

CLINT INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2012



CLINT INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2012

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CLINT INDEPENDENT SCHOOL DISTRICT

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CERTIFICATE OF BOARD


Clint Independent School District
Name of School District

El Paso County
County

071-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved _____ disapproved for the year ended August 31, 2012, at a meeting of the board of trustees of such school district on the 16 day of January 2013.


Signature of Board Secretary


Signature of Board President

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

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FINANCIAL SECTION

Independent Auditor's Report

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 as of and for the year ended August 31, 2012, 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 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 the 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clint Independent School District, as of August 31, 2012, 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, 2013, on our consideration of the Clint Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 pages 8 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 financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional 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 accompanying combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

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 required TEA schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Gibson, Ruddock, Patterson LLC
El Paso, Texas
January 11, 2013

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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, 2012. 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 \$25.8 million, or 30 percent of the total general fund expenditures, increasing by \$2.6 million.
- During the year, the District had expenses that were less than the \$86.8 million generated in tax and other revenues for the general fund, as planned.
- The District's total long term liabilities decreased by \$5.4 million or 3.7 percent.

The District continues to receive a Superior Achievement rating on the Financial Integrity Rating System of Texas (FIRST). The primary goal of First is to achieve quality performance in the management of school district resources. The District also maintained the Texas Comptroller of Public Accounts Gold Leadership Circle Award. This award is issued to local governments that meet a high standard for financial transparency on-line.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Clint Independent School District's basic financial statements. The Clint Independent School District's basic financial statements are comprised of three components: 1) governmental-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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 17-19 of this report.

The *statement of net assets* presents information on all the Clint Independent 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.

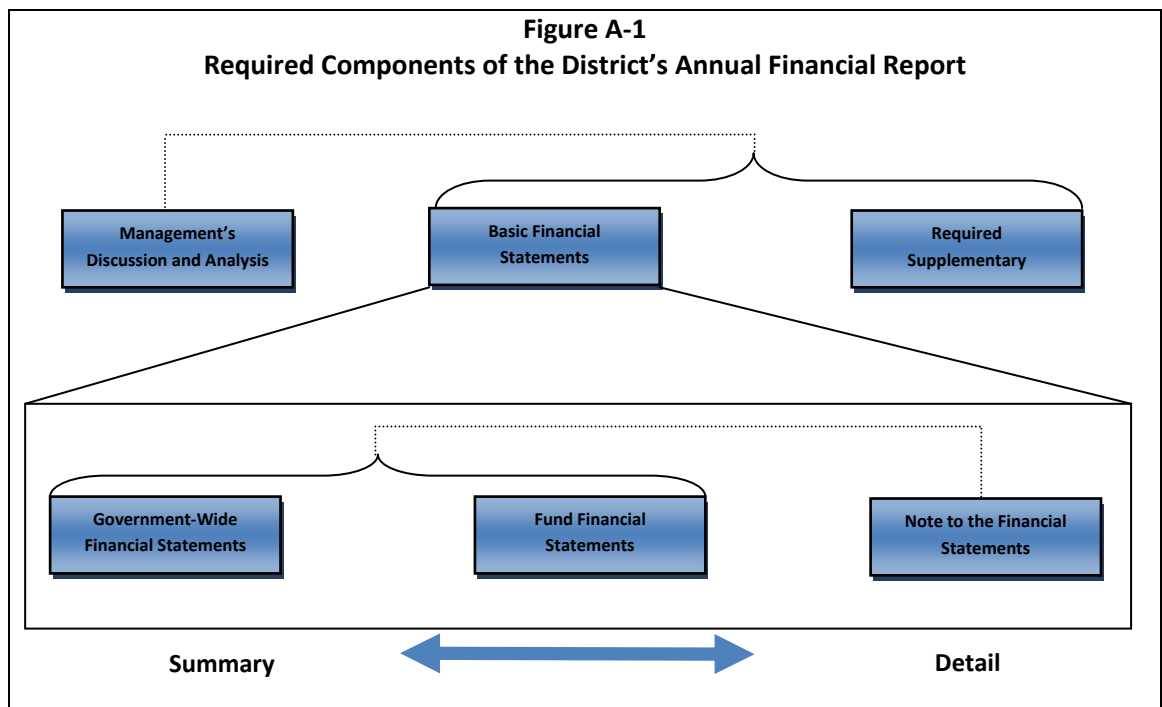


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of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

Net assets for the District's governmental activities remained even with a slight increase of \$578,860 or .89%. 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 \$25 million and \$22.1 million at August 31, 2012 and August 31, 2011 respectively. The District has completed many major instructional renovations and has completed a new high school, which replaces a twenty plus year old facility.

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.

Overall estimated revenue and expenses were in-line with District projections, but the District elected to budget conservatively and wait until the Texas Education Agency (TEA) actually posted projected funding increases. Additional budgeting factors were considered, such as the unknown outcome of Sequestration, reduced and limited staff at the TEA that produce and provide information essential to the budget process. 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, 2012	August 31, 2011	Variance	% Change
Current and Other Assets	\$ 41,645,051	\$ 60,765,696	\$ -19,120,645	-31.47%
Capital Assets	171,517,940	158,379,473	13,138,467	8.30%
Total Assets	213,162,991	219,145,169	-5,982,178	-2.73%
<hr/>				
Current Liabilities	8,336,886	9,527,364	-1,190,478	-12.50%
Long-Term Liabilities	139,114,657	144,485,227	-5,370,570	-3.72%
Total Liabilities	147,451,543	154,012,591	-6,561,048	-4.26%
<hr/>				
Invested in Capital Assets, Net of Related Debt	38,612,564	39,275,679	-663,115	-1.69%
Restricted	2,077,600	3,748,088	-1,670,488	-44.57%
Unrestricted	25,021,274	22,108,811	2,912,463	13.17%
Total Net Assets	\$ 65,711,438	\$ 65,132,578	\$ 578,860	0.89%

The cost of all governmental activities this year was \$107,516 million compared to \$106,738 million last year. Costs were relatively even to those of last year and only increased \$778,000. 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 \$13.2 million, approximately 12.3 percent, because the majority of the costs continue to be funded by State. The majority of capital expenditures were funded through the issuance of bonded debt.

Table II
Clint Independent School District
NET ASSETS

Governmental Activities	August 31, 2012	August 31, 2011	Variance	% Change
Revenues				
Program Revenues				
Charges for Services	\$ 513,468	\$ 564,884	\$ -51,416	-9.10%
Operating Grants and Contributions	29,294,053	33,236,296	-3,942,243	-11.86%
General Revenues				
Property Taxes Levied for General Purposes	10,250,376	9,929,267	321,109	3.23%
Property Taxes Levied for Debt Services	2,926,128	2,831,262	94,866	3.35%
State Aid-Formula Grants	64,241,823	61,154,195	3,087,628	5.05%
Grants and Contributions	333,516	566,661	-233,145	-41.14%
Investment Earnings	52,657	106,255	-53,598	-50.44%
Miscellaneous Revenue	599,379	705,178	-105,799	-15.00%
Total Revenues	108,211,400	109,093,998	-882,598	-0.81%
Expenses				
Instruction	54,876,929	54,867,380	9,549	0.02%
Instructional Resources and Media Services	1,084,589	1,098,777	-14,188	-1.29%
Curriculum and Staff Development	469,033	378,661	90,372	23.87%
Instructional Leadership	2,657,973	2,630,408	27,565	1.05%
School Leadership	6,309,856	6,028,462	281,394	4.67%
Guidance, Counseling and Evaluation Services	2,740,018	2,799,067	-59,049	-2.11%
Social Work Services	227,487	234,940	-7,453	-3.17%
Health Services	843,948	853,884	-9,936	-1.16%
Student (Pupil) Transportation	3,267,424	3,343,640	-76,216	-2.28%
Food Services	8,182,925	7,843,334	339,591	4.33%
Extracurricular Activities	2,514,014	2,489,847	24,167	0.97%
General Administration	3,308,495	3,379,898	-71,403	-2.11%
Plant Maintenance and Operations	10,509,602	9,722,015	787,587	8.10%
Security and Monitoring Services	2,137,120	2,209,429	-72,309	-3.27%
Data Processing Services	1,632,613	1,507,427	125,186	8.30%
Community Services	158,594	306,532	-147,938	-48.26%
Debt Service	6,128,593	6,521,555	-392,962	-6.03%
Capital Outlay	250,218	330,074	-79,856	-24.19%
Other Intergovernmental Charges	216,625	192,621	24,004	12.46%
Total Expenses	107,516,056	106,737,951	778,105	0.73%
Increase before Special Item	695,344	2,356,047	-1,660,703	-70.49%
Special Item	-116,484	-695	-115,789	16660.29%
Increase in Net Assets	578,860	2,355,352	-1,776,492	-75.42%
Beginning Net Assets	65,132,578	62,777,226	2,355,352	3.75%
Ending Net Assets	\$ 65,711,438	\$ 65,132,578	\$ 578,860	0.89%

Capital Asset and Debt Administration

Capital Assets

At the end of 2012, the District had \$171.5 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 \$13.1 million over last year.

This year's major additions included:

Buildings and Building Improvements	\$ 663,495
Equipment and Furniture	1,703,626
Construction in Progress	15,246,467
Totaling	\$17,613,588

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

Debt

At year-end, the District had \$139 million in bonds and notes outstanding, a decrease of \$5.4 million. The district has issued \$90,000 million in bonds for new schools, renovations and additions. 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 four 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 has remained favorable and increased. The current Standard & Poor's rating is A and the Fitch Rating is AA-. Both parties note the District has a stable financial outlook which is significant as it allows the District to sell and refund bonds in a more competitive market and realize potential interest rate savings, which are considered during budget and tax rate preparations.

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

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 \$25.8 million, which is an increase of \$2.7 million over last year's general fund balance. The District has implemented a planned fund balance program, even though fund balance amounts have always been projected and available to insure fiscal stability, a formal policy has been adopted. With the recent changes in State funding and the reductions these changes impose, available cash flow and reserves are imperative.

The General Fund budget was amended during the year, in the amount of \$1,710,000 for increases to supplemental instructional resources, instructional technology, and to increase instructional summer school offerings. The District received an increase in compensatory funding during the year. This increase was primarily due to the increase in State funding for compensatory education. The District has made extensive efforts to increase student participation in the Child Nutrition Program and has been successful. In addition, related coding processes and information provided to the community for such,

has been strengthened, which increases the number of compensatory students and funding. The District chose a passive approach to expending the additional funds which is reflected in the variance in Function 11 – Instruction, and chosen due to the new State assessment requirements and pending data related to the new mandate. The General Fund revenue variances are related to internal budgeting for E-Rate reimbursements. The District posted the projected reimbursements as revenue, approximately \$597,000, and this amount is actually posted as a reduction to expenditures in current and prior years. The remainder of the variance is comprised of over estimating tax collections and amounts due to the State for prior year over payments. These amounts were considered during the budget review process and would not negatively affect the overall budget outcome.

The Child Nutrition Program, or the Food Service Fund, continues to maintain an adequate fund balance. An amendment, in the amount of \$502,000 was approved during the year, to spend down or reduce the fund balance. The Texas Department of Agriculture (TDA) approved a plan to reduce the fund balance and the District has expended these funds to update equipment, complete minor building repairs, and provide additional training to staff.

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 2011-2012 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 has increased over the last few years at an average of approximately 3 percent. This year enrollment was relatively flat. This is largely attributed to the economic condition of the area and the State. New home construction has slowed, but continues in the Horizon area. Recently new housing construction has begun in the Clint area. The District is projecting enrollment to increase over the next few years and continues to monitor it. Providing facilities to accommodate growth and improvement of other facilities is imperative and continues to be a priority of the District. As one of the most 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 compensation plan. This allows the District to attract needed and qualified teachers to meet the instructional needs of the students.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at the Clint Independent School District, 14521 Horizon Blvd., El Paso, Texas.

BASIC FINANCIAL STATEMENTS

CLINTISD
STATEMENT OF NET ASSETS
AUGUST 31, 2012

		Primary	Government
Data			
Control			
Codes		Governmental	Activities
ASSETS			
1110	Cash and Cash Equivalents	\$	32,866,006
1220	Property Taxes Receivable (Delinquent)		4,024,124
1230	Allowance for Uncollectible Taxes		(2,906,169)
1240	Due from Other Governments		4,680,925
1290	Other Receivables, net		337,899
1300	Inventories		283,497
1420	Capitalized Bond and Other Debt Issuance Costs		2,352,893
Capital Assets:			
1510	Land		6,849,790
1520	Buildings, Net		111,829,419
1530	Furniture and Equipment, Net		6,556,684
1580	Construction in Progress		46,282,047
1800	Restricted Assets		5,876
1000	Total Assets		213,162,991
LIABILITIES			
2110	Accounts Payable		175,494
2140	Interest Payable		315,808
2160	Accrued Wages Payable		2,209,026
2177	Due to Fiduciary Funds		16,579
2180	Due to Other Governments		4,863,104
2200	Accrued Expenses		748,719
2300	Deferred Revenues		8,166
Noncurrent Liabilities			
2501	Due Within One Year		5,895,618
2502	Due in More Than One Year		133,219,039
2000	Total Liabilities		147,451,553
NETASSETS			
3200	Invested in Capital Assets, Net of Related Debt		38,612,564
3820	Restricted for Federal and State Programs		1,673,323
3850	Restricted for Debt Service		398,253
3880	Restricted for Scholarships		5,876
3890	Restricted for Other Purposes		148
3900	Unrestricted Net Assets		25,021,274
3000	Total Net Assets	\$	65,711,438

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

CLINT ISD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		3	4	
		Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
	Expenses			
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 54,876,929	\$ 156,579	\$ 10,700,212	\$ (44,020,138)
12 Instructional Resources and Media Services	1,084,589	-	55,542	(1,029,047)
13 Curriculum and Staff Development	469,033	-	329,590	(139,443)
21 Instructional Leadership	2,657,973	-	979,438	(1,678,535)
23 School Leadership	6,309,856	-	617,570	(5,692,286)
31 Guidance, Counseling and Evaluation Services	2,740,018	-	884,060	(1,855,958)
32 Social Work Services	227,487	-	13,183	(214,304)
33 Health Services	843,948	-	42,766	(801,182)
34 Student (Pupil) Transportation	3,267,424	-	137,596	(3,129,828)
35 Food Services	8,182,925	197,229	7,483,788	(501,908)
36 Extracurricular Activities	2,514,014	51,179	65,625	(2,397,210)
41 General Administration	3,308,495	89,994	138,147	(3,080,354)
51 Facilities Maintenance and Operations	10,509,602	18,487	634,070	(9,857,045)
52 Security and Monitoring Services	2,137,120	-	127,700	(2,009,420)
53 Data Processing Services	1,632,613	-	80,801	(1,551,812)
61 Community Services	158,594	-	49,839	(108,755)
72 Debt Service - Interest on Long Term Debt	6,124,593	-	6,939,943	815,350
73 Debt Service - Bond Issuance Cost and Fees	4,000	-	-	(4,000)
81 Capital Outlay	250,218	-	14,183	(236,035)
99 Other Intergovernmental Charges	216,625	-	-	(216,625)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 107,516,056	\$ 513,468	\$ 29,294,053	(77,708,535)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			10,250,376
DT	Property Taxes, Levied for Debt Service			2,926,128
SF	State Aid - Formula Grants			64,241,823
GC	Grants and Contributions not Restricted			333,516
IE	Investment Earnings			52,657
MI	Miscellaneous Local and Intermediate Revenue			599,379
S2	Special Item - Loss on Disposal			(116,484)
TR	Total General Revenues & Special Items			78,287,395
CN	Change in Net Assets			578,860
NB	Net Assets--Beginning			65,132,578
NE	Net Assets--Ending			\$ 65,711,438

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

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

CLINTISD
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 26,498,780	\$ 1,444,669	\$ 4,835,855
1220 Property Taxes - Delinquent	3,113,753	910,371	-
1230 Allowance for Uncollectible Taxes (Credit)	(2,240,101)	(666,068)	-
1240 Receivables from Other Governments	2,310,646	1,570,853	-
1260 Due from Other Funds	2,453,781	-	-
1290 Other Receivables	337,899	-	-
1300 Inventories	283,497	-	-
1800 Restricted Assets	-	-	-
1000 Total Assets	<u>\$ 32,758,255</u>	<u>\$ 3,259,825</u>	<u>\$ 4,835,855</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 175,492	\$ -	\$ -
2160 Accrued Wages Payable	2,209,026	-	-
2170 Due to Other Funds	1,519,804	92,912	230,748
2180 Due to Other Governments	2,291,687	2,571,417	-
2200 Accrued Expenditures	-	-	748,719
2300 Deferred Revenues	715,904	197,243	-
2000 Total Liabilities	<u>6,911,913</u>	<u>2,861,572</u>	<u>979,467</u>
Fund Balances:			
Nonspendable Fund Balance:			
3410 Inventories	92,489	-	-
3445 Other Non-Spendable Fund Balance	-	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	1,654,687	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	3,856,388
3480 Retirement of Long-Term Debt	-	398,253	-
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	20,359,166	-	-
3000 Total Fund Balances	<u>25,846,342</u>	<u>398,253</u>	<u>3,856,388</u>
4000 Total Liabilities and Fund Balances	<u>\$ 32,758,255</u>	<u>\$ 3,259,825</u>	<u>\$ 4,835,855</u>

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

		Total	
Other		Governmental	
Funds		Funds	
\$	86,702	\$	32,866,006
	-		4,024,124
	-		(2,906,169)
	799,426		4,680,925
	13,767		2,467,548
	-		337,899
	-		283,497
	5,876		5,876
\$	905,771	\$	41,759,706
\$	2	\$	175,494
	-		2,209,026
	809,486		2,652,950
	-		4,863,104
	-		748,719
	-		913,147
	809,488		11,562,440
	-		92,489
	5,000		5,000
	18,636		1,673,323
	-		3,856,388
	-		398,253
	1,024		1,024
	-		3,240,000
	-		500,000
	71,623		71,623
	-		20,359,166
	96,283		30,197,266
\$	905,771	\$	41,759,706

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CLINT ISD
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2012

Total Fund Balances - Governmental Funds	\$ 30,197,266
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.	168,823
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 \$207,371,206 and the accumulated depreciation was \$48,991,733. 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 increase net assets.	16,153,872
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 2012 capital outlays and debt principal payments is to increase net assets.	22,645,133
4 The 2012 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(4,358,637)
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.	904,981
19 Net Assets of Governmental Activities	\$ 65,711,438

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

CLINT ISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 11,090,719	\$ 3,030,267	\$ 119,681
5800 State Program Revenues	67,572,033	6,939,943	-
5900 Federal Program Revenues	8,127,963	-	-
5020 Total Revenues	86,790,715	9,970,210	119,681
EXPENDITURES:			
Current:			
0011 Instruction	43,485,165	-	724,542
0012 Instructional Resources and Media Services	1,034,843	-	-
0013 Curriculum and Instructional Staff Development	139,471	-	-
0021 Instructional Leadership	1,632,078	-	-
0023 School Leadership	5,529,334	-	204,236
0031 Guidance, Counseling and Evaluation Services	1,827,264	-	-
0032 Social Work Services	218,113	-	-
0033 Health Services	809,363	-	403
0034 Student (Pupil) Transportation	2,796,328	-	476,185
0035 Food Services	7,880,389	-	-
0036 Extracurricular Activities	2,382,132	-	45,956
0041 General Administration	3,186,588	-	-
0051 Facilities Maintenance and Operations	9,312,645	-	1,019,999
0052 Security and Monitoring Services	2,008,309	-	-
0053 Data Processing Services	1,364,103	-	390
0061 Community Services	110,370	-	-
Debt Service:			
0071 Principal on Long Term Debt	-	5,376,400	-
0072 Interest on Long Term Debt	-	5,901,250	-
0073 Bond Issuance Cost and Fees	-	185,092	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	227,709	-	16,683,150
Intergovernmental:			
0099 Other Intergovernmental Charges	216,625	-	-
6030 Total Expenditures	84,160,829	11,462,742	19,154,861
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	2,629,886	(1,492,532)	(19,035,180)
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	8,979,998	-
7915 Transfers In	21,141	-	-
7916 Premium or Discount on Issuance of Bonds	-	859,841	-
8911 Transfers Out (Use)	-	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(9,653,719)	-
7080 Total Other Financing Sources (Uses)	21,141	186,120	-
1200 Net Change in Fund Balances	2,651,027	(1,306,412)	(19,035,180)
0100 Fund Balance - September 1 (Beginning)	23,195,315	1,704,665	22,891,568
3000 Fund Balance - August 31 (Ending)	\$ 25,846,342	\$ 398,253	\$ 3,856,388

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

Other Funds	Total Governmental Funds
\$ 279,421	\$ 14,520,088
1,393,496	75,905,472
9,685,968	17,813,931
11,358,885	108,239,491
8,736,326	52,946,033
7,626	1,042,469
324,849	464,320
919,485	2,551,563
343,080	6,076,650
800,250	2,627,514
-	218,113
-	809,766
-	3,272,513
131,699	8,012,088
3,670	2,431,758
7,487	3,194,075
-	10,332,644
14,173	2,022,482
25,976	1,390,469
43,789	154,159
-	5,376,400
-	5,901,250
-	185,092
-	16,910,859
-	216,625
11,358,410	126,136,842
475	(17,897,351)
-	8,979,998
-	21,141
-	859,841
(21,141)	(21,141)
-	(9,653,719)
(21,141)	186,120
(20,666)	(17,711,231)
116,949	47,908,497
\$ 96,283	\$ 30,197,266

CLINT ISD
 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, 2012

Total Net Change in Fund Balances - Governmental Funds	\$ (17,711,231)
The District uses an internal service fund to charge the costs of s 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.	31,686
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 2012 capital outlays and debt principal payments is to increase net assets.	22,645,133
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.	(4,358,637)
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 decrease net assets.	(28,091)
Change in Net Assets of Governmental Activities	<u><u>\$ 578,860</u></u>

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

PROPRIETARY FUND FINANCIAL STATEMENTS

CLINT ISD
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2012

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Due from Other Funds	\$ 168,823
Total Assets	168,823
NET ASSETS	
Unrestricted Net Assets	168,823
Total Net Assets	\$ 168,823

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

CLINT ISD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 638,310
Total Operating Revenues	638,310
OPERATING EXPENSES:	
Professional and Contracted Services	606,624
Total Operating Expenses	606,624
Operating Income	31,686
Total Net Assets - September 1 (Beginning)	137,137
Total Net Assets - August 31 (Ending)	\$ 168,823

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

CLINTISD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 606,624
Cash Payments for Insurance Claims	(606,624)
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:	\$ 31,686
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase in Due from Other Funds	(31,686)
Net Cash Provided by Operating Activities	\$ -

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

FIDUCIARY FUND FINANCIAL STATEMENTS

CLINT ISD
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2012

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 249,617
Due from Other Funds	-	16,579
Total Assets	-	<u>\$ 266,196</u>
LIABILITIES		
Due to Student Groups	-	\$ 249,617
Payable from Restricted Assets	-	16,579
Total Liabilities	-	<u>\$ 266,196</u>

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

CLINTISD
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Private Purpose Trust Fund
DEDUCTIONS:	
Non-operating Expenses	\$ 1,500
Total Deductions	<u>1,500</u>
Change in Net Assets	(1,500)
Total Net Assets - September 1 (Beginning)	<u>1,500</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ -</u></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, 2012

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 as stated in ***GASB Statement No. 55***; 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, 2012

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, 2012

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. 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.

The District has implemented GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," which supercedes GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting". This Statement provides accounting and financial reporting guidance for certain pronouncements issued pre and post November 30, 1989.

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, 2012

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.

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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, child nutrition and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of 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

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. 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 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 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 2012, 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, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. 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.
6. 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.
7. 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.
8. 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.
9. The District does not pay for accrued sick leave or vacation leave upon retirement or termination.
10. 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.
11. 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.
12. 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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. The District has a partially self funded Workers Compensation Fund.
14. 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.
15. 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.
16. 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.
17. All investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year end. Investments with an original maturity of less than one year are reported at amortized cost. Premiums and discounts on investments are amortized or accreted using the straight-line method, which approximates the interest method, over the terms of the related securities.
18. 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.
19. 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;

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. Management asserts that the District is in substantial compliance with the requirements of the Act and with local policies.

20. Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk:

Deposits - This is not applicable to the District.

Temporary Investments - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, mutual bond funds, public funds investment pools to those that have received top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2012, the District's investments in LoneStar Investment Pool was rated AAAM by Standard & Poor's.

Custodial Credit Risk :

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

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk :

Deposits - This is not applicable to the District.

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

Interest Rate Risk:

Deposits - This is not applicable to the District.

Temporary Investments - To limit the risk that changes in interest rates will adversely affect the fair value of the investments, the District requires its investment portfolio to have maturities of less than one year on a weighted average maturity (WAM) basis. All of the District's investment pools qualify as a 2a7-like pools and are excluded from the interest rate risk disclosure requirement per the GASB No. 59 Statement. See Note IV for further details.

Foreign Currency Risk:

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

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

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, 2012

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-3 and J-4.

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, 2012

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

At August 31, 2012 the carrying amount of the District's general fund, major, and nonmajor governmental funds, internal service funds, and agency funds, deposits (cash, including restricted cash of \$5,876, and interest-bearing savings accounts included in temporary investments) were \$4,497,927 and the total bank balance was \$6,986,416. The District's cash deposits at August 31, 2012 and during the year ended August 31, 2012 were fully insured by federal depository insurance or pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: **The First National Bank of Fabens**
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$10,134,626.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$10,346,318 and occurred during the month of May 2012.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

As of August 31, 2012, the District has the following temporary investments:

Name	Amortized Cost	Fair Value
Lone Star Investment Pool		
Government Overnight Fund:	\$ 28,623,572	\$ 28,623,572
Total	\$ 28,623,572	\$ 28,623,572

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

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

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 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.

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, 2012, 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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

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

Fund	State and Local Entitlements	Federal Grants	Total
General	\$ 2,100,268	\$ 210,378	\$ 2,310,646
Special Revenue	87,488	711,938	799,426
Debt Service	1,570,853	-	1,570,853
Total	\$ 3,758,609	\$ 922,316	\$ 4,680,925

E. INTERFUND BALANCES AND TRANSFERS

Interfund balances at August 31, 2012 consisted of the following individual fund balances:

	Due from Other Funds	Due to Other Funds
General Fund:		
General Fund	\$ 1,337,214	\$ 1,337,214
Debt Service Fund	92,912	-
Capital Projects Fund	230,748	-
Non-major Governmental Funds	792,907	13,767
Internal Service Fund	-	168,823
Fiduciary Fund	-	-
General Fund Total	2,453,781	1,519,804
Debt Service Fund:		
General Fund	-	92,912
Debt Service Fund Total	-	92,912
Capital Projects Fund:		
General Fund	-	230,748
Capital Projects Fund Total	-	230,748
Non-major Governmental Funds:		
General Fund	13,767	792,907
Fiduciary Fund	-	16,579
Non-major Governmental Funds Total	13,767	809,486
Internal Service Fund		
General Fund	168,823	-
Internal Service Fund Total	168,823	-

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Fiduciary Fund:		
Non-major Governmental Funds	<u>16,579</u>	<u>-</u>
Fiduciary Fund Total	<u>16,579</u>	<u>-</u>
Total	<u><u>\$ 2,652,950</u></u>	<u><u>\$ 2,652,950</u></u>

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

Interfund transfers for the year ended August 31, 2012, consisted of the following amounts:

	<u>Transfers In</u>	<u>Transfers Out</u>
Transfers in from other funds:		
General Fund	<u>\$ 21,141</u>	<u>\$ -</u>
Total General Fund	<u>21,141</u>	<u>-</u>
Transfers out to other funds:		
Nonmajor Governmental Funds:		
Special Revenue	<u>-</u>	<u>21,141</u>
Total Nonmajor Governmental Funds	<u><u>\$ 21,141</u></u>	<u><u>\$ 21,141</u></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 OTHER RECEIVABLES

Other Receivables in the amount of \$337,899 in the governmental funds, as of August 31, 2012, consisted of E-Rate and 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, 2012

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, 2012 was as follows:

	Primary Governments			
	Beginning Balance	Additions	Deletions and Reclassifications	Ending Balance
<u>Governmental activities:</u>				
Land	\$ 6,849,790	-	-	\$ 6,849,790
Buildings and improvements	150,156,501	663,495	3,509,001	154,328,997
Furniture and equipment	15,745,563	1,703,626	(268,981)	17,180,208
Construction in progress	34,619,352	15,246,467	(3,583,772)	46,282,047
Totals at historic cost	207,371,206	17,613,588	(343,752)	224,641,042
Less accumulated depreciation for:				
Buildings and improvements	39,274,912	3,253,025	(28,359)	42,499,578
Furniture and equipment	9,716,821	1,105,612	(198,909)	10,623,524
Total accumulated depreciation	48,991,733	4,358,637	(227,268)	53,123,102
Governmental activities capital assets, net	\$158,379,473	\$ 13,254,951	\$ (116,484)	\$ 171,517,940

Depreciation expense was charged to governmental functions as follows:

11	Instruction	\$ 2,058,892
12	Instruction resources and media services	42,533
13	Curriculum and instructional shop	4,759
21	Instruction leadership	107,443
23	School leadership	261,811
31	Guidance, counseling & evaluation services	113,607
32	Social work services	9,466
33	Health services	34,517
34	Student (pupil) transportation	501,463
35	Food services	261,934
36	Cocurricular/extracurricular activities	82,820
41	General administration	115,446
51	Plant maintenance and operations	361,756
52	Security and monitoring services	129,639
53	Data processing services	268,073
61	Community services	4,478
	Total depreciation expense	<u>\$ 4,358,637</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

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

H. LEASE AGREEMENTS

In 2009, the District entered into a lease agreement with Project Vida Health Center, Inc. in which the District would lease for \$3 per year 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.

I. PROPERTY INSURANCE AND PERSONNEL BONDS

For the year ended August 31, 2012, Clint Independent School District carried insurance for building and contents in the amount of \$248,531,144 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.

J. 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, 2012, TEA indicates that it overpaid the District by \$2,291,687. TEA has recouped this amount by reducing its payments to the District for fiscal year 2013. The balance in due to other governments as of August 31, 2012 consisted of the following:

	General Fund	Debt Service	Nonmajor Governmental Funds	Total
Foundation School Program	\$ 2,291,687	\$ -	\$ -	\$ 2,291,687
Existing Debt Allotment	-	2,571,417	-	2,571,417
Total	\$ 2,291,687	\$ 2,571,417	\$ -	\$ 4,863,104

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

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

K. DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Net Tax Revenue	\$ 707,738	\$ 197,243	\$ 904,981
Commodities	8,166	-	8,166
Total Deferred Revenue	<u>\$ 715,904</u>	<u>\$ 197,243</u>	<u>\$ 913,147</u>

L. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	131,633,020	8,979,998	14,356,400	126,256,618	4,487,161
Accretion Payable	7,508,942	600,319	243,600	7,865,661	1,102,790
Unamortized Premium on Bonds	5,343,265	859,841	762,066	5,441,040	346,597
Unamortized Loss on Defeased Bonds	-	(479,388)	(30,726)	(448,662)	(40,930)
Total Governmental Long-term Liabilities	<u>144,485,227</u>	<u>9,960,770</u>	<u>15,331,340</u>	<u>139,114,657</u>	<u>5,895,618</u>

M. 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, 2012

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, 2012 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable Amount Outstanding 8/31/11	Issued	Retired	Outstanding 8/31/12	Due Within One Year
Unlimited Tax Refunding Bonds Series - 1998 Capital appreciation bonds	4.65% - 4.95%	\$ 58,385	\$ 158,323	\$ 11,677	\$ -	\$ 11,677	\$ -	\$ -
Unlimited Tax School Bldg. and Refunding Bond - Series 2002: 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	29,000	3,495,000	-	3,495,000	-	-
Unlimited Tax School Bldg. Bond - Series 2003A	2% - 5.125%	19,130,000	89,190	8,645,000	-	6,790,000	1,855,000	595,000
Unlimited Tax School Bldg. Bond Series 2006	4% - 5%	33,880,000	1,420,790	29,200,000	-	915,000	28,285,000	950,000
Unlimited Tax Refunding Bldg. Bond - Series 2007: Current interest bonds	4% - 4.37%	20,720,000	779,953	19,145,000	-	605,000	18,540,000	-
Capital appreciation bonds	3.87% - 4%	554,982	-	554,982	-	-	554,982	246,886
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	177,650	5,650,000	-	755,000	4,895,000	945,000
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	413,700	11,900,000	-	1,610,000	10,290,000	1,670,000
Unlimited Tax Refunding Bonds - Series 2011 Current interest bonds	2.0% - 3.5%	8,725,000	162,704	-	8,725,000	-	8,725,000	-
Capital Appreciation bonds	0.5% - 0.75%	254,998	85,277	-	254,998	174,723	80,275	80,275
		178,604,726	5,901,250	131,633,020	\$ 8,979,998	14,356,400	126,256,618	4,487,161

Tax Refunding Bonds 1998 series, part of 2002 series, part of 2007 series and 2010 series, and part of 2011 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 2013 through 2024.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

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

Accretion Payable for the year ended August 31, 2012, is as follows:

Description	Accretion Outstanding 8/31/2011	Issued	Accrual of Accretion	Accretion Retired	Accretion Outstanding 8/31/2012	Due Within One Year
Tax Refunding Bond Series 1998	\$ 154,217	\$ -	\$ 4,106	\$ 158,323	\$ -	\$ -
Tax Refunding Bond Series 2002	1,359,738	-	118,793	-	1,478,531	-
Tax Refunding Bond Series 2007	2,615,115	-	125,716	-	2,740,831	959,744
Tax Refunding Bond Series 2010	3,379,872	-	123,381	-	3,503,253	-
Tax Refunding Bond Series 2011	-	226,459	1,864	85,277	143,046	143,046
	<u>\$ 7,508,942</u>	<u>\$ 226,459</u>	<u>\$ 373,860</u>	<u>\$ 243,600</u>	<u>\$ 7,865,661</u>	<u>\$1,102,790</u>

Unamortized Premiums on bonds for the year ended August 31, 2012 were as follows:

Description	Beginning Balance	Premiums on New Issues	Write-Off	Amortization Recognized	Ending Balance	Due Within One Year
Series 2003	\$ 369,918	\$ -	\$ 293,182	\$ 76,736	\$ -	\$ -
Series 2003A	63,267	-	45,552	1,476	16,239	1,476
Series 2006	907,098	-	-	45,355	861,743	45,355
Series 2007	1,424,854	-	-	79,159	1,345,695	79,159
Series 2007A	286,577	-	-	13,647	272,930	13,647
Series 2008	410,812	-	-	18,673	392,139	18,673
Series 2009	110,896	-	-	22,179	88,717	22,179
Series 2010A	1,769,843	-	-	112,367	1,657,476	112,368
Series 2011	-	859,841	-	53,740	806,101	53,740
Total Unamortized Premium	<u>\$ 5,343,265</u>	<u>\$ 859,841</u>	<u>\$ 338,734</u>	<u>\$ 423,332</u>	<u>\$ 5,441,040</u>	<u>\$ 346,597</u>

The unamortized loss on defeased bonds as of August 31, 2012 is made up of amounts originating with the issuance of the Series 2011 refunding of the 2003 and 2003A bond series, which is being amortized over 12 years.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS**

AUGUST 31, 2012

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

Debt service requirements are as follows:

Year Ended August 31,	General Obligations		Total
	Principal	Interest	Requirements
2013	\$ 4,487,161	\$ 6,701,790	\$ 11,188,951
2014	4,418,540	6,386,163	10,804,703
2015	4,804,554	6,287,251	11,091,805
2016	5,258,094	5,781,705	11,039,799
2017	5,786,143	5,603,481	11,389,624
2018 - 2022	28,720,792	26,049,457	54,770,249
2023 - 2027	34,421,334	15,052,989	49,474,323
2028 - 2032	36,010,000	5,782,914	41,792,914
2033 - 2036	2,350,000	117,500	2,467,500
Total	<u>\$ 126,256,618</u>	<u>\$ 77,763,250</u>	<u>\$ 204,019,868</u>

On November 30, 2011, the District issued Unlimited Tax Refunding Bonds, Series 2011 in the amount of \$8,979,998 which was used to refund \$2,770,000 of Unlimited Tax School Building and Refunding Bonds, Series 2003, and \$6,210,000 of Unlimited Tax School Building Bonds, Series 2003A. The bonds are payable February 15 and August 15 of each year, commencing February 15, 2011 and ending upon maturity on August 15, 2027 or prior redemption. The issuance of the refunding bonds was undertaken to reduce total debt service payments over 16 years by \$1,269,109 and resulted in an economic present value gain of \$1,046,128. These 2003 refunded bonds were redeemed on August 15, 2012 and the 2003A bonds are expected to be redeemed on August 15, 2013.

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, 2012, \$2,605,000 of the defeased 2002 bonds, \$11,900,000 of the defeased 2003 bonds and \$12,635,000 of the defeased 2003A bonds were still unpaid. The market value of the funds in escrow for the payments for these defeased bonds was \$12,941,562 as of August 31, 2012.

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, 2012, interest had been accreted in the amount of \$7,865,661 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, 2012.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

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

N. FUND BALANCES

As of August 31, 2012, fund balances are composed of the following:

	General Fund	Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ 92,489	\$ -	\$ -	\$ -	\$ 92,489
Corpus for Scholarship Fund	-	-	-	5,000	5,000
Restricted:					
Food Services	1,654,687	-	-	-	1,654,687
Federal and State Programs	-	-	-	18,636	18,636
Capital Acquisition	-	-	3,856,388	-	3,856,388
Retirement of Long-Term Debt	-	398,253	-	-	398,253
Other	-	-	-	1,024	1,024
Committed:					
Future Construction	3,240,000	-	-	-	3,240,000
Future Capital Expenditures	500,000	-	-	-	500,000
Campus Activities	-	-	-	71,623	71,623
Unassigned Fund Balance	20,359,166	-	-	-	20,359,166
Total fund balances	\$ 25,846,342	\$ 398,253	\$ 3,856,388	\$ 96,283	\$ 30,197,266

As of August 31, 2012, the District did not have any encumbrances.

O. 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	10,305,282	2,920,227	-	-	-	13,225,509
Penalties, interest and other tax revenues	367,919	102,487	-	-	-	470,406
Investment income	28,382	5,920	18,517	22	-	52,841
Rent income	18,487	-	-	-	-	18,487
Donations	2,000	-	-	149,989	-	151,989
Food sales	93,363	-	-	942	-	94,305
Athletic activities	51,179	-	-	-	-	51,179
Interfund services	-	-	-	-	638,310	638,310
Enterprising services	-	-	-	128,468	-	128,468
Insurance recovery	3,239	-	-	-	-	3,239
Other	220,868	1,633	101,164	-	-	323,665
Total	11,090,719	3,030,267	119,681	279,421	638,310	15,158,398

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

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

P. 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 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 6.644% for fiscal years 2010, 2011, and 2012. State law also provides a state contribution rate of 6.58% for fiscal years 2010, 2011 and 6.00% for fiscal year 2012. 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 2012, 2011 and 2010. 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 6.644% (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% for fiscal years 2010, 2011 and 6.00% for fiscal year 2012. State contributions to TRS made on behalf of the District's employees for the years ended August 31, 2012, 2011, and 2010, were as follows:

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

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

Year Ended	State TRS Contributions Made on Behalf of the District	(State/Federal) District Required Contributions to TRS	Staff Members' Contributions to TRS
2012	\$ 3,761,320	\$ 1,152,369	\$ 4,012,077
2011	4,178,616	1,401,730	4,027,585
2010	4,066,141	1,347,450	3,916,813

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.

Q. 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 2012, 2011, and 2010. 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, 2012, 2011, and 2010, which equaled the required contributions each year are as follows:

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

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

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
2012	\$ 626,887	\$ 408,836	\$ 407,474
2011	692,241	430,757	409,052
2010	612,002	433,308	397,801

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, 2010, 2011, and 2012 were \$151,511, \$144,568, and \$160,556, respectively.

R. 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.

S. 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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

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

T. E-RATE PROGRAM FOR SCHOOLS AND LIBRARIES

The E-Rate, (the Schools and Libraries Universal Service Support Mechanism), provides discounts to assist most schools and libraries in the United States to obtain affordable telecommunications and Internet access. Three service categories are funded: Telecommunications Services, Internet Access, and Internal Connections. Discounts range from 20% to 90% of the costs of eligible services. The District applied for three service categories: Telecommunications Services, Internet Access and Internal Connections (Eligible Basic Maintenance services). These services were funded by 90% discount during school year 2011-2012.

U. RISK MANAGEMENT

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

V. LITIGATION

During the normal course of business, the District is subject to various legal claims. As of August 31, 2012, management was not aware of any such claim which would have a material adverse effect on the financial statements.

W. OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Construction Commitments - The District has active construction projects as of August 31, 2012 including renovations and site improvements. All accumulated resources for capital projects are reserved for construction commitments. Construction commitments as of August 31, 2012 are as follows:

<u>Project Name</u>	<u>Spent To Date</u>	<u>Remaining Commitment</u>
New High School	\$ 41,519,586	\$ 925,172
	<u>\$ 41,519,586</u>	<u>\$ 925,172</u>

Federal and State Funding

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2012

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

X. RELATED PARTY TRANSACTIONS

From time to time, the District may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the year ending August 31, 2012.

Y. TOP TEN TAXPAYERS

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

<u>Name of Taxpayer</u>	<u>2011-2012 Taxable Value</u>
El Paso Natural Gas Co.	\$ 6,912,023
El Paso Electric Co.	6,599,231
Air Systems Components	6,273,810
AT&T	5,385,397
Lettunich Development Group LP	5,019,192
PMI Services North America Inc.	4,751,746
Ranchos Real Land Holdings LLC	3,600,000
Amo Enterprises Inc.	3,032,595
Ranchos Real Holdings LLC	2,849,829
Union Pacific Railroad Co.	2,708,403
	<u>\$ 47,132,226</u>

Z. BUDGET VARIANCE-DEBT SERVICE FUND

The District refunded a portion of their debt and issued new debt. Subsequent to fiscal year-end, it was discovered that the underwriters discount should not be netted against the premium but is actually a bond issuance cost. As a result, a reclassification was made, resulting in an overage in Bond Issuance Cost and Fees presented on Exhibit J-4. However, overall, the costs were budgeted and approved by the Board of Trustees and no overage exists when netted with Other Financing Sources/(Uses).

The negative variance presented on Exhibit G-1 and J-3 in function 35, Food Services is the result of an adjustment recorded after fiscal year-end for USDA commodities. These commodities are "non-cash" expenditures which also result in revenues of the same amount and therefore; no impact occurs to the net change in fund balance.

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REQUIRED SUPPLEMENTARY INFORMATION

CLINTISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 12,121,969	\$ 12,132,854	\$ 11,090,719	\$ (1,042,135)
5800 State Program Revenues	67,039,377	68,744,012	67,572,033	(1,171,979)
5900 Federal Program Revenues	6,985,321	7,487,321	8,127,963	640,642
5020 Total Revenues	86,146,667	88,364,187	86,790,715	(1,573,472)
EXPENDITURES:				
Current:				
0011 Instruction	43,503,521	44,457,236	43,485,165	972,071
0012 Instructional Resources and Media Services	1,053,300	1,056,539	1,034,843	21,696
0013 Curriculum and Instructional Staff Development	116,502	140,892	139,471	1,421
0021 Instructional Leadership	1,236,642	1,666,642	1,632,078	34,564
0023 School Leadership	5,452,844	5,724,739	5,529,334	195,405
0031 Guidance, Counseling and Evaluation Services	1,846,908	1,856,908	1,827,264	29,644
0032 Social Work Services	232,488	247,488	218,113	29,375
0033 Health Services	894,908	894,928	809,363	85,565
0034 Student (Pupil) Transportation	3,185,354	3,085,888	2,796,328	289,560
0035 Food Services	7,173,943	7,665,943	7,880,389	(214,446)
0036 Extracurricular Activities	2,287,678	2,382,678	2,382,132	546
0041 General Administration	3,230,528	3,230,528	3,186,588	43,940
0051 Facilities Maintenance and Operations	9,251,605	9,420,345	9,312,645	107,700
0052 Security and Monitoring Services	2,011,529	2,026,529	2,008,309	18,220
0053 Data Processing Services	1,612,219	1,612,219	1,364,103	248,116
0061 Community Services	124,759	124,759	110,370	14,389
Capital Outlay:				
0081 Facilities Acquisition and Construction	225,801	240,801	227,709	13,092
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	75,000	75,000	-	75,000
0099 Other Intergovernmental Charges	200,000	250,000	216,625	33,375
6030 Total Expenditures	83,715,529	86,160,062	84,160,829	1,999,233
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	2,431,138	2,204,125	2,629,886	425,761
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	21,141	21,141
7080 Total Other Financing Sources (Uses)	-	-	21,141	21,141
1200 Net Change in Fund Balances	2,431,138	2,204,125	2,651,027	446,902
0100 Fund Balance - September 1 (Beginning)	23,195,315	23,195,315	23,195,315	-
3000 Fund Balance - August 31 (Ending)	\$ 25,626,453	\$ 25,399,440	\$ 25,846,342	\$ 446,902

OTHER SUPPLEMENTARY INFORMATION

CLINT ISD
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2012

Data Control Codes		211	212	220
		ESEA I, A Improving Basic Program	ESEA Title I Part C Migrant	Adult Education Federal
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	140,416	-	-
1260	Due from Other Funds	-	-	-
1800	Restricted Assets	-	-	-
1000	Total Assets	<u>\$ 140,416</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110	Accounts Payable	\$ -	\$ -	\$ -
2170	Due to Other Funds	140,416	-	-
2000	Total Liabilities	<u>140,416</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable Fund Balance:				
3445	Other Non-Spendable Fund Balance	-	-	-
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3490	Other Restricted Fund Balance	-	-	-
Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 140,416</u>	<u>\$ -</u>	<u>\$ -</u>

224 IDEA - Part B Formula	225 IDEA - Part B Preschool	242 Summer Feeding Program	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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29,278	3,959	-	-	54,114	36,164	-	3,983
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 29,278</u>	<u>\$ 3,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,114</u>	<u>\$ 36,164</u>	<u>\$ -</u>	<u>\$ 3,983</u>
\$ -	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -
29,278	3,959	-	-	54,112	36,164	-	3,983
<u>29,278</u>	<u>3,959</u>	<u>-</u>	<u>-</u>	<u>54,114</u>	<u>36,164</u>	<u>-</u>	<u>3,983</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 29,278</u>	<u>\$ 3,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,114</u>	<u>\$ 36,164</u>	<u>\$ -</u>	<u>\$ 3,983</u>

CLINTISD
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2012

Data Control Codes		283 IDEA, Pt. B ARRA Formula	285 ESEA I, A Improving Basic Program	287 Education Jobs Fund	289 Other Federal Special Revenue Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	-	-	437,332	6,692
1260	Due from Other Funds	-	-	-	5,584
1800	Restricted Assets	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 437,332</u>	<u>\$ 12,276</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2170	Due to Other Funds	-	-	437,332	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>437,332</u>	<u>-</u>
Fund Balances:					
Nonspendable Fund Balance:					
3445	Other Non-Spendable Fund Balance	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	12,276
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,276</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 437,332</u>	<u>\$ 12,276</u>

381 Adult Basic Education State	390 (LEP) Early Childhood Summer Prog.	397 Advanced Placement Incentives	410 State Textbook Fund	411 Technology Allotment	422 Matching Fund for Library Purchases	423 LEP Success Initiative	429 Other State Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,681	-	-	-	-	-	5,538
-	-	2,249	-	-	4,232	-	54
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 3,681</u>	<u>\$ 2,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,232</u>	<u>\$ -</u>	<u>\$ 5,592</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,681	-	-	-	-	-	5,713
-	3,681	-	-	-	-	-	5,713
-	-	-	-	-	-	-	-
-	-	2,249	-	-	4,232	-	(121)
-	-	-	-	-	-	-	-
-	-	2,249	-	-	4,232	-	(121)
<u>\$ -</u>	<u>\$ 3,681</u>	<u>\$ 2,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,232</u>	<u>\$ -</u>	<u>\$ 5,592</u>

CLINT ISD
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2012

Data Control Codes		459 Other SSA Special Revenue Funds	461 Campus Activity Funds	494 Do the Write Thing, Inc.	Total Nonmajor Special Revenue Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 86,702	\$ -	\$ 86,702
1240	Receivables from Other Governments	78,269	-	-	799,426
1260	Due from Other Funds	-	1,500	148	13,767
1800	Restricted Assets	-	-	-	-
1000	Total Assets	<u>\$ 78,269</u>	<u>\$ 88,202</u>	<u>\$ 148</u>	<u>\$ 899,895</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 2
2170	Due to Other Funds	78,269	16,579	-	809,486
2000	Total Liabilities	<u>78,269</u>	<u>16,579</u>	<u>-</u>	<u>809,488</u>
Fund Balances:					
Nonspendable Fund Balance:					
3445	Other Non-Spendable Fund Balance	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	18,636
3490	Other Restricted Fund Balance	-	-	148	148
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	71,623	-	71,623
3000	Total Fund Balances	<u>-</u>	<u>71,623</u>	<u>148</u>	<u>90,407</u>
4000	Total Liabilities and Fund Balances	<u>\$ 78,269</u>	<u>\$ 88,202</u>	<u>\$ 148</u>	<u>\$ 899,895</u>

807	Total Nonmajor Governmental Funds
\$ -	\$ 86,702
-	799,426
-	13,767
5,876	5,876
<u>\$ 5,876</u>	<u>\$ 905,771</u>
\$ -	\$ 2
-	809,486
<u>-</u>	<u>809,488</u>
5,000	5,000
-	18,636
876	1,024
-	71,623
<u>5,876</u>	<u>96,283</u>
<u>\$ 5,876</u>	<u>\$ 905,771</u>

CLINT ISD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	220 Adult Education Federal
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	3,738,378	110,909	79,631
5020	Total Revenues	3,738,378	110,909	79,631
EXPENDITURES:				
Current:				
0011	Instruction	3,039,736	47,408	79,631
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	28,516	-	-
0021	Instructional Leadership	555,714	61,672	-
0023	School Leadership	72,452	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
0041	General Administration	-	-	-
0052	Security and Monitoring Services	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	41,960	1,829	-
6030	Total Expenditures	3,738,378	110,909	79,631
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES):				
8911	Transfers Out (Use)	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -

224 IDEA - Part B Formula	225 IDEA - Part B Preschool	242 Summer Feeding Program	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
\$ -	\$ -	\$ 942	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
1,949,994	16,460	149,611	135,260	419,156	385,019	585,514	23,049
1,949,994	16,460	150,553	135,260	419,156	385,019	585,514	23,049
1,052,378	16,460	-	120,061	258,899	385,019	543,724	13,645
-	-	-	-	-	-	-	-
-	-	-	15,199	142,018	-	621	8,538
301,079	-	-	-	-	-	1,020	-
-	-	-	-	9,546	-	-	866
596,537	-	-	-	1,206	-	-	-
-	-	129,412	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	7,487	-	-	-
-	-	-	-	-	-	14,173	-
-	-	-	-	-	-	25,976	-
-	-	-	-	-	-	-	-
1,949,994	16,460	129,412	135,260	419,156	385,019	585,514	23,049
-	-	21,141	-	-	-	-	-
-	-	(21,141)	-	-	-	-	-
-	-	(21,141)	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CLINT ISD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes		283 IDEA, Pt. B ARRA Formula	285 ESEA I, A Improving Basic Program	287 Education Jobs Fund	289 Other Federal Special Revenue Funds
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	149,571	127,609	1,804,282	11,525
5020	Total Revenues	149,571	127,609	1,804,282	11,525
EXPENDITURES:					
Current:					
0011	Instruction	149,571	127,609	1,370,182	5,370
0012	Instructional Resources and Media Services	-	-	1,973	-
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	246,638	-
0031	Guidance, Counseling and Evaluation Services	-	-	183,202	-
0035	Food Services	-	-	2,287	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	-
6030	Total Expenditures	149,571	127,609	1,804,282	5,370
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	6,155
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	6,155
0100	Fund Balance - September 1 (Beginning)	-	-	-	6,121
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 12,276

381 Adult Basic Education State	390 (LEP) Early Childhood Summer Prog.	397 Advanced Placement Incentives	410 State Textbook Fund	411 Technology Allotment	422 Matching Fund for Library Purchases	423 LEP Success Initiative	429 Other State Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,791	-	-	1,099,955	2,136	-	282,532	82
-	-	-	-	-	-	-	-
8,791	-	-	1,099,955	2,136	-	282,532	82
8,791	-	-	1,099,955	22,909	-	180,117	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	102,415	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,791	-	-	1,099,955	22,909	-	282,532	-
-	-	-	-	(20,773)	-	-	82
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(20,773)	-	-	82
-	-	2,249	-	20,773	4,232	-	(203)
\$ -	\$ -	\$ 2,249	\$ -	\$ -	\$ 4,232	\$ -	\$ (121)

CLINT ISD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes		459 Other SSA Special Revenue Funds	461 Campus Activity Funds	494 Do the Write Thing, Inc.	Total Nonmajor Special Revenue Funds
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 149,989	\$ 128,468	\$ -	\$ 279,399
5800	State Program Revenues	-	-	-	1,393,496
5900	Federal Program Revenues	-	-	-	9,685,968
5020	Total Revenues	<u>149,989</u>	<u>128,468</u>	<u>-</u>	<u>11,358,863</u>
EXPENDITURES:					
Current:					
0011	Instruction	80,241	134,620	-	8,736,326
0012	Instructional Resources and Media Services	5,653	-	-	7,626
0013	Curriculum and Instructional Staff Development	27,542	-	-	324,849
0021	Instructional Leadership	-	-	-	919,485
0023	School Leadership	13,578	-	-	343,080
0031	Guidance, Counseling and Evaluation Services	19,305	-	-	800,250
0035	Food Services	-	-	-	131,699
0036	Extracurricular Activities	3,670	-	-	3,670
0041	General Administration	-	-	-	7,487
0052	Security and Monitoring Services	-	-	-	14,173
0053	Data Processing Services	-	-	-	25,976
0061	Community Services	-	-	-	43,789
6030	Total Expenditures	<u>149,989</u>	<u>134,620</u>	<u>-</u>	<u>11,358,410</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(6,152)</u>	<u>-</u>	<u>453</u>
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	-	-	-	(21,141)
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,141)</u>
1200	Net Change in Fund Balance	-	(6,152)	-	(20,688)
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>77,775</u>	<u>148</u>	<u>111,095</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 71,623</u>	<u>\$ 148</u>	<u>\$ 90,407</u>

807		Total Nonmajor Governmental Funds	
<hr/>		<hr/>	
\$	22	\$	279,421
	-		1,393,496
	-		9,685,968
	<hr/> 22		<hr/> 11,358,885
	<hr/>		<hr/>
	-		8,736,326
	-		7,626
	-		324,849
	-		919,485
	-		343,080
	-		800,250
	-		131,699
	-		3,670
	-		7,487
	-		14,173
	-		25,976
	-		43,789
	<hr/> -		<hr/> 11,358,410
	<hr/>		<hr/>
	22		475
	<hr/>		<hr/>
	-		(21,141)
	<hr/> -		<hr/> (21,141)
	<hr/>		<hr/>
	22		(20,666)
	5,854		116,949
	<hr/>		<hr/>
\$	5,876	\$	96,283
	<hr/>		<hr/>

CLINTISD
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	BALANCE SEPTEMBER 1 2011	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2012
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 228,820	\$ 473,798	\$ 453,001	\$ 249,617
Due From Other Funds	7,711	-	7,711	-
Total Assets	<u>\$ 236,531</u>	<u>\$ 473,798</u>	<u>\$ 460,712</u>	<u>\$ 249,617</u>
Liabilities:				
Due to Student Groups	<u>\$ 236,531</u>	<u>\$ 473,798</u>	<u>\$ 460,712</u>	<u>\$ 249,617</u>
SUNSHINE ACCOUNT				
Assets:				
Due From Other Funds	<u>\$ 12,557</u>	<u>\$ 46,185</u>	<u>\$ 42,163</u>	<u>\$ 16,579</u>
Liabilities:				
Payable from Restricted Assets	<u>\$ 12,557</u>	<u>\$ 46,185</u>	<u>\$ 42,163</u>	<u>\$ 16,579</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 228,820	\$ 473,798	\$ 453,001	\$ 249,617
Due From Other Funds	20,268	46,185	49,874	16,579
Total Assets	<u>\$ 249,088</u>	<u>\$ 519,983</u>	<u>\$ 502,875</u>	<u>\$ 266,196</u>
Liabilities:				
Due to Student Groups	\$ 236,531	\$ 473,798	\$ 460,712	\$ 249,617
Payable from Restricted Assets	12,557	46,185	42,163	16,579
Total Liabilities	<u>\$ 249,088</u>	<u>\$ 519,983</u>	<u>\$ 502,875</u>	<u>\$ 266,196</u>

REQUIRED TEA SCHEDULES

CLINTISD
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2012

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2003 and prior years	Various	Various	\$ 3,887,997,451
2004	1.500000	0.294000	428,550,004
2005	1.500000	0.225500	461,949,240
2006	1.500000	0.210000	529,494,035
2007	1.370100	0.210000	643,781,884
2008	1.040050	0.315000	792,627,468
2009	1.040050	0.295000	888,716,321
2010	1.040050	0.295000	922,847,582
2011	1.040050	0.295000	941,462,049
2012 (School year under audit)	1.040050	0.295000	997,553,147
1000 TOTALS			

(10) Beginning Balance 9/1/2011	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2012
\$ 1,295,945	\$ -	\$ 48,467	\$ 17,609	\$ 33,860	\$ 1,263,729
217,066	-	11,038	1,659	(826)	203,543
212,173	-	13,422	1,879	(629)	196,243
228,461	-	14,249	1,995	(629)	211,588
244,011	-	24,041	5,527	(1,455)	212,988
253,393	-	31,525	8,942	(1,835)	211,091
331,236	-	46,703	13,247	(2,041)	269,245
442,971	-	92,469	26,228	(2,977)	321,297
678,118	-	189,064	53,626	(15,956)	419,472
-	13,317,833	9,818,010	2,784,895	-	714,928
<u>\$ 3,903,374</u>	<u>\$ 13,317,833</u>	<u>\$ 10,288,988</u>	<u>\$ 2,915,607</u>	<u>\$ 7,512</u>	<u>\$ 4,024,124</u>

CLINT ISD
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2013-2014
GENERAL AND SPECIAL REVENUE FUNDS
AUGUST 31, 2012

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 383,308	\$ 2,026,452	\$ -	\$ -	\$ 2,409,760
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	1,465	-	-	1,465
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	123,097	-	-	-	-	-	123,097
6212	Audit Services	-	-	-	90,000	-	-	90,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	216,625	-	-	-	-	216,625
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	750	-	18,998	62,849	-	-	82,597
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	2,000	-	-	690	-	-	2,690
6240	Contr. Maint. and Repair	-	-	-	-	31,158	-	31,158
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	5,556	12,894	-	-	18,450
6290	Miscellaneous Contr.	1,328	-	-	85,436	-	-	86,764
6320	Textbooks and Reading	-	-	-	1,939	-	-	1,939
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	1,979	-	2,808	135,958	-	-	140,745
6410	Travel, Subsistence, Stipends	16,831	-	3,303	49,277	-	-	69,411
6420	Ins. and Bonding Costs	-	-	-	44,758	-	-	44,758
6430	Election Costs	10,052	-	-	-	-	-	10,052
6490	Miscellaneous Operating	4,216	-	7,521	69,452	-	-	81,189
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 160,253	\$ 216,625	\$ 421,494	\$ 2,581,170	\$ 31,158	\$ -	\$ 3,410,700

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 95,517,036

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 372,439
Total Debt & Lease (6500)	(11) -
Plant Maintenance (Function 51, 6100-6400)	(12) 9,208,497
Food (Function 35, 6341 and 6499)	(13) 3,534,238
Stipends (6413)	(14) -
Column 4 (above) - Total Indirect Cost	2,581,170

SubTotal:

15,696,344

Net Allowed Direct Cost

\$ 79,820,693

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$ 154,328,997
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) \$ 17,180,208
Historical Cost of Furniture & Equipment over 16 years old	(19) \$ 3,092,565
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20) \$ 2,022,053

(8) NOTE A: No Function 53 expenditures are included in this report on administrative costs.

\$216,625 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

CLINT ISD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2012

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	\$ 137,359	\$ 137,359	\$ 200,511	\$ 63,152
5800	State Program Revenues	40,000	40,000	45,409	5,409
5900	Federal Program Revenues	6,730,621	7,232,621	7,590,124	357,503
5020	Total Revenues	6,907,980	7,409,980	7,836,044	426,064
EXPENDITURES:					
0035	Food Services	7,173,943	7,665,943	7,880,389	(214,446)
0041	General Administration	40,000	40,000	-	40,000
0051	Facilities Maintenance and Operations	317,316	327,316	326,358	958
6030	Total Expenditures	7,531,259	8,033,259	8,206,747	(173,488)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(623,279)	(623,279)	(370,703)	252,576
OTHER FINANCING SOURCES(USES):					
7915	Transfers In	-	-	21,141	21,141
7080	Total Other Financing Sources (Uses)	-	-	21,141	21,141
1200	Net Change in Fund Balances	(623,279)	(623,279)	(349,562)	273,717
0100	Fund Balance - September 1 (Beginning)	2,004,248	2,004,248	2,004,248	-
3000	Fund Balance - August 31 (Ending)	\$ 1,380,969	\$ 1,380,969	\$ 1,654,686	\$ 273,717

CLINT ISD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2012

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	\$ 3,207,462	\$ 3,207,462	\$ 3,030,267	\$ (177,195)
5800 State Program Revenues	8,270,831	8,270,831	6,939,943	(1,330,888)
5020 Total Revenues	11,478,293	11,478,293	9,970,210	(1,508,083)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	5,203,312	5,376,400	5,376,400	-
0072 Interest on Long Term Debt	6,074,338	5,901,250	5,901,250	-
0073 Bond Issuance Cost and Fees	125,500	125,500	185,092	(59,592)
6030 Total Expenditures	11,403,150	11,403,150	11,462,742	(59,592)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	75,143	75,143	(1,492,532)	(1,567,675)
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	-	8,979,998	8,979,998
7911 Capital Related Debt Issued (Regular Bonds)	8,979,998	8,979,998	-	(8,979,998)
7916 Premium or Discount on Issuance of Bonds	800,248	800,248	859,841	59,593
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	(9,653,719)	(9,653,719)
8949 Other (Uses)	(9,653,719)	(9,653,719)	-	9,653,719
7080 Total Other Financing Sources (Uses)	126,527	126,527	186,120	59,593
1200 Net Change in Fund Balances	201,670	201,670	(1,306,412)	(1,508,082)
0100 Fund Balance - September 1 (Beginning)	1,704,665	1,704,665	1,704,665	-
3000 Fund Balance - August 31 (Ending)	\$ 1,906,335	\$ 1,906,336	\$ 398,253	\$ (1,508,083)

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 (District) as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 11, 2013. 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

Management of Clint Independent School District, is responsible for establishing and maintaining effective 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 the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 previously.

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 Clint Independent School District, in a separate letter dated January 11, 2013.

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

Gibson, Ruddock, Patterson LLC
El Paso, Texas
January 11, 2013

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 (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2012. 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 of 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, 2012.

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 the requirements that could have a direct and material effect on a major federal program to determine the 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 on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Clint Independent School District's internal control over compliance.

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

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, federal awarding agencies, Texas Education Agency, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gibson, Ruddock, Patterson LLC
El Paso, Texas
January 11, 2013

CLINT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2012

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. Education Jobs Fund: 84.410A Ed Jobs State Fiscal Stabilization Fund: 84.394A Title XIV, State Fiscal Stabilization Fund - ARRA.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2012

Schedule Reference Number	PROGRAM	DESCRIPTION
	Major Federal Programs: (Continued)	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:	\$534,418
	Auditee qualified as low-risk auditee?	No

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2012

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, 2012

Schedule Reference Number	PROGRAM	STATUS OF PRIOR YEAR'S FINDINGS/NONCOMPLIANCE
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FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year findings.

CLINT ISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
NJROTC	12.000	N/A	\$ 217,326
Total Direct Programs			\$ 217,326
TOTAL DEPARTMENT OF DEFENSE			\$ 217,326
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through El Paso Community College</u>			
GEAR UP	84.334A	P334A060240	\$ 3,909
GEAR UP	84.334A	P334A060240	19,140
Total CFDA Number 84.334A			23,049
Total Passed Through El Paso Community College			\$ 23,049
<u>Passed Through State Department of Education</u>			
Adult Education (ABE) - Federal	84.002	1241000171102	\$ 79,631
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	11610101071901	211,334
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	12610101071901	3,527,044
*ESEA, Title I, Part A - Imp Basic Prog (IDC)	84.010A	12610101071901	95,492
Total CFDA Number 84.010A			3,833,870
*ESEA, Title I, A - ARRA -Improving Basic Programs	84.389A	10551001071901	127,609
*ESEA, Title I, A - ARRA -Imp Basic Prog. (IDC)	84.389A	10551001071901	2,597
Total CFDA Number 84.389A			130,206
Total Title I, Part A Cluster			3,964,076
ESEA, Title I, Part C - Migratory Children	84.011A	11610101071901	14,903
ESEA, Title I, Part C - Migratory Children	84.011A	12610101071901	96,006
ESEA, Title I, Part C - Migratory Children (IDC)	84.011A	12610101071901	2,563
Total CFDA Number 84.011A			113,472
**IDEA - Part B, Formula	84.027A	116600010719016000	110,675
**IDEA - Part B, Formula	84.027A	126600010719016000	1,839,319
Total CFDA Number 84.027A			1,949,994
**IDEA - Part B, Preschool	84.173A	126610010719016000	16,460
**IDEA - Part B, Preschool (IDC)	84.173A	126610010719016000	421
Total CFDA Number 84.173A			16,881
**IDEA, Part B, Formula - ARRA	84.391A	10554001071901	149,571
**IDEA, Part B, Formula - ARRA (IDC)	84.391A	10554001071901	3,727
Total CFDA Number 84.391A			153,298
Total Special Education Cluster (IDEA)			2,120,173
Career and Technical - Basic Grant	84.048	12420006071901	135,260
Career and Technical - Basic Grant (IDC)	84.048	12420006071901	2,775
Total CFDA Number 84.048			138,035
Title III, Part A - English Language Acquisition	84.365A	12610101071901	385,019
Title III, Part A - English Language Acq. (IDC)	84.365A	12610101071901	9,809
Total CFDA Number 84.365A			394,828
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	11610101071901	60,930

CLINT ISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	12610101071901	358,226
ESEA, Title II, Part A, Teac/Principal Train (IDC)	84.367A	11610101071901	139
ESEA, Title II, Part A, Teac/Principal Train (IDC)	84.367A	12610101071901	9,018
Total CFDA Number 84.367A			428,313
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394A	11557001071901	585,514
Title XIV, State Fiscal Stab Fund - ARRA (IDC)	84.394A	11557001071901	858
Total CFDA Number 84.394A			586,372
Education Jobs Fund- ARRA	84.410	11557001071901	1,804,282
Summer School LEP	84.369A	69551102	4,833
Summer School LEP	84.369A	69551202	6,692
Total CFDA Number 84.369A			11,525
Total Passed Through State Department of Education			\$ 9,640,707
TOTAL DEPARTMENT OF EDUCATION			\$ 9,663,756
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
***School Breakfast Program	10.553	71401101	\$ 331,855
***School Breakfast Program	10.553	71401201	2,395,510
***School Breakfast Prog - Cash Assist. (IDC)	10.553	71401201	75,122
Total CFDA Number 10.553			2,802,487
***National School Lunch Program - Cash Assistance	10.555	71301101	526,843
***National School Lunch Program - Cash Assistance	10.555	71301201	3,762,505
***National School Lunch Prog - Cash Assist. (IDC)	10.555	71301201	117,991
***National School Lunch Prog. - Non-Cash Assist.	10.555	071901	541,179
Total CFDA Number 10.555			4,948,518
***Summer Feeding Program - Cash Assistance	10.559	71401201	58,109
***Summer Feeding Program - Cash Assistance	10.559	71301201	91,502
Total CFDA Number 10.559			149,611
Total Child Nutrition Cluster			7,900,616
Fresh Fruit and Vegetable Program-Non-Cash Assist.	10.582	071901	32,233
Total Passed Through the State Department of Agriculture			\$ 7,932,849
TOTAL DEPARTMENT OF AGRICULTURE			\$ 7,932,849
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 17,813,931

*, **, *** Clustered Programs as required by the OMB A-133 Compliance Supplement, June 2012.

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2012

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 90 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, 2012

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	\$ 217,326
USDA Commodities	10.550	541,179
National School Breakfast Program	10.553	2,802,488
National School Lunch Program	10.555	4,214,225
Fresh Fruit and Vegetable Program	10.582	32,233
Indirect Costs - CNP	10.XXX	193,113
Indirect Costs - Other	84.XXX	<u>127,399</u>
General Fund federal revenue reported in Schedule K-1		8,127,963
Federal revenue in General Fund not presented in Schedule K-1		<u>-</u>
Total General Fund federal revenue per C-3		<u><u>\$ 8,127,963</u></u>
Total federal revenue per K-1		<u>\$ 17,813,931</u>
Plus SHARS revenue not included in K-1		<u>-</u>
Total federal revenue per C-3		<u><u>\$ 17,813,931</u></u>