u>	<u>\$ 3,749</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011

Data Control Codes	279 Title II, D ARRA - Ed. Technology	283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool	285 ESEA I, A Improving Basic Program	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	3,300	237,073	20,550	222,754
1260	Due from Other Funds	-	-	-	-
1800	Restricted Assets	-	-	-	-
1000	Total Assets	<u>\$ 3,300</u>	<u>\$ 237,073</u>	<u>\$ 20,550</u>	<u>\$ 222,754</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ 262	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	3,300	236,811	20,550	222,754
2180	Due to Other Governments	-	-	-	-
2000	Total Liabilities	<u>3,300</u>	<u>237,073</u>	<u>20,550</u>	<u>222,754</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>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,300</u>	<u>\$ 237,073</u>	<u>\$ 20,550</u>	<u>\$ 222,754</u>

287 Education Jobs Fund	289 Other Federal Special Revenue Funds	381 Adult Basic Education State	390 (LEP) Early Childhood Summer Prog.	397 Advanced Placement Incentives	404 Student Success Initiative	411 Technology Allotment	415 Kindergarten and Pre-K Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95,396	13,884	16,105	3,681	-	11,661	-	-
-	-	-	-	2,249	-	22,909	-
-	-	-	-	-	-	-	-
<u>\$ 95,396</u>	<u>\$ 13,884</u>	<u>\$ 16,105</u>	<u>\$ 3,681</u>	<u>\$ 2,249</u>	<u>\$ 11,661</u>	<u>\$ 22,909</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95,396	-	-	-	-	-	-	-
-	7,763	16,105	3,681	-	11,661	-	-
-	-	-	-	-	-	2,136	-
<u>95,396</u>	<u>7,763</u>	<u>16,105</u>	<u>3,681</u>	<u>-</u>	<u>11,661</u>	<u>2,136</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	6,121	-	-	2,249	-	20,773	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>6,121</u>	<u>-</u>	<u>-</u>	<u>2,249</u>	<u>-</u>	<u>20,773</u>	<u>-</u>
<u>\$ 95,396</u>	<u>\$ 13,884</u>	<u>\$ 16,105</u>	<u>\$ 3,681</u>	<u>\$ 2,249</u>	<u>\$ 11,661</u>	<u>\$ 22,909</u>	<u>\$ -</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011

Data Control Codes	422 Matching Fund for Library Purchases	423 LEP Success Initiative	429 Other State Special Revenue Funds	461 Campus Activity Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 98,043
1240	Receivables from Other Governments	-	14,000	12,142	-
1260	Due from Other Funds	4,232	-	54	-
1800	Restricted Assets	-	-	-	-
1000	Total Assets	<u>\$ 4,232</u>	<u>\$ 14,000</u>	<u>\$ 12,196</u>	<u>\$ 98,043</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	14,000	12,399	20,268
2180	Due to Other Governments	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>14,000</u>	<u>12,399</u>	<u>20,268</u>
Fund Balances:					
Nonspendable Fund Balance:					
3445	Other Non-Spendable Fund Balance	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	4,232	-	(203)	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	77,775
3000	Total Fund Balances	<u>4,232</u>	<u>-</u>	<u>(203)</u>	<u>77,775</u>
4000	Total Liabilities and Fund Balances	<u>\$ 4,232</u>	<u>\$ 14,000</u>	<u>\$ 12,196</u>	<u>\$ 98,043</u>

494 Do the Write Thing, Inc.	Total Nonmajor Special Revenue Funds	807 David Cramer Memorial Scholarship	Total Nonmajor Governmental Funds
\$ -	\$ 98,043	\$ -	\$ 98,043
-	1,936,308	-	1,936,308
148	29,592	-	29,592
-	-	5,854	5,854
<u>\$ 148</u>	<u>\$ 2,063,943</u>	<u>\$ 5,854</u>	<u>\$ 2,069,797</u>
\$ -	\$ 262	\$ -	\$ 262
-	95,396	-	95,396
-	1,855,054	-	1,855,054
-	2,136	-	2,136
<u>-</u>	<u>1,952,848</u>	<u>-</u>	<u>1,952,848</u>
-	-	5,000	5,000
-	33,172	-	33,172
148	148	854	1,002
-	77,775	-	77,775
<u>148</u>	<u>111,095</u>	<u>5,854</u>	<u>116,949</u>
<u>\$ 148</u>	<u>\$ 2,063,943</u>	<u>\$ 5,854</u>	<u>\$ 2,069,797</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	220 Adult Education Federal	224 IDEA - Part B Formula
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	3,776,040	119,830	37,386
5020	Total Revenues	<u>3,776,040</u>	<u>119,830</u>	<u>37,386</u>
EXPENDITURES:				
Current:				
0011	Instruction	2,853,752	37,852	36,192
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	6,411	-	-
0021	Instructional Leadership	766,804	74,459	-
0023	School Leadership	91,868	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	593,438
0032	Social Work Services	-	-	-
0033	Health Services	8,864	-	-
0034	Student (Pupil) Transportation	-	-	-
0035	Food Services	-	-	-
0041	General Administration	-	-	-
0051	Facilities Maintenance and Operations	2,758	-	-
0052	Security and Monitoring Services	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	45,583	7,519	1,194
6030	Total Expenditures	<u>3,776,040</u>	<u>119,830</u>	<u>37,386</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
8911	Transfers Out (Use)	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

225 IDEA - Part B Preschool	242 Summer Feeding Program	243 Career and Technical - Preparation	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 Title XIV ARRA State Stabilization	274 GEAR UP
\$ -	\$ 694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
16,447	153,853	3,288	143,532	437,544	439,148	3,880,386	28,321
16,447	154,547	3,288	143,532	437,544	439,148	3,880,386	28,321
16,447	-	3,288	130,539	368,312	431,796	2,171,258	15,496
-	-	-	-	-	-	164,143	-
-	-	-	12,993	47,497	7,352	61,577	9,767
-	-	-	-	495	-	7,538	-
-	-	-	-	14,621	-	152,559	3,058
-	-	-	-	99	-	43,676	-
-	-	-	-	-	-	117	-
-	-	-	-	-	-	719	-
-	-	-	-	-	-	165	-
-	122,350	-	-	-	-	-	-
-	-	-	-	6,520	-	72,360	-
-	-	-	-	-	-	605,656	-
-	-	-	-	-	-	1,377	-
-	-	-	-	-	-	499,164	-
-	-	-	-	-	-	100,077	-
16,447	122,350	3,288	143,532	437,544	439,148	3,880,386	28,321
-	32,197	-	-	-	-	-	-
-	(32,197)	-	-	-	-	-	-
-	(32,197)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	279 Title II, D ARRA - Ed. Technology	283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool	285 ESEA I, A Improving Basic Program	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	3,300	1,220,097	32,010	1,500,759
5020	Total Revenues	<u>3,300</u>	<u>1,220,097</u>	<u>32,010</u>	<u>1,500,759</u>
EXPENDITURES:					
Current:					
0011	Instruction	-	1,213,068	32,010	1,119,957
0012	Instructional Resources and Media Services	-	2,600	-	707
0013	Curriculum and Instructional Staff Development	3,300	4,429	-	134,909
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	204,017
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	41,169
6030	Total Expenditures	<u>3,300</u>	<u>1,220,097</u>	<u>32,010</u>	<u>1,500,759</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

287 Education Jobs Fund	289 Other Federal Special Revenue Funds	381 Adult Basic Education State	390 (LEP) Early Childhood Summer Prog.	397 Advanced Placement Incentives	404 Student Success Initiative	411 Technology Allotment	415 Kindergarten and Pre-K Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	69,091	-	1,800	116,611	315,841	536,229
95,396	20,604	-	-	-	-	-	-
95,396	20,604	69,091	-	1,800	116,611	315,841	536,229
93,865	5,693	58,715	-	-	116,611	201,421	493,027
-	-	-	-	-	-	82,490	-
-	-	-	-	512	-	10,000	-
-	-	10,376	-	-	-	-	38,706
-	-	-	-	-	-	1,157	-
1,531	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	8,790	-	-	-	-	-	-
-	-	-	-	-	-	-	4,496
95,396	14,483	69,091	-	512	116,611	295,068	536,229
-	6,121	-	-	1,288	-	20,773	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	6,121	-	-	1,288	-	20,773	-
-	-	-	-	961	-	-	-
\$ -	\$ 6,121	\$ -	\$ -	\$ 2,249	\$ -	\$ 20,773	\$ -

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	422 Matching Fund for Library Purchases	423 LEP Success Initiative	429 Other State Special Revenue Funds	461 Campus Activity Funds	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 156,990
5800	State Program Revenues	-	215,920	33,806	-
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>-</u>	<u>215,920</u>	<u>33,806</u>	<u>156,990</u>
EXPENDITURES:					
Current:					
0011	Instruction	-	199,940	34,205	203,731
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	15,980	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	-
6030	Total Expenditures	<u>-</u>	<u>215,920</u>	<u>34,205</u>	<u>203,731</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(399)</u>	<u>(46,741)</u>
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	(399)	(46,741)
0100	Fund Balance - September 1 (Beginning)	<u>4,232</u>	<u>-</u>	<u>196</u>	<u>124,516</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 4,232</u>	<u>\$ -</u>	<u>\$ (203)</u>	<u>\$ 77,775</u>

494 Do the Write Thing, Inc.	Total Nonmajor Special Revenue Funds	807 David Cramer Memorial Scholarship	Total Nonmajor Governmental Funds
\$ -	\$ 157,684	\$ 37	\$ 157,721
-	1,289,298	-	1,289,298
-	13,580,323	-	13,580,323
-	15,027,305	37	15,027,342
-	10,621,802	-	10,621,802
-	249,940	-	249,940
-	314,727	-	314,727
-	1,192,695	-	1,192,695
-	263,263	-	263,263
-	842,761	-	842,761
-	117	-	117
-	9,583	-	9,583
-	165	-	165
-	122,350	-	122,350
-	78,880	-	78,880
-	608,414	-	608,414
-	1,377	-	1,377
-	507,954	-	507,954
-	200,038	-	200,038
-	15,014,066	-	15,014,066
-	13,239	37	13,276
-	(32,197)	-	(32,197)
-	(32,197)	-	(32,197)
-	(18,958)	37	(18,921)
148	130,053	5,817	135,870
<u>\$ 148</u>	<u>\$ 111,095</u>	<u>\$ 5,854</u>	<u>\$ 116,949</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

	BALANCE SEPTEMBER 1 2010	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2011
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ -	\$ 228,820	\$ -	\$ 228,820
Due From Other Funds	191,554	519,963	703,806	7,711
Total Assets	<u>\$ 191,554</u>	<u>\$ 748,783</u>	<u>\$ 703,806</u>	<u>\$ 236,531</u>
Liabilities:				
Due to Student Groups	<u>\$ 191,554</u>	<u>\$ 519,963</u>	<u>\$ 474,986</u>	<u>\$ 236,531</u>
SUNSHINE ACCOUNT				
Assets:				
Due From Other Funds	<u>\$ 5,401</u>	<u>\$ 31,880</u>	<u>\$ 24,724</u>	<u>\$ 12,557</u>
Liabilities:				
Payable From Restricted Assets	<u>\$ 5,401</u>	<u>\$ 31,880</u>	<u>\$ 24,724</u>	<u>\$ 12,557</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ -	\$ 228,820	\$ -	\$ 228,820
Due From Other Funds	196,955	551,843	728,530	20,268
Total Assets	<u>\$ 196,955</u>	<u>\$ 780,663</u>	<u>\$ 728,530</u>	<u>\$ 249,088</u>
Liabilities:				
Due to Student Groups	\$ 191,554	\$ 519,963	\$ 474,986	\$ 236,531
Payable From Restricted Assets	5,401	31,880	24,724	12,557
Total Liabilities	<u>\$ 196,955</u>	<u>\$ 551,843</u>	<u>\$ 499,710</u>	<u>\$ 249,088</u>

REQUIRED TEA SCHEDULES

CLINT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2011

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2002 and prior years	Various	Various	\$ 3,476,250,517
2003	1.500000	0.294000	411,746,934
2004	1.500000	0.225500	428,550,004
2005	1.500000	0.210000	461,949,240
2006	1.500000	0.210000	529,494,035
2007	1.370100	0.315000	643,781,884
2008	1.040050	0.295000	792,627,468
2009	1.040050	0.295000	888,716,321
2010	1.040050	0.295000	922,847,582
2011 (School year under audit)	1.040050	0.295000	941,462,049
1000 TOTALS			

(10) Beginning Balance 9/1/2010	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2011
\$ 1,225,586	\$ -	\$ 47,153	\$ 22,770	\$ (59,108)	\$ 1,096,555
213,438	-	10,823	2,121	(1,104)	199,390
232,937	-	12,790	1,922	(1,159)	217,066
231,679	-	15,517	2,172	(1,817)	212,173
252,820	-	18,978	2,657	(2,724)	228,461
288,224	-	33,144	7,620	(3,449)	244,011
311,288	-	36,083	10,235	(11,577)	253,393
460,198	-	96,903	27,485	(4,574)	331,236
748,643	-	217,003	61,551	(27,118)	442,971
-	12,568,989	9,263,312	2,627,559	-	678,118
<u>\$ 3,964,813</u>	<u>\$ 12,568,989</u>	<u>\$ 9,751,706</u>	<u>\$ 2,766,092</u>	<u>\$ (112,630)</u>	<u>\$ 3,903,374</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2012-2013
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2011

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 364,546	\$ 2,031,110	\$ -	\$ 49,605	\$ 2,445,261
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	1,285	-	-	1,285
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	136,798	-	-	-	-	-	136,798
6212	Audit Services	-	-	-	110,500	-	-	110,500
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	192,621	-	-	-	-	192,621
621X	Other Professional Services	1,954	-	13,750	71,578	-	-	87,282
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	2,000	-	85	128	-	-	2,213
6240	Contr. Maint. and Repair	-	-	-	-	8,249	-	8,249
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	2,520	12,807	-	-	15,327
6290	Miscellaneous Contr.	13,760	-	4,500	34,302	-	-	52,562
6320	Textbooks and Reading	-	-	-	761	-	-	761
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	5,095	-	6,372	202,273	-	25,158	238,898
6410	Travel, Subsistence, Stipends	20,828	-	8,452	48,784	-	2,690	80,754
6420	Ins. and Bonding Costs	-	-	-	43,480	-	-	43,480
6430	Election Costs	-	-	-	-	-	-	-
6490	Miscellaneous Operating	4,385	-	7,638	30,881	-	1,427	44,331
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 184,820	\$ 192,621	\$ 407,863	\$ 2,587,889	\$ 8,249	\$ 78,880	\$ 3,460,322

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 96,541,102

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 736,496
Total Debt & Lease(6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	9,198,811
Food (Function 35, 6341 and 6499)	(13)	3,386,554
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>2,587,889</u>

SubTotal: 15,909,750

Net Allowed Direct Cost \$ 80,631,352

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 150,156,501
Historical Cost of Building over 50 years old	(16)	\$ 3,947,625
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 15,745,563
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 503,462
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 1,855,868

(8) NOTE A: No Function 53 expenditures are included in this report on administrative costs.
 \$192,621 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

CLINT INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 GENERAL FUNDS AS OF AUGUST 31, 2011

EXHIBIT J-3

UNAUDITED

1	Total General Fund Balance as of 8/31/11 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 23,195,315
2	Total Non-Spendable Fund Balance (from Exhibit C-1 - for the General Fund Only)	\$ 42,781	
3	Total Restricted Fund Balance (from Exhibit C-1 - for the General Fund Only)	2,004,249	
4	Total Committed Fund Balance (from Exhibit C-1 - for the General Fund Only)	3,740,000	
5	Total Assigned Fund Balance (from Exhibit C-1 - for the General Fund Only)	-	
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	3,900,000	
7	Estimate of two month's average cash disbursements during the fiscal year.	11,757,161	
8	Estimate of delayed payments from state sources (58xx).	5,900,000	
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-	
10	Estimate of delayed payments from federal sources (59xx)	500,000	
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> -	
12	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)		<div style="border-top: 1px solid black; display: inline-block; width: 100px;"></div> 27,844,191
13	Excess (Deficit) Unassigned Fund Balance (Line 1 minus Line 12)		<div style="border-bottom: 3px double black; display: inline-block; width: 100px;"></div> \$ (4,648,876)

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, 2011

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	\$ 177,000	\$ 187,000	\$ 245,037	\$ 58,037
5800 State Program Revenues	43,072	43,072	63,386	20,314
5900 Federal Program Revenues	6,963,297	6,963,297	7,005,048	41,751
5020 Total Revenues	7,183,369	7,193,369	7,313,471	120,102
EXPENDITURES:				
0035 Food Services	7,274,634	7,750,634	7,494,125	256,509
0041 General Administration	40,000	40,000	-	40,000
0051 Facilities Maintenance and Operations	231,217	519,217	267,944	251,273
6030 Total Expenditures	7,545,851	8,309,851	7,762,069	547,782
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(362,482)	(1,116,482)	(448,598)	667,884
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	32,197	32,197
7080 Total Other Financing Sources (Uses)	-	-	32,197	32,197
1200 Net Change in Fund Balances	(362,482)	(1,116,482)	(416,401)	700,081
0100 Fund Balance - September 1 (Beginning)	2,420,649	2,420,649	2,420,649	-
3000 Fund Balance - August 31 (Ending)	\$ 2,058,167	\$ 1,304,167	\$ 2,004,248	\$ 700,081

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, 2011

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	\$ 2,760,453	\$ 2,760,453	\$ 2,871,158	\$ 110,705
5800	State Program Revenues	8,681,007	8,681,007	7,398,301	(1,282,706)
5020	Total Revenues	11,441,460	11,441,460	10,269,459	(1,172,001)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	4,866,678	4,866,678	5,271,677	(404,999)
0072	Interest on Long Term Debt	6,564,770	6,564,770	6,155,424	409,346
0073	Bond Issuance Cost and Fees	6,620	6,620	158,592	(151,972)
6030	Total Expenditures	11,438,068	11,438,068	11,585,693	(147,625)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	3,392	3,392	(1,316,234)	(1,319,626)
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	-	12,305,000	12,305,000
7916	Premium or Discount on Issuance of Bonds	-	-	956,625	956,625
8940	Payment to Bond Refunding Escrow Agent (Use)	-	-	(13,103,938)	(13,103,938)
7080	Total Other Financing Sources (Uses)	-	-	157,687	157,687
1200	Net Change in Fund Balances	3,392	3,392	(1,158,547)	(1,161,939)
0100	Fund Balance - September 1 (Beginning)	2,863,212	2,863,212	2,863,212	-
3000	Fund Balance - August 31 (Ending)	\$ 2,866,604	\$ 2,866,604	\$ 1,704,665	\$ (1,161,939)

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FEDERAL AWARDS SECTION

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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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clint Independent School District (the District) as of and for the year ended August 31, 2011, which collectively comprise Clint Independent School District's basic financial statements and have issued our report thereon dated January 11, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clint Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Clint Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clint Independent School District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

We noted certain matters that we reported to management of the Clint Independent School District, in a separate letter dated January 11, 2012.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, the administration, Texas Education Agency, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Col Rudlock Patten LLC". The signature is written in a cursive, flowing style.

El Paso, Texas
January 11, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Trustees
Clint Independent School District

Compliance

We have audited Clint Independent School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Clint Independent School District's major federal programs for the year ended August 31, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Clint Independent School District's management. Our responsibility is to express an opinion on Clint Independent School District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on Clint Independent School District's compliance with those requirements.

In our opinion, Clint Independent School District, complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of Clint Independent School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Clint Independent School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion of 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, the administration, Texas Education Agency, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Chad Ruddock Partner LLC". The signature is written in a cursive, flowing style.

El Paso, Texas
January 11, 2012

CLINT INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2011

Schedule Reference Number	PROGRAM	DESCRIPTION
	<u>SUMMARY OF AUDITOR'S RESULTS</u>	
	<u>Financial Statements</u>	
	Type of Auditor's Report issued:	Unqualified
	Internal control over financial reporting:	
	Material weaknesses identified?	None
	Significant deficiencies identified that are not considered to be material weaknesses?	None reported
	Noncompliance material to the financial statements:	No
	<u>Federal Awards</u>	
	Internal control over major programs:	
	Material weaknesses identified?	No
	Significant deficiencies identified that are not considered to be material weaknesses?	None reported
	Type of auditor's report issued on compliance for major programs:	Unqualified
	Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
	Major Federal Programs:	Title I Part A Cluster: 84.010A ESEA, Title I, Part A - Improving Basic Programs; and 84.389A ESEA, Title I, Part A - Improving Basic Programs - ARRA. Special Education Cluster (IDEA): 84.027A IDEA - Part B, Formula; 84.173A IDEA - Part B, Preschool; 84.391A IDEA - Part B, Formula - ARRA; and 84.392A IDEA - Part B, Preschool ARRA.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2011

Schedule Reference Number	PROGRAM	DESCRIPTION
	Major Federal Programs: (Continued)	State Fiscal Stabilization Fund: 84.394A Title XIV, State Fiscal Stabilization Fund - ARRA. Child Nutrition Cluster: 10.553 School Breakfast Program (SBP); 10.555 National School Lunch Program (NSLP); and 10.559 Summer Food Service Program for Children (SFSPC)
	Dollar threshold used to distinguish between type A and type B programs:	\$640,699
	Auditee qualified as low-risk auditee?	No

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2011

Schedule Reference Number	PROGRAM	DESCRIPTION
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FINANCIAL STATEMENT FINDINGS

There are no current year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no current year findings.

CLINT INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2011

Schedule Reference Number	PROGRAM	STATUS OF PRIOR YEAR'S FINDINGS/NONCOMPLIANCE
<u>FINANCIAL STATEMENT FINDINGS</u>		
There were no prior year findings.		
<u>FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</u>		
10-01	ELIGIBILITY FOR ESEA, TITLE I, PART A (CFDA 84.010A) & ARRA- TITLE I, PART A (CFDA 84.389A) CLUSTER PROGRAM	
	The District attempted to concentrate the funding on the elementary campuses and, as such, did not allocate funds and serve participating schools in rank order based on the total number of children from low-income families residing in the area or attending the school.	The District has revised their procedures to ensure that they allocate funds and serve schools in rank order based on low-income percentage calculations.

CLINT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2011

(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	\$ 204,616
Total Direct Programs			\$ 204,616
TOTAL DEPARTMENT OF DEFENSE			\$ 204,616
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through El Paso Community College</u>			
GEAR UP	84.334A	P334A060240	\$ 28,321
Total Passed Through El Paso Community College			\$ 28,321
<u>Passed Through Upper Rio Grande College Tech Prep.</u>			
Career and Technical - Preparation	84.243A	101213353828771663	\$ 3,288
Total Passed Through Upper Rio Grande College Tech Prep.			\$ 3,288
<u>Passed Through State Department of Education</u>			
Adult Education (ABE) - Federal	84.002	114100017110277	\$ 37,386
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	11610101071901	3,776,040
*ESEA, Title I, Pt A - Improving Basic Prog. (IDC)	84.010A	11610101071901	95,897
Total CFDA Number 84.010A			3,871,937
*ARRA - ESEA, Title I, A - Improving Basic Prog.	84.389A	10551001071901	1,500,759
*ARRA - ESEA, Title I, A - Imp Basic Prog. (IDC)	84.389A	10551001071901	72,109
Total CFDA Number 84.389A			1,572,868
Total Title I, Part A Cluster			5,444,805
ESEA, Title I, Part C - Migratory Children	84.011A	11615001071901	119,830
**IDEA - Part B, Formula	84.027A	116600010719016600	1,672,382
**IDEA - Part B, Formula (IDC)	84.027A	116600010719016600	41,279
Total CFDA Number 84.027A			1,713,661
**IDEA - Part B, Preschool	84.173A	116610010719016610	16,447
**IDEA - Part B, Preschool (IDC)	84.173A	116610010719016610	314
Total CFDA Number 84.173A			16,761
**ARRA - IDEA, Part B, Formula	84.391A	10554001071901	1,220,097
**ARRA - IDEA, Part B, Formula (IDC)	84.391A	10554001071901	56,023
Total CFDA Number 84.391A			1,276,120
**ARRA - IDEA, Part B, Preschool	84.392A	10555001071901	32,010
**ARRA - IDEA, Part B, Preschool (IDC)	84.392A	10555001071901	1,051
Total CFDA Number 84.392A			33,061
Total Special Education Cluster (IDEA)			3,039,603
Career and Technical - Basic Grant	84.048	11420000071901	143,532
Career and Technical - Basic Grant (IDC)	84.048	11420000071901	3,296
Total CFDA Number 84.048			146,828
ARRA - Title II D Enhancing Ed Through Technology	84.386A	10553001071901	3,300
Title III, Part A - English Language Acquisition	84.365A	11671001071901	439,148
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	11694501071901	437,544
ESEA, Title II, PtA, Teach/Principal Train. (IDC)	84.367A	11694501071901	10,911
Total CFDA Number 84.367A			448,455

CLINT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2011

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
ARRA - Title XIV, State Fiscal Stabilization Fund	84.394A	11557001071901	3,880,386
ARRA - Title XIV, State Fiscal Stab Fund (IDC)	84.394A	11557001071901	91,157
Total CFDA Number 84.394A			3,971,543
ARRA - Education Jobs Fund	84.410	11550101071901	95,396
Summer School LEP	84.369A	69551002	11,814
SLDS - Classroom Link to ISDS	84.372A	10635002071901	8,790
SLDS - Classroom Link to ISDS (IDC)	84.372A	10635002071901	232
Total CFDA Number 84.372A			9,022
Total Passed Through State Department of Education			\$ 13,767,130
TOTAL DEPARTMENT OF EDUCATION			\$ 13,798,739
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
***School Breakfast Program	10.553	71401101	\$ 2,527,553
***National School Lunch Program - Cash Assistance	10.555	71301101	4,012,907
***National School Lunch Prog - Cash Assist (IDC)	10.555	71301101	194,392
***National School Lunch Prog. - Non-Cash Assist	10.555	071901	432,576
Total CFDA Number 10.555			4,639,875
***Summer Food Svc Prgm for Children - Cash Asst.	10.559	71401101/71301101	153,853
Fresh Fruit and Vegetable Program-Non Cash Assist.	10.582	071901	32,012
Total Educational Technology State Grants Cluster			7,353,293
Total Passed Through the State Department of Agriculture			\$ 7,353,293
TOTAL DEPARTMENT OF AGRICULTURE			\$ 7,353,293
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 21,356,648

*, **, and *** Clustered Programs as required by the OMB A-133 Compliance Supplement, March 2011

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2011

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.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds 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 #4. Indirect costs were accounted for in the General Fund. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on 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 deferred revenues until earned. 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.

3. The period of availability 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 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2011

4. Of the federal expenditures presented in the schedule, the District accounted for certain funds in the General Fund as follows:

Program Title	Federal CFDA Number	Amount
NJROTC	12.000	\$ 204,616
Medicaid Assistance Program	93.778	-
USDA Commodities	10.550	432,576
National School Breakfast Program	10.553	2,527,553
National School Lunch Program	10.555	4,012,907
Fresh Fruit and Vegetable Program	10.582	32,012
Indirect Costs - CNP	10.XXX	194,392
Indirect Costs - Other	84.XXX	<u>372,269</u>
General Fund federal revenue reported in Schedule K-1		<u>7,776,325</u>
Federal revenue in General Fund not presented in Schedule K-1		<u>194,789</u>
Total General Fund federal revenue per C-3		<u>\$ 7,971,114</u>
Total federal revenue per K-1		<u>\$ 21,356,648</u>
Plus SHARS revenue not included in K-1		<u>194,789</u>
Total federal revenue per C-3		<u>\$ 21,551,437</u>