

CLINT INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2014



CLINT INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2014

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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, 2014, at a meeting of the board of trustees of such school district on the 22 day of January, 2015.

Anleen Parada
Signature of Board Secretary

James L. Pudek
Signature of Board President

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

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FINANCIAL SECTION

Independent Auditor's Report

To the Board of Trustees
Clint Independent School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clint Independent School District as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clint Independent School District, as of August 31, 2014, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note I to the financial statements, in 2014, the District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 through 15 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clint Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements, and required TEA schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2015, on our consideration of the Clint Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clint Independent School District's internal control over financial reporting and compliance.

Gibson, Ruddock, Patterson LLC
El Paso, Texas
January 7, 2015

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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, 2014. 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 \$30.1 million, or 32 percent of the total general fund expenditures, increasing by \$2.7 million.
- During the year, the District had expenses that were less than the \$96.6 million generated in tax and other revenues for the general fund.
- The District's total long term liabilities decreased by \$3.1 million or 2.4 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 received an upgrade to the Texas Comptroller of Public Accounts Leadership Circle Award. The District's rating was Gold and was upgraded to the highest rating of Platinum. This award is issued to local governments that meet a high standard for financial transparency on-line. This is the fourth consecutive Gold level or higher award from the Texas Comptroller's Office who encourages and applauds local governments across Texas that have focused on giving taxpayers a transparent look at local expenditures.

Overview of the Financial Statements

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

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Clint Independent School District's finances, in a manner similar to that of a private sector business. The government-wide fund financial statements can be found on pages 17-21 of this report.

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

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

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

Fund Financial statements

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

Governmental funds

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

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

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

The Clint Independent School District adopts an annual appropriated budget for its general, child nutrition program and debt service funds individually. The governmental fund financial statements can be found on pages 23-27 of the report.

Proprietary funds

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

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

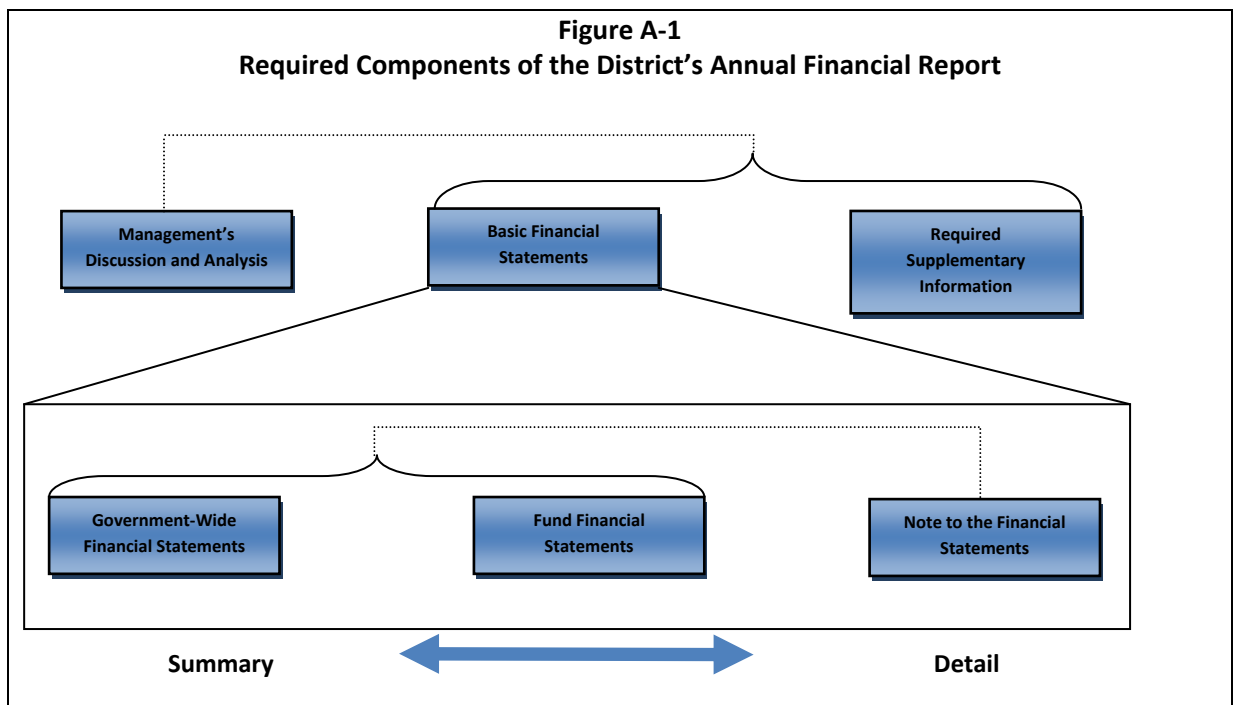


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of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

Figure A-2 Major Features of the District’s Government-wide and Fund Financial Statements				
Type of Statements	Government-Wide	Governmental Funds	Fund Statements Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire District’s government (except fiduciary fund) and the District’s component units (no component units exist for District)	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses; self- insurance	Instances in which the district is the trustee or agent for someone else’s resources
<i>Required Financial Statements</i>	<ul style="list-style-type: none"> Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> Statement of Net position Statement of Revenues, Expenses and changes in Fund Net position Statement of Cash Flows 	<ul style="list-style-type: none"> Statement of Fiduciary Net position
<i>Accounting Basis & Measurement Focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of Asset/Liability Information</i>	All assets and liabilities, both financial and capital; short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District’s funds do not currently contain capital assets
<i>Type of Inflow/Outflow Information</i>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Analysis

Net position for the District’s governmental activities increased by \$1,311,374 or 1.9%. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$28 million and \$26 million at August 31, 2014 and August 31, 2013 respectively.

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

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

Table I
Clint Independent School District
SUMMARIZED NET POSITION

Governmental Activities	August 31, 2014	August 31, 2013	Variance	% Change
Current and Other Assets	\$ 39,594,896	44,095,032	(4,500,136)	(10.2%)
Capital Assets	164,163,455	168,556,132	(4,392,677)	(2.6%)
Total Assets	203,758,351	212,651,164	(8,892,813)	(4.2%)
Deferred Charge for Refunding	2,410,433	-	2,410,433	
Total Deferred Outflows of Resources	2,410,433	-	2,410,433	
Current Liabilities	5,235,901	9,888,227	(4,652,326)	(47.0%)
Non-Current Liabilities	130,407,219	133,548,647	(3,141,428)	(2.4%)
Total Liabilities	135,643,120	143,436,874	(7,793,754)	(5.4%)
Net Investment in Capital Assets	36,166,669	40,111,408	(3,944,739)	(9.8%)
Restricted	5,569,503	2,566,206	3,003,297	117.0%
Unrestricted	28,789,492	26,536,676	2,252,816	8.5%
Total Net Position	\$ 70,525,664	69,214,290	1,311,374	1.9%

The cost of all governmental activities this year was \$113 million compared to \$106 million last year. Costs increased by \$7.1 million or 6.7 percent. The primary increases are reflected in instruction (Function 11) and Facilities Maintenance and Operations (Function 51). Instruction was increased by \$3.9 million and Facilities Maintenance and Operations were increased by just under \$3 million. The Board of Trustees approved a budget amendment in the amount of \$3.1 million for Facilities Maintenance and Operations to fund numerous projects that benefited students, staff and the community. These projects included grass fields, landscaping, science laboratories, security cameras, roof repairs, equipment and vehicles and other minor renovations.

As shown in the *Statement of Activities* on page 20-21, the amount that taxpayers ultimately financed for these activities through District Taxes was only \$14.2 million, because the majority of the costs continue to be funded by State.

Table II
Clint Independent School District
SUMMARIZED STATEMENT OF ACTIVITIES

Governmental Activities	August 31, 2014	August 31, 2013	Variance	% Change
Revenues				
Program Revenues				
Charges for Services	\$ 528,798	511,261	17,537	3.4%
Operating Grants and Contributions	30,090,566	27,926,322	2,164,244	7.7%
Capital Grants and Contributions	119,269	308,349	(189,080)	(61.3%)
General Revenues				
Property Taxes Levied for General Purposes	11,060,490	10,624,933	435,557	4.1%
Property Taxes Levied for Debt Services	3,154,597	3,032,958	121,639	4.0%
State Aid-Formula Grants	71,775,937	67,163,719	4,612,218	6.9%
Investment Earnings	21,408	39,332	(17,924)	(45.6%)
Miscellaneous Revenue	617,777	565,085	52,692	9.3%
Total Revenues	\$ 117,368,842	110,171,959	7,196,883	6.5%
Expenses				
Instruction	56,750,271	52,805,653	3,944,618	7.5%
Instructional Resources and Media Services	1,194,800	1,146,021	48,779	4.3%
Curriculum and Staff Development	1,512,894	1,685,318	(172,424)	(10.2%)
Instructional Leadership	2,903,281	2,881,498	21,783	0.8%
School Leadership	6,306,902	6,196,712	110,190	1.8%
Guidance, Counseling and Evaluation Services	2,848,032	2,486,255	361,777	14.6%
Social Work Services	200,938	200,918	20	0.0%
Health Services	973,996	864,134	109,862	12.7%
Student (Pupil) Transportation	3,687,196	3,470,997	216,199	6.2%
Food Services	7,943,969	7,918,050	25,919	0.3%
Extracurricular Activities	2,600,382	2,506,701	93,681	3.7%
General Administration	3,202,475	3,366,936	(164,461)	(4.9%)
Plant Maintenance and Operations	13,663,446	10,721,144	2,942,302	27.4%
Security and Monitoring Services	2,405,099	2,249,799	155,300	6.9%
Data Processing Services	1,771,323	1,701,522	69,801	4.1%
Community Services	164,549	184,811	(20,262)	(11.0%)
Debt Service-Interest on Long Term Debt	4,865,237	5,685,268	(820,031)	(14.4%)
Debt Service-Bond Issuance Cost and Fees	371,911	4,191	367,720	8,774.0%
Capital Outlay	222,591	337,572	(114,981)	(34.1%)
Other Intergovernmental Charges	265,281	255,607	9,674	3.8%
Total Expenses	\$ 113,854,573	106,669,107	7,185,466	6.7%
Increase in Net Position Before Prior Period Adj	3,514,269	3,502,852	11,417	0.3%
Prior Period Adjustment	(2,202,895)	-	(2,202,895)	
Increase in Net Position	\$ 1,311,374	3,502,852	(2,191,478)	(62.6%)
Beginning Net Position	69,214,290	65,711,438	3,502,852	5.3%
Ending Net Position	\$ 70,525,664	69,214,290	1,311,374	1.9%

Capital Asset and Debt Administration

Capital Assets

At the end of 2014, the District had \$164.2, million, net of depreciation, invested in a broad range of capital assets, including land, facilities, vehicles and other equipment for instruction, transportation, athletics, administration, and maintenance. Additions were \$916,519 and total accumulated depreciation was \$5.3 million. This amount represents a net decrease of \$4.3 million. Additional information about the District's capital assets can be found in Note E.

Debt

At year-end, the District had \$130 million in bonds outstanding, a decrease of \$3.1 million over last year. The district has issued \$90,000 million in bonds for new schools, renovations and additions. All major projects have been completed and several minor renovations are near completion.

The District aggressively manages its debt and has refinanced or refunded portions of it, each year for the last five years, prior to fiscal year 2014, to reduce the burden to taxpayers and the State. Each occurrence has resulted in lower interest rates and annual savings. The District also refunded bonds this year in the amount of \$24 million and the required budget amendments were approved. The total savings were \$2.4 million. The District utilizes the Existing Debt Allotment and Instructional Facilities Allotment funding, which provides savings to the District and well as tax payers.

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

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

The District's Funds

As the District completed the year, its general fund (as presented in the balance sheet on pages 24) reported a fund balance of \$30.1 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 District does intend to reduce the fund balance for one time cost expenses for needed renovations, technology and other items next year, while maintaining a required fund balance per policy and prudent budgeting practices.

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 2013-2014 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 slightly over the last two years. This is largely attributed to the economic condition of the area and the State. New home construction has slowed, but continues. Recently new housing construction has begun in all areas. The District is projecting enrollment to increase over the next few years, continues to monitor it, but remains passive when estimating growth and revenue for budget purposes. Providing facilities to accommodate growth and improvement of other facilities is imperative and continues to be a priority of the District. As one of the most property poor Districts in the State, the District has met bond obligations through maximizing funding, and receiving State assistance through the Instructional Facilities Allotment and the Existing Debt Allotment programs. The Board of Trustees of the Clint Independent School District is committed to maximizing funding and maintaining a tax rate that meets debt obligations and budget requirements, while not overburdening the tax payers. With an increasing tax base and sound balanced budget practices, the District has been able to maintain the same tax rate for the last five years.

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.

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BASIC FINANCIAL STATEMENTS

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CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2014

Data Control Codes	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 34,982,225
1220 Property Taxes Receivable (Delinquent)	3,936,935
1230 Allowance for Uncollectible Taxes	(2,749,504)
1240 Due from Other Governments	2,668,808
1290 Other Receivables, net	484,567
1300 Inventories	265,957
Capital Assets:	
1510 Land	6,630,063
1520 Buildings, Net	151,660,669
1530 Furniture and Equipment, Net	5,872,723
1800 Restricted Assets	5,908
1000 Total Assets	<u>203,758,351</u>
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	2,410,433
1700 Total Deferred Outflows of Resources	<u>2,410,433</u>
LIABILITIES	
2110 Accounts Payable	1,224,185
2140 Interest Payable	214,462
2160 Accrued Wages Payable	2,149,635
2177 Due to Fiduciary Funds	18,365
2180 Due to Other Governments	1,618,789
2300 Unearned Revenue	10,465
Noncurrent Liabilities	
2501 Due Within One Year	6,310,572
2502 Due in More Than One Year	124,096,647
2000 Total Liabilities	<u>135,643,120</u>
NET POSITION	
3200 Net Investment in Capital Assets	36,166,669
3820 Restricted for Federal and State Programs	2,510,975
3850 Restricted for Debt Service	2,029,665
3860 Restricted for Capital Projects	1,022,807
3880 Restricted for Scholarships	5,908
3890 Restricted for Other Purposes	148
3900 Unrestricted	28,789,492
3000 Total Net Position	<u><u>\$ 70,525,664</u></u>

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

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 56,750,271	\$ 185,414	\$ 8,845,314
12 Instructional Resources and Media Services	1,194,800	-	53,710
13 Curriculum and Staff Development	1,512,894	-	507,295
21 Instructional Leadership	2,903,281	-	762,206
23 School Leadership	6,306,902	-	333,079
31 Guidance, Counseling and Evaluation Services	2,848,032	-	738,606
32 Social Work Services	200,938	-	11,966
33 Health Services	973,996	-	199,177
34 Student (Pupil) Transportation	3,687,196	-	199,021
35 Food Services	7,943,969	224,716	7,942,509
36 Extracurricular Activities	2,600,382	47,915	69,542
41 General Administration	3,202,475	56,749	434,498
51 Facilities Maintenance and Operations	13,663,446	14,004	725,237
52 Security and Monitoring Services	2,405,099	-	131,424
53 Data Processing Services	1,771,323	-	64,165
61 Community Services	164,549	-	52,961
72 Debt Service - Interest on Long Term Debt	4,865,237	-	9,003,541
73 Debt Service - Bond Issuance Cost and Fees	371,911	-	-
81 Capital Outlay	222,591	-	16,315
99 Other Intergovernmental Charges	265,281	-	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 113,854,573	\$ 528,798	\$ 30,090,566

Data	General Revenues:
Control	Taxes:
Codes	MT Property Taxes, Levied for General Purposes
	DT Property Taxes, Levied for Debt Service
	SF State Aid - Formula Grants
	IE Investment Earnings
	MI Miscellaneous Local and Intermediate Revenue
	TR Total General Revenues
	CN Change in Net Position
	NB Net Position - Beginning
	PA Prior Period Adjustment
	NE Net Position--Ending

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

		Net (Expense) Revenue and Changes in Net Position	
5		6	
Capital Grants and Contributions		Governmental Activities	
\$	-	\$	(47,719,543)
	-		(1,141,090)
	-		(1,005,599)
	-		(2,141,075)
	-		(5,973,823)
	-		(2,109,426)
	-		(188,972)
	-		(774,819)
	-		(3,488,175)
	119,269		342,525
	-		(2,482,925)
	-		(2,711,228)
	-		(12,924,205)
	-		(2,273,675)
	-		(1,707,158)
	-		(111,588)
	-		4,138,304
	-		(371,911)
	-		(206,276)
	-		(265,281)
\$	<u>119,269</u>		<u>(83,115,940)</u>

11,060,490
3,154,597
71,775,937
21,408
617,777
<u>86,630,209</u>
3,514,269
69,214,290
(2,202,895)
<u>\$ 70,525,664</u>

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

CLINT INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2014

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 30,752,925	\$ 2,894,218	\$ 1,335,082	\$ 34,982,225
1220 Property Taxes - Delinquent	3,089,305	847,630	-	3,936,935
1230 Allowance for Uncollectible Taxes (Credit)	(2,163,082)	(586,422)	-	(2,749,504)
1240 Receivables from Other Governments	2,490,297	-	178,511	2,668,808
1260 Due from Other Funds	2,773,032	-	6,629	2,779,661
1290 Other Receivables	484,567	-	-	484,567
1300 Inventories	265,957	-	-	265,957
1800 Restricted Assets	-	-	5,908	5,908
1000 Total Assets	<u>\$ 37,693,001</u>	<u>\$ 3,155,426</u>	<u>\$ 1,526,130</u>	<u>\$ 42,374,557</u>
LIABILITIES				
2110 Accounts Payable	\$ 1,219,003	\$ -	\$ 5,182	\$ 1,224,185
2160 Accrued Wages Payable	2,149,635	-	-	2,149,635
2170 Due to Other Funds	2,604,390	92,912	415,348	3,112,650
2180 Due to Other Governments	800,402	818,387	-	1,618,789
2300 Unearned Revenues	10,465	-	-	10,465
2000 Total Liabilities	<u>6,783,895</u>	<u>911,299</u>	<u>420,530</u>	<u>8,115,724</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	774,100	218,059	-	992,159
2600 Total Deferred Inflows of Resources	<u>774,100</u>	<u>218,059</u>	<u>-</u>	<u>992,159</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	85,347	-	-	85,347
3445 Other Non-Spendable Fund Balance	-	-	5,000	5,000
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	2,492,200	-	18,775	2,510,975
3470 Capital Acquisition and Contractual Obligation	-	-	1,022,807	1,022,807
3480 Retirement of Long-Term Debt	-	2,026,068	-	2,026,068
3490 Other Restricted Fund Balance	-	-	1,056	1,056
Committed Fund Balance:				
3510 Construction	10,000,000	-	-	10,000,000
3530 Capital Expenditures for Equipment	2,000,000	-	-	2,000,000
3545 Other Committed Fund Balance	-	-	57,962	57,962
Assigned Fund Balance:				
3550 Construction	1,000,000	-	-	1,000,000
3570 Capital Expenditures for Equipment	1,000,000	-	-	1,000,000
3600 Unassigned Fund Balance	13,557,459	-	-	13,557,459
3000 Total Fund Balances	<u>30,135,006</u>	<u>2,026,068</u>	<u>1,105,600</u>	<u>33,266,674</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 37,693,001</u>	<u>\$ 3,155,426</u>	<u>\$ 1,526,130</u>	<u>\$ 42,374,557</u>

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

CLINT INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2014

Total Fund Balances - Governmental Funds	\$	33,266,674
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 fund is included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		314,624
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 \$224,641,042 and the accumulated depreciation was \$53,123,102. 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 position.		36,982,242
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 2014 capital outlays and debt principal payments is to increase net position.		6,482,056
4 GASB Statement No. 65 requires that unamortized debt issuance costs from prior periods be written off. The net effect is to decrease net position.		(2,202,895)
5 The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(5,309,196)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, 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 position.		992,159
19 Net Position of Governmental Activities	\$	70,525,664

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

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 11,941,198	\$ 3,235,517	\$ 328,606	\$ 15,505,321
5800	State Program Revenues	75,757,983	9,003,541	1,479,709	86,241,233
5900	Federal Program Revenues	8,870,969	-	6,688,570	15,559,539
5020	Total Revenues	<u>96,570,150</u>	<u>12,239,058</u>	<u>8,496,885</u>	<u>117,306,093</u>
EXPENDITURES:					
Current:					
0011	Instruction	47,524,892	-	6,611,540	54,136,432
0012	Instructional Resources and Media Services	1,140,820	-	-	1,140,820
0013	Curriculum and Instructional Staff Development	1,003,482	-	459,656	1,463,138
0021	Instructional Leadership	2,088,616	-	684,605	2,773,221
0023	School Leadership	5,980,580	-	10,785	5,991,365
0031	Guidance, Counseling and Evaluation Services	2,067,776	-	635,752	2,703,528
0032	Social Work Services	190,660	-	-	190,660
0033	Health Services	925,125	-	-	925,125
0034	Student (Pupil) Transportation	3,222,137	-	36,448	3,258,585
0035	Food Services	7,603,885	-	155,918	7,759,803
0036	Extracurricular Activities	2,510,565	-	-	2,510,565
0041	General Administration	3,065,877	-	1,635	3,067,512
0051	Facilities Maintenance and Operations	12,207,088	-	1,383,342	13,590,430
0052	Security and Monitoring Services	2,320,537	-	3,264	2,323,801
0053	Data Processing Services	1,496,807	-	20,208	1,517,015
0061	Community Services	112,803	-	46,102	158,905
Debt Service:					
0071	Principal on Long Term Debt	-	4,848,538	-	4,848,538
0072	Interest on Long Term Debt	-	5,948,174	-	5,948,174
0073	Bond Issuance Cost and Fees	-	371,911	-	371,911
Capital Outlay:					
0081	Facilities Acquisition and Construction	173,989	-	336,359	510,348
Intergovernmental:					
0099	Other Intergovernmental Charges	265,281	-	-	265,281
6030	Total Expenditures	<u>93,900,920</u>	<u>11,168,623</u>	<u>10,385,614</u>	<u>115,455,157</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,669,230</u>	<u>1,070,435</u>	<u>(1,888,729)</u>	<u>1,850,936</u>
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	24,244,996	-	24,244,996
7916	Premium or Discount on Issuance of Bonds	-	3,113,526	-	3,113,526
8940	Payment to Bond Refunding Escrow Agent (Use)	-	(26,992,584)	-	(26,992,584)
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>365,938</u>	<u>-</u>	<u>365,938</u>
1200	Net Change in Fund Balances	2,669,230	1,436,373	(1,888,729)	2,216,874
0100	Fund Balance - September 1 (Beginning)	<u>27,465,776</u>	<u>589,695</u>	<u>2,994,329</u>	<u>31,049,800</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 30,135,006</u>	<u>\$ 2,026,068</u>	<u>\$ 1,105,600</u>	<u>\$ 33,266,674</u>

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

CLINT INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2014

Total Net Change in Fund Balances - Governmental Funds	\$	2,216,874
 The District uses an internal service fund to charge the costs of self-insurance for worker's compensation, to appropriate functions in other funds. The net income of internal service fund is reported with governmental activities. The net effect of this consolidation is to increase net position.		61,786
 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 2014 capital outlays and debt principal payments is to increase net position.		6,482,056
 Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(5,309,196)
 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		62,749
 Change in Net Position of Governmental Activities	\$	3,514,269

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

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PROPRIETARY FUND FINANCIAL STATEMENTS

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2014

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Due from Other Funds	\$ 314,624
Total Assets	314,624
NET POSITION	
Unrestricted Net Position	314,624
Total Net Position	\$ 314,624

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

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 671,135
Total Operating Revenues	671,135
OPERATING EXPENSES:	
Professional and Contracted Services	608,486
Other Operating Costs	863
Total Operating Expenses	609,349
Operating Income	61,786
Total Net Position - September 1 (Beginning)	252,838
Total Net Position - August 31 (Ending)	\$ 314,624

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

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 609,349
Cash Payments for Insurance Claims	(609,349)
Net Cash Provided by Operating Activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 61,786
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase in Due from Other Funds	<u>(61,786)</u>
Net Cash Provided by Operating Activities	<u>\$ -</u>

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

FIDUCIARY FUND FINANCIAL STATEMENTS

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CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2014

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 244,284
Due from Other Funds	18,365
Total Assets	<u>\$ 262,649</u>
LIABILITIES	
Accounts Payable	\$ 751
Due to Student Groups	243,533
Payable from Restricted Assets	18,365
Total Liabilities	<u>\$ 262,649</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, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement category represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement category represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The District's Statements as of August 31, 2014 are presented in accordance with the guidance provided by this Statement. See Note X, Prior Period Adjustment, for more information regarding implementation of this new pronouncement.

D. Fund Accounting

The District reports the following major governmental funds:

1. General Fund – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Starting in fiscal year 2007, the child nutrition program was accounted for in the general fund.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Debt Service Fund – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund. This is a budgeted fund and separate bank accounts are maintained.

Additionally, the District reports the following fund types:

GOVERNMENTAL FUNDS:

3. 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.
4. Capital Projects Fund - The proceeds from long-term debt financing and revenues and expenditures related to authorized acquisition, construction, or renovations as well as furnishing and equipping capital facilities are accounted for in a capital projects fund.
5. Permanent Funds – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District's permanent fund is the David Cramer Scholarship Fund.

PROPRIETARY FUNDS:

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

FIDUCIARY FUNDS:

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Accounting Policies

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. Investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year end. Investments with an original maturity of less than one year are reported at amortized cost.
3. The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.
4. The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. Management asserts that the District is in substantial compliance with the requirements of the Act and with local policies.
5. Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk:

Deposits - This is not applicable to the District.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2014, the District's investment in LoneStar Investment Pool was rated AAA by Standard & Poor's.

Custodial Credit Risk :

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

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

Concentration of Credit Risk :

Deposits - This is not applicable to the District.

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

Interest Rate Risk:

Deposits - This is not applicable to the District.

Temporary Investments - To limit the risk that changes in interest rates will adversely affect the fair value of the investments, the District requires its investment portfolio to have maturities of less than one year on a weighted average maturity (WAM) basis. All of the District's investment pools qualify as 2a7-like pools and are excluded from the interest rate risk disclosure requirement. See Note IV for further details.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency Risk:

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

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

6. Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.
7. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.
8. Inventories of supplies on the balance sheet are stated at weighted average cost and they include consumable maintenance, instructional, office, athletic, child nutrition and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of 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.
9. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Premiums and discounts are presented as a component of liabilities while deferred charges on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight line method. Long-term debt is reported net of the applicable premium or discount.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Capital assets, which include land, buildings and furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life extending beyond a single reporting period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated 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

11. The restricted assets presented on the balance sheet represent the restricted cash held for scholarships in the permanent fund.
12. The District does not pay for accrued sick leave or vacation leave upon retirement or termination.
13. The District's policy is to pay any accumulated compensated absences at June 30th. Management believes that the amount accrued from July 1st to August 31st is immaterial in relation to the financial statements taken as a whole and as such, has elected not to accrue a liability.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Restricted for Capital Projects - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenant(s) for the purpose of capital acquisition.

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

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

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

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

- **Nonspendable fund balance** - Represents amounts that are not in spendable form, such as inventory, or are required to be maintained intact.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

16. In the fund financial statements, certain governmental funds report restrictions of the entire fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Since the entire fund balance is restricted for these funds, all assets are in essence restricted for their specified purpose.
17. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government - wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

18. The District co-sponsors a self-insured plan to provide workers' compensation benefits to employees. Revenues of this Internal Service Fund are received from both the General and Special Revenue Funds. Expenses are comprised of professional services paid to the Plan Supervisor. These costs provide for the administration of claims, loss control, record keeping and the Cost of Excess Insurance. The Plan Supervisor charges a fixed cost based upon estimated payroll figures which are subsequently adjusted when actual payroll figures are available.

The General Fund is contingently liable for liabilities of these funds.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, 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, 2014

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

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

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

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of reclassifying other resources, other uses, and various other items.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

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

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

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

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.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At August 31, 2014 the carrying amount of the District's deposits in the general fund, major, and nonmajor governmental funds, internal service funds, and agency funds (including restricted cash of \$5,908) were \$4,385,565 and the total bank balance was \$6,844,405. The District's cash deposits at August 31, 2014 and during the year ended August 31, 2014 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.**
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$7,872,514.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$7,632,732 and occurred during the month of February 2014.

Due to the immediate availability of the funds, the District's temporary investments at August 31, 2014 are included in cash and cash equivalents and are shown below:

Temporary Investments	Amortized Cost	Fair Value
Lone Star Investment Pool		
Government Overnight Fund:	\$ 30,846,852	\$ 30,846,852
Total	\$ 30,846,852	\$ 30,846,852

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

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 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. 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, 2014, are summarized below. A majority of the federal grants are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

Fund	State and Local Entitlements	Federal Grants	Total
General	\$ 2,238,616	\$ 251,681	\$ 2,490,297
Special Revenue	7,999	170,512	178,511
Total	\$ 2,246,615	\$ 422,193	\$ 2,668,808

C. Interfund Balances and Transfers

Interfund balances at August 31, 2014 consisted of the following individual fund balances:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
General Fund	\$ 2,283,137	\$ 2,283,137
Debt Service Fund	92,912	-
Non-major Governmental Funds	396,983	6,629
Internal Service Fund	-	314,624
General Fund Total	2,773,032	2,604,390

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Debt Service Fund:		
General Fund	<u>-</u>	<u>92,912</u>
Debt Service Fund Total	<u>-</u>	<u>92,912</u>
Non-major Governmental Funds:		
General Fund	6,629	396,983
Fiduciary Fund	<u>-</u>	<u>18,365</u>
Non-major Governmental Funds Total	<u>6,629</u>	<u>415,348</u>
Internal Service Fund		
General Fund	<u>314,624</u>	<u>-</u>
Internal Service Fund Total	<u>314,624</u>	<u>-</u>
Fiduciary Fund:		
Non-major Governmental Funds	<u>18,365</u>	<u>-</u>
Fiduciary Fund Total	<u>18,365</u>	<u>-</u>
Total	<u><u>\$ 3,112,650</u></u>	<u><u>\$ 3,112,650</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.

The District did not have any interfund transfers for the year ended August 31, 2014.

D. Disaggregation of Other Receivables

Other Receivables in the amount of \$484,567 in the governmental funds, as of August 31, 2014, 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, 2014

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

E. Capital Asset Activity

Capital asset activity for the District for the year ended August 31, 2014 was as follows:

	Primary Governments			
	Beginning Balance	Additions	Deletions and Reclassifications	Ending Balance
<u>Governmental activities:</u>				
Land	\$ 6,630,063	\$ -	\$ -	\$ 6,630,063
Buildings and improvements	195,804,312	358,199	5,531,791	201,694,302
Furniture and equipment	18,000,406	558,320	(18,600)	18,540,126
Construction in progress	5,531,791	-	(5,531,791)	-
Totals at historic cost	<u>225,966,572</u>	<u>916,519</u>	<u>(18,600)</u>	<u>226,864,491</u>
Less accumulated depreciation for:				
Buildings and improvements	45,687,554	4,346,079	-	50,033,633
Furniture and equipment	11,722,886	963,117	(18,600)	12,667,403
Total accumulated depreciation	<u>57,410,440</u>	<u>5,309,196</u>	<u>(18,600)</u>	<u>62,701,036</u>
Governmental activities capital assets, net	<u>\$ 168,556,132</u>	<u>\$ (4,392,677)</u>	<u>\$ -</u>	<u>\$ 164,163,455</u>

Depreciation expense was charged to governmental functions as follows:

11	Instruction	\$ 2,688,524
12	Instruction resources and media services	54,758
13	Curriculum and instructional shop	50,473
21	Instruction leadership	131,921
23	School leadership	320,065
31	Guidance, counseling & evaluation services	146,588
32	Social work services	10,426
33	Health services	49,576
34	Student (pupil) transportation	460,286
35	Food services	305,307
36	Cocurricular/extracurricular activities	98,603
41	General administration	136,783
51	Plant maintenance and operations	424,796
52	Security and monitoring services	165,172
53	Data processing services	260,193
61	Community services	<u>5,725</u>
	Total depreciation expense	<u>\$ 5,309,196</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

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

F. Property Insurance and Personnel Bonds

For the year ended August 31, 2014, Clint Independent School District carried insurance for building and personal property with a combined limit for both in the amount of \$317,197,712 with a deductible of \$50,000 per occurrence. Automobile liability is limited to \$1,000,000 with \$1,000 deductible per occurrence. The District also carried a General and Educators Liability policy that is limited to \$1,000,000 per occurrence and in the aggregate, with \$1,000 deductible per occurrence.

G. Deferred charge for refunding of bonds for the fiscal year ended August 31, 2014 was as follows:

Description	Beginning Balance	Deferred Charge on New Issues	Net Amortization Recognized	Ending Balance
Series 2011	\$ 407,732	\$ -	\$ 40,930	\$ 366,802
Series 2014	-	2,063,709	20,078	2,043,631
	<u>\$ 407,732</u>	<u>\$ 2,063,709</u>	<u>\$ 61,008</u>	<u>\$ 2,410,433</u>

The deferred charge for refunding of bonds, as of August 31, 2014, is made up of amounts originating with the issuance of the series 2011 refunding of the 2003 and 2003A bond series, as well as the 2014 series refunding of the 2006 bond series. The losses attributable to the series 2011 and series 2014 bonds are being amortized over 12 years and 17 years, respectively.

H. 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, 2014, TEA indicates that it overpaid the District by \$800,402. TEA has recouped this amount by reducing its payments to the District for fiscal year 2015. The balance in Due to Other Governments as of August 31, 2014 consisted of the following:

	General Fund	Debt Service	Nonmajor Governmental Funds	Total
Foundation School Program	\$ 800,402	\$ -	\$ -	\$ 800,402
Existing Debt Allotment	-	455,097	-	455,097
Instructional Facilities Allotment	-	363,290	-	363,290
Total	<u>\$ 800,402</u>	<u>\$ 818,387</u>	<u>\$ -</u>	<u>\$ 1,618,789</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

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

I. Unearned Revenue

Unearned revenue as of August 31, 2014 consisted of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Commodities	\$ 10,465	\$ -	\$ -	\$ 10,465
Total Unearned Revenue	\$ 10,465	\$ -	\$ -	\$ 10,465

J. Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 121,769,457	\$ 24,244,996	\$ 29,093,538	\$ 116,920,915	\$ 4,839,554
Accretion Payable	7,081,061	449,346	1,071,463	6,458,944	1,000,446
Unamortized Premium on Bonds	5,105,861	3,113,526	1,192,027	7,027,360	470,572
Total Governmental Long-term Liabilities	\$ 133,956,379	\$ 27,807,868	\$ 31,357,028	\$ 130,407,219	\$ 6,310,572

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

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

K. General Long-term Debt

A summary of changes in general long-term debt for the year ended August 31, 2014 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable Amount Outstanding 8/31/13	Issued	Retired	Outstanding 8/31/14	Due Within One Year
Unlimited Tax School Bldg. and Refunding Bond - Series 2002: Capital appreciation bonds Final maturity 2-15-2024	5.76% - 5.91%	644,984	-	644,984	-	-	644,984	-
Unlimited Tax School Bldg. Bond - Series 2003A Final maturity 8-15-2015	2% - 5.125%	19,130,000	48,050	1,260,000	-	620,000	640,000	640,000
Unlimited Tax School Bldg. Bond Series 2006 Final maturity 8-15-2031	4% - 5%	33,880,000	745,420	27,335,000	-	25,230,000	2,105,000	1,025,000
Unlimited Tax Refunding Bldg. Bond - Series 2007: Current interest bonds Final maturity 2-15-29	4% - 4.25%	20,720,000	767,853	18,540,000	-	-	18,540,000	-
Capital appreciation bonds Final maturity 2-15-15	3.87% - 4%	554,982	951,458	308,096	-	173,542	134,554	134,554
Unlimited Tax School Bldg. Bond Series 2007A Final maturity 8-15-2032	4.5% - 5%	24,875,000	1,166,038	23,495,000	-	-	23,495,000	-
Unlimited Tax School Building Bonds - Series 2008 Final maturity 8-15-2033	3.5% - 5%	29,935,000	1,418,625	28,660,000	-	145,000	28,515,000	435,000
Unlimited Tax Refunding Bonds - Series 2009: Current Interest bonds Final maturity 2-15-2025	3% - 4.5%	6,385,000	123,275	3,950,000	-	980,000	2,970,000	1,005,000
Unlimited Tax Refunding Bonds - Series 2010 Capital appreciation bonds Final maturity 2-15-2021	2.8% - 3.85%	231,377	-	231,377	-	-	231,377	-
Unlimited Tax Refunding Bonds - Series 2010A Final maturity 2-15-2027	2% - 4%	12,305,000	305,500	8,620,000	-	1,295,000	7,325,000	1,340,000
Unlimited Tax Refunding Bonds - Series 2011 Current interest bonds Final maturity 8-15-2027	2% - 3.5%	8,725,000	259,175	8,725,000	-	220,000	8,505,000	225,000
Unlimited Tax Refunding Bonds - Series 2014 Current interest bonds Final maturity 8-15-2031	2% - 5%	23,815,000	42,777	-	23,815,000	-	23,815,000	35,000
Capital appreciation bonds Final maturity 8-15-2014	.30%	429,996	120,005	-	429,996	429,996	-	-
		<u>181,631,339</u>	<u>5,948,176</u>	<u>121,769,457</u>	<u>24,244,996</u>	<u>29,093,538</u>	<u>116,920,915</u>	<u>4,839,554</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

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

Tax Refunding Bond 2002 series, part of 2007 series and 2010 series, and part of 2014 series are capital appreciation bonds that require interest to be paid when the principal on the bonds is due. These capital appreciation bonds began to mature in 2013 and will mature through 2024.

Accretion payable for the year ended August 31, 2014, was as follows:

Description	Accretion Outstanding 8/31/2013	Issued	Accrual of Accretion	Accretion Retired	Accretion Outstanding 8/31/2014	Due Within One Year
Tax Refunding Bond Series 2002	\$ 1,604,360	\$ -	\$ 133,289	\$ -	\$ 1,737,649	\$ -
Tax Refunding Bond Series 2007	1,864,928	-	64,730	951,458	978,200	1,000,446
Tax Refunding Bond Series 2010	3,611,773	-	131,322	-	3,743,095	-
Tax Refunding Bond Series 2014	-	119,933	72	120,005	-	-
	<u>\$ 7,081,061</u>	<u>\$ 119,933</u>	<u>\$ 329,413</u>	<u>\$ 1,071,463</u>	<u>\$ 6,458,944</u>	<u>\$ 1,000,446</u>

Unamortized premiums on bonds for the year ended August 31, 2014 were as follows:

Description	Beginning Balance	Premiums on New Issues	Write-Off	Amortization Recognized	Ending Balance	Due Within One Year
Series 2003A	\$ 10,826	\$ -	\$ -	\$ 5,413	\$ 5,413	\$ 5,413
Series 2006	816,388	-	683,875	45,354	87,159	7,774
Series 2007	1,266,536	-	-	79,159	1,187,377	79,159
Series 2007A	259,283	-	-	13,647	245,636	13,647
Series 2008	373,466	-	-	18,673	354,793	18,673
Series 2009	81,893	-	-	6,824	75,069	6,824
Series 2010A	1,545,108	-	-	112,368	1,432,740	112,368
Series 2011	752,361	-	-	53,740	698,621	53,740
Series 2014	-	3,113,526	-	172,974	2,940,552	172,974
Total Unamortized Premium	<u>\$ 5,105,861</u>	<u>\$ 3,113,526</u>	<u>\$ 683,875</u>	<u>\$ 508,152</u>	<u>\$ 7,027,360</u>	<u>\$ 470,572</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

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

Debt service requirements are as follows:

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
2015	\$ 4,839,554	\$ 6,112,361	\$ 10,951,915
2016	5,293,094	5,606,115	10,899,209
2017	5,821,143	5,427,191	11,248,334
2018	5,645,855	5,621,811	11,267,666
2019	5,839,634	5,430,357	11,269,991
2020 - 2024	30,236,635	21,586,792	51,823,427
2025 - 2029	35,935,000	10,494,260	46,429,260
2030 - 2033	23,310,000	2,436,600	25,746,600
Total	\$ 116,920,915	\$ 62,715,487	\$ 179,636,402

On July 30, 2014, the District issued Unlimited Tax Refunding Bonds, Series 2014 in the amount of \$24,244,996 which was used to refund \$24,245,000 of Unlimited Tax School Building Bonds, Series 2006. The bonds are payable February 15 and August 15 of each year, commencing August 15, 2014 and ending upon maturity on August 15, 2031 or prior redemption. The issuance of the refunding bonds was undertaken to reduce total debt service payments over 18 years by \$2,397,803 and resulted in the economic present value gain of \$1,845,126 after allocation of all costs of issuance of the bonds.

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, 2014, \$24,245,000 of the defeased 2006 bonds were still unpaid. The market value of the funds in escrow for the payments of these defeased bonds was \$26,391,814 as of August 31, 2014.

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, 2014, interest had been accreted in the amount of \$6,458,944 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, 2014.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

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

L. Fund Balances

As of August 31, 2014, fund balances are composed of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventories	\$ 85,347	\$ -	\$ -	\$ 85,347
Corpus for Scholarship Fund	-	-	5,000	5,000
Restricted:				
Food Services	2,492,200	-	-	2,492,200
Federal and State Programs	-	-	18,775	18,775
Capital Acquisition	-	-	1,022,807	1,022,807
Retirement of Long-Term Debt	-	2,026,068	-	2,026,068
Other	-	-	1,056	1,056
Committed:				
Future Construction	10,000,000	-	-	10,000,000
Future Capital Equipment	2,000,000	-	-	2,000,000
Campus Activities	-	-	57,962	57,962
Assigned:				
Future Construction	1,000,000	-	-	1,000,000
Future Capital Equipment	1,000,000	-	-	1,000,000
Unassigned Fund Balance	13,557,459	-	-	13,557,459
Total fund balances	\$ 30,135,006	\$ 2,026,068	\$ 1,105,600	\$ 33,266,674

As discussed in Note M, as of August 31, 2014, the District has \$131,150 of encumbrances of operating funds in major and nonmajor funds that rolled over into the next fiscal year.

M. Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At August 31, 2014, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental fund. Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:			Total
	Restricted Fund Balance	Committed Fund Balance	Assigned Fund Balance	
General Fund	\$ -	\$ -	\$ -	\$ -
Aggregate nonmajor funds	128,410	2,740	-	131,150
Total	\$ 128,410	\$ 2,740	\$ -	\$ 131,150

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

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

N. 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	Nonmajor Governmental Funds	Internal Service Fund	Total
Property taxes	\$ 11,022,093	\$ 3,124,166	\$ -	\$ -	\$ 14,146,259
Penalties, interest and other tax revenues	422,687	109,202	-	-	531,889
Investment income	16,246	2,143	3,034	-	21,423
Rent income	14,004	-	-	-	14,004
Grants	-	-	185,000	-	185,000
Food sales	221,823	-	708	-	222,531
Athletic activities	47,915	-	-	-	47,915
Interfund services	-	-	-	671,135	671,135
Enterprising services	-	-	139,864	-	139,864
Insurance recovery	91,951	-	-	-	91,951
Other	104,479	6	-	-	104,485
Total	\$ 11,941,198	\$ 3,235,517	\$ 328,606	\$ 671,135	\$ 16,176,456

O. 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. 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 downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

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

Funding Policy: Contribution requirements are not actuarially determined but are established and amended pursuant to the following state funding policy: (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, if as a result of a 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.

Contribution rates and amounts are equal to the required contributions for each year and are shown in the table below for fiscal years 2012 to 2014. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state’s and/or member’s contribution and on the portion of the employees’ salaries that exceeded the statutory minimum.

Contribution Rates and Contribution Amounts					
Year	Member		State		District, Federal, Private Grant and Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2014	6.4%	\$ 4,210,455	6.800%	\$ 4,473,608	\$ 1,403,546
2013	6.4%	\$ 4,081,202	6.400%	\$ 4,081,202	\$ 1,254,623
2012	6.4%	\$ 4,012,077	6.000%	\$ 3,761,320	\$ 1,152,369

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, including retiree health plan and Medicare Part D contributions. These contributions are the legal responsibility of the State.

P. Retiree Health Plan

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

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

Funding Policy: Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are equal to the required contributions for each year and are shown in the table below for fiscal years 2012-2014.

Contribution Rates

Period/ Year Ended	Active Member		State		School District		Federal	
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
2014	0.65%	\$ 427,623	0.55%	\$ 361,836	0.55%	\$ 361,836	1.0%	\$ 63,812
2013	0.65%	\$ 414,498	0.5%	\$ 318,844	0.55%	\$ 350,731	0.5%	\$ 30,366
2012	0.65%	\$ 407,474	1.0%	\$ 626,887	0.55%	\$ 344,787	1.0%	\$ 64,049

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, 2012, 2013, and 2014 were \$160,556, \$241,549, and \$176,359, respectively.

Q. 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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

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

R. 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 \$598,000 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.

S. 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 88% discount during school year 2013-2014.

T. 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.

U. Litigation

During the normal course of business, the District is subject to various legal claims. As of August 31, 2014, management was not aware of any such claim which would have a material adverse effect on the financial statements.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

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

V. Other Significant Commitments and Contingencies

Construction Commitments -The District has active construction projects as of August 31, 2014 including renovations and site improvements. All accumulated resources for capital projects are reserved for construction commitments. Construction commitments as of August 31, 2014 are as follows:

<u>Project Name</u>	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Facility Upgrades	\$ -	\$ 108,512
	<u>\$ -</u>	<u>\$ 108,512</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.

W. Related Party Transactions

From time to time, the District may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the year ended August 31, 2014.

X. Prior Period Adjustment

The District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the fiscal year ended August 31, 2014. In accordance with GASB 65, debt issuance costs should be recognized as expenses in the period incurred. Previously, these costs were required to be recorded as assets and amortized over the life of the debt. The implementation of GASB 65 resulted in a prior period adjustment, decreasing governmental activities net position by \$2,202,895.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2014

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

Y. New Accounting Pronouncements

The District has not completed the process of evaluating the impact on its financial position that will result from adopting Governmental Accounting Standards Board Statements No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statements No. 27*, effective for fiscal years beginning after June 15, 2014, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, to be applied simultaneously with GASB Statement No. 68. The Statements require that the net present value of pension liabilities be reported in the financial statements and that any contributions between the measurement date of the reported net pension liability and the end of the reporting period be recognized as a deferred outflow of resources.

Z. Subsequent Events

On October 16, 2014, the Board of Trustees approved and entered into a capital lease agreement to purchase three school buses at a cost of \$289,800. The District will make three annual payments, commencing March 1, 2015 in the amount of \$98,979 for total payments of \$296,937. The simple interest method will be implied at a rate of 2.3% for a total of interest payments in the amount of \$6,626.

REQUIRED SUPPLEMENTARY INFORMATION

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 11,849,541	\$ 11,937,264	\$ 11,941,198	\$ 3,934
5800	State Program Revenues	75,396,460	75,617,790	75,757,983	140,193
5900	Federal Program Revenues	8,384,935	8,569,702	8,870,969	301,267
5020	Total Revenues	95,630,936	96,124,757	96,570,150	445,393
EXPENDITURES:					
Current:					
0011	Instruction	48,324,591	48,192,516	47,524,892	667,624
0012	Instructional Resources and Media Services	1,147,025	1,167,011	1,140,820	26,191
0013	Curriculum and Instructional Staff Development	1,118,144	1,141,019	1,003,482	137,537
0021	Instructional Leadership	2,176,121	2,096,316	2,088,616	7,700
0023	School Leadership	6,096,652	6,098,103	5,980,580	117,523
0031	Guidance, Counseling and Evaluation Services	1,903,260	2,070,249	2,067,776	2,473
0032	Social Work Services	239,887	239,887	190,660	49,227
0033	Health Services	955,023	961,663	925,125	36,538
0034	Student (Pupil) Transportation	3,198,342	3,371,342	3,222,137	149,205
0035	Food Services	8,255,276	8,255,276	7,603,885	651,391
0036	Extracurricular Activities	2,845,970	2,839,909	2,510,565	329,344
0041	General Administration	3,508,368	3,508,368	3,065,877	442,491
0051	Facilities Maintenance and Operations	10,157,667	13,189,632	12,207,088	982,544
0052	Security and Monitoring Services	2,272,537	2,377,537	2,320,537	57,000
0053	Data Processing Services	1,927,901	1,927,901	1,496,807	431,094
0061	Community Services	163,266	163,266	112,803	50,463
Capital Outlay:					
0081	Facilities Acquisition and Construction	369,424	369,424	173,989	195,435
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed.	55,000	55,000	-	55,000
0099	Other Intergovernmental Charges	280,000	280,000	265,281	14,719
6030	Total Expenditures	94,994,454	98,304,419	93,900,920	4,403,499
1200	Net Change in Fund Balances	636,482	(2,179,662)	2,669,230	4,848,892
0100	Fund Balance - September 1 (Beginning)	27,465,776	27,465,776	27,465,776	-
3000	Fund Balance - August 31 (Ending)	\$ 28,102,258	\$ 25,286,114	\$ 30,135,006	\$ 4,848,892

SUPPLEMENTARY INFORMATION

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2014

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	220 Adult Education Federal	224 IDEA - Part B Formula
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	-	139,270	-
1260	Due from Other Funds	-	-	-
1800	Restricted Assets	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 139,270</u>	<u>\$ -</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ -	\$ -
2170	Due to Other Funds	-	139,270	-
2000	Total Liabilities	<u>-</u>	<u>139,270</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3445	Other Non-Spendable Fund Balance	-	-	-
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-
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>\$ -</u>	<u>\$ 139,270</u>	<u>\$ -</u>

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	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	409 High School Completion and Success
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	9,097	-	-	2,285	19,860	-	-
-	-	-	-	-	-	2,249	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 9,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,285</u>	<u>\$ 19,860</u>	<u>\$ 2,249</u>	<u>\$ -</u>
\$ -	\$ (18)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	9,097	-	-	2,285	7,584	-	-
-	9,079	-	-	2,285	7,584	-	-
-	-	-	-	-	-	-	-
-	18	-	-	-	12,276	2,249	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,276</u>	<u>2,249</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 9,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,285</u>	<u>\$ 19,860</u>	<u>\$ 2,249</u>	<u>\$ -</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2014

Data Control Codes	410 State Textbook Fund	422 Matching Fund for Library Purchases	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	2,461	5,538	-
1260	Due from Other Funds	-	4,232	-
1800	Restricted Assets	-	-	-
1000	Total Assets	<u>\$ 2,461</u>	<u>\$ 4,232</u>	<u>\$ 5,538</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ -	\$ -
2170	Due to Other Funds	2,461	5,538	-
2000	Total Liabilities	<u>2,461</u>	<u>-</u>	<u>5,538</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3445	Other Non-Spendable Fund Balance	-	-	-
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	4,232	-
3470	Capital Acquisition and Contractual Obligation	-	-	-
3490	Other Restricted Fund Balance	-	-	-
Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>4,232</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 2,461</u>	<u>\$ 4,232</u>	<u>\$ 5,538</u>

461 Campus Activity Funds	494 Do the Write Thing, Inc.	Total Nonmajor Special Revenue Funds	699 Capital Projects	807 David Cramer Memorial Scholarship	Total Nonmajor Governmental Funds
\$ 81,527	\$ -	\$ 81,527	\$ 1,253,555	\$ -	\$ 1,335,082
-	-	178,511	-	-	178,511
-	148	6,629	-	-	6,629
-	-	-	-	5,908	5,908
<u>\$ 81,527</u>	<u>\$ 148</u>	<u>\$ 266,667</u>	<u>\$ 1,253,555</u>	<u>\$ 5,908</u>	<u>\$ 1,526,130</u>
\$ 5,200	\$ -	\$ 5,182	\$ -	\$ -	\$ 5,182
18,365	-	184,600	230,748	-	415,348
<u>23,565</u>	<u>-</u>	<u>189,782</u>	<u>230,748</u>	<u>-</u>	<u>420,530</u>
-	-	-	-	5,000	5,000
-	-	18,775	-	-	18,775
-	-	-	1,022,807	-	1,022,807
-	148	148	-	908	1,056
57,962	-	57,962	-	-	57,962
<u>57,962</u>	<u>148</u>	<u>76,885</u>	<u>1,022,807</u>	<u>5,908</u>	<u>1,105,600</u>
<u>\$ 81,527</u>	<u>\$ 148</u>	<u>\$ 266,667</u>	<u>\$ 1,253,555</u>	<u>\$ 5,908</u>	<u>\$ 1,526,130</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	220 Adult Education Federal	224 IDEA - Part B Formula	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	10,996	3,928,179	49,655	1,657,356
5020	Total Revenues	<u>10,996</u>	<u>3,928,179</u>	<u>49,655</u>	<u>1,657,356</u>
EXPENDITURES:					
Current:					
0011	Instruction	8,275	2,928,486	49,655	886,187
0013	Curriculum and Instructional Staff Development	-	368,587	-	-
0021	Instructional Leadership	2,336	537,947	-	137,292
0023	School Leadership	-	5,855	-	-
0031	Guidance, Counseling and Evaluation Services	-	1,875	-	633,877
0034	Student (Pupil) Transportation	-	36,448	-	-
0035	Food Services	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	3,264	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	385	45,717	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>10,996</u>	<u>3,928,179</u>	<u>49,655</u>	<u>1,657,356</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	409 High School Completion and Success
\$ -	\$ 707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	20,317
11,527	155,229	166,124	336,690	372,814	-	-	-
11,527	155,936	166,124	336,690	372,814	-	-	20,317
11,527	-	136,594	322,942	358,178	-	-	8,019
-	-	29,530	3,994	10,795	-	-	12,298
-	-	-	3,189	3,841	-	-	-
-	-	-	4,930	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	155,918	-	-	-	-	-	-
-	-	-	1,635	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,527	155,918	166,124	336,690	372,814	-	-	20,317
-	18	-	-	-	-	-	-
-	-	-	-	-	12,276	2,249	-
\$ -	\$ 18	\$ -	\$ -	\$ -	\$ 12,276	\$ 2,249	\$ -

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	410 State Textbook Fund	422 Matching Fund for Library Purchases	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 185,000
5800 State Program Revenues	1,459,392	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>1,459,392</u>	<u>-</u>	<u>-</u>	<u>185,000</u>
EXPENDITURES:				
Current:				
0011 Instruction	1,459,392	-	-	150,548
0013 Curriculum and Instructional Staff Development	-	-	-	34,452
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>1,459,392</u>	<u>-</u>	<u>-</u>	<u>185,000</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>4,232</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 4,232</u>	<u>\$ -</u>	<u>\$ -</u>

461 Campus Activity Funds	494 Do the Write Thing, Inc.	Total Nonmajor Special Revenue Funds	699 Capital Projects	807 David Cramer Memorial Scholarship	Total Nonmajor Governmental Funds
\$ 139,864	\$ -	\$ 325,571	\$ 3,019	\$ 16	\$ 328,606
-	-	1,479,709	-	-	1,479,709
-	-	6,688,570	-	-	6,688,570
<u>139,864</u>	<u>-</u>	<u>8,493,850</u>	<u>3,019</u>	<u>16</u>	<u>8,496,885</u>
150,405	-	6,470,208	141,332	-	6,611,540
-	-	459,656	-	-	459,656
-	-	684,605	-	-	684,605
-	-	10,785	-	-	10,785
-	-	635,752	-	-	635,752
-	-	36,448	-	-	36,448
-	-	155,918	-	-	155,918
-	-	1,635	-	-	1,635
-	-	-	1,383,342	-	1,383,342
-	-	3,264	-	-	3,264
-	-	-	20,208	-	20,208
-	-	46,102	-	-	46,102
-	-	-	336,359	-	336,359
<u>150,405</u>	<u>-</u>	<u>8,504,373</u>	<u>1,881,241</u>	<u>-</u>	<u>10,385,614</u>
(10,541)	-	(10,523)	(1,878,222)	16	(1,888,729)
<u>68,503</u>	<u>148</u>	<u>87,408</u>	<u>2,901,029</u>	<u>5,892</u>	<u>2,994,329</u>
<u>\$ 57,962</u>	<u>\$ 148</u>	<u>\$ 76,885</u>	<u>\$ 1,022,807</u>	<u>\$ 5,908</u>	<u>\$ 1,105,600</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2014

	BALANCE SEPTEMBER 1 2013	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2014
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 276,758	\$ 506,253	\$ 538,727	\$ 244,284
Liabilities:				
Accounts Payable	\$ 751	\$ -	\$ -	\$ 751
Due to Student Groups	276,007	506,253	538,727	243,533
Total Liabilities	\$ 276,758	\$ 506,253	\$ 538,727	\$ 244,284
SUNSHINE ACCOUNT				
Assets:				
Due From Other Funds	\$ 26,217	\$ 41,458	\$ 49,310	\$ 18,365
Liabilities:				
Payable from Restricted Assets	\$ 26,217	\$ 41,458	\$ 49,310	\$ 18,365
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 276,758	\$ 506,253	\$ 538,727	\$ 244,284
Due From Other Funds	26,217	41,458	49,310	18,365
Total Assets	\$ 302,975	\$ 547,711	\$ 588,037	\$ 262,649
Liabilities:				
Accounts Payable	\$ 751	\$ -	\$ -	\$ 751
Due to Student Groups	276,007	506,253	538,727	243,533
	26,217	41,458	49,310	18,365
Total Liabilities	\$ 302,975	\$ 547,711	\$ 588,037	\$ 262,649

OTHER INFORMATION - REQUIRED TEA SCHEDULES

CLINT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2014

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2005 and prior years	Various	Various	\$ 4,778,496,695
2006	1.500000	0.251000	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	1.040050	0.295000	997,553,147
2013	1.040050	0.295000	1,026,403,818
2014 (School year under audit)	1.040050	0.295000	1,057,975,193
1000 TOTALS			

(10) Beginning Balance 9/1/2013	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2014
\$ 1,580,003	\$ -	\$ 48,759	\$ 13,856	\$ (128,017)	\$ 1,389,371
193,585	-	10,788	1,510	(765)	180,522
184,106	-	11,552	2,656	(776)	169,122
178,194	-	14,176	4,021	(633)	159,364
217,317	-	30,428	8,631	8,199	186,457
247,292	-	44,797	12,707	8,855	198,643
304,758	-	54,300	15,402	3,411	238,467
408,014	-	94,121	26,697	5,299	292,495
768,259	-	267,535	75,883	(12,326)	412,515
-	14,124,498	10,450,373	2,964,146	-	709,979
<u>\$ 4,081,528</u>	<u>\$ 14,124,498</u>	<u>\$ 11,026,829</u>	<u>\$ 3,125,509</u>	<u>\$ (116,753)</u>	<u>\$ 3,936,935</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2014

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	\$ 71,876	\$ 176,627	\$ 224,401	\$ 47,774
5800	State Program Revenues	-	48,037	48,037	-
5900	Federal Program Revenues	8,038,935	7,934,184	8,209,086	274,902
5020	Total Revenues	8,110,811	8,158,848	8,481,524	322,676
EXPENDITURES:					
0035	Food Services	8,255,276	8,255,276	7,603,885	651,391
0051	Facilities Maintenance and Operations	271,034	421,034	337,153	83,881
6030	Total Expenditures	8,526,310	8,676,310	7,941,038	735,272
1200	Net Change in Fund Balances	(415,499)	(517,462)	540,486	1,057,948
0100	Fund Balance - September 1 (Beginning)	1,951,714	1,951,714	1,951,714	-
3000	Fund Balance - August 31 (Ending)	\$ 1,536,215	\$ 1,434,252	\$ 2,492,200	\$ 1,057,948

CLINT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2014

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	\$ 3,082,155	\$ 3,082,155	\$ 3,235,517	\$ 153,362
5800	State Program Revenues	7,952,429	7,140,688	9,003,541	1,862,853
5020	Total Revenues	11,034,584	10,222,843	12,239,058	2,016,215
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	4,848,538	4,848,538	4,848,538	-
0072	Interest on Long Term Debt	5,948,174	5,948,174	5,948,174	-
0073	Bond Issuance Cost and Fees	132,894	371,911	371,911	-
6030	Total Expenditures	10,929,606	11,168,623	11,168,623	-
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	104,978	(945,780)	1,070,435	2,016,215
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	24,244,996	24,244,996	-
7916	Premium or Discount on Issuance of Bonds	-	3,113,526	3,113,526	-
8940	Payment to Bond Refunding Escrow Agent	-	(26,992,584)	(26,992,584)	-
7080	Total Other Financing Sources (Uses)	-	365,938	365,938	-
1200	Net Change in Fund Balances	104,978	(579,842)	1,436,373	2,016,215
0100	Fund Balance - September 1 (Beginning)	589,695	589,695	589,695	-
3000	Fund Balance - August 31 (Ending)	\$ 694,673	\$ 9,853	\$ 2,026,068	\$ 2,016,215

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FEDERAL AWARDS SECTION

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

To the Board of Trustees
Clint Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clint Independent School District (District) as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 7, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Gibson, Ruddock, Patterson LLC
El Paso, Texas
January 7, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees
Clint Independent School District

Report on Compliance for Each Major Federal Program

We have audited Clint Independent School District's (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, 2014. Clint Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Clint Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Clint Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Clint Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2014.

Report on Internal Control Over Compliance

Management of Clint Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clint Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Gibson, Ruddock, Patterson LLC
El Paso, Texas
January 7, 2015

CLINT INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2014

Schedule Reference Number	PROGRAM	DESCRIPTION
	<u>SUMMARY OF AUDITOR'S RESULTS</u>	
	<u>Financial Statements</u>	
	Type of Auditor's Report issued:	Unmodified
	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:	Unmodified
	Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
	Major Federal Programs:	Child Nutrition Cluster: 10.553 School Breakfast Program (SBP); 10.555 National School Lunch Program (NSLP) and 10.559 Summer Feeding Program
	Dollar threshold used to distinguish between type A and type B programs:	\$462,303
	Auditee qualified as low-risk auditee?	Yes

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2014

Schedule Reference Number	PROGRAM	DESCRIPTION
--	----------------	--------------------

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, 2014

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

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year findings.

CLINT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2014

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
NJROTC	12.000	NA	\$ 218,292
Total Direct Programs			\$ 218,292
TOTAL DEPARTMENT OF DEFENSE			\$ 218,292
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Region ESC 10</u>			
Texas Support for Homeless Education Program	84.196A	14-024	\$ 10,996
Texas Support for Homeless Education Program (IDC)	84.196A	14-024	302
Total CFDA Number 84.196A			11,298
Total Passed Through Region ESC 10			\$ 11,298
<u>Passed Through State Department of Education</u>			
Adult Education (ABE) - Federal	84.002	1014ABE002	\$ 49,655
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	14610101071901	499,343
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	14610101071901	3,428,836
*ESEA, Title I, Part A - Imp Basic Prog (IDC)	84.010A	14610101071901	103,658
Total CFDA Number 84.010A			4,031,837
Total Title I, Part A Cluster			4,031,837
**IDEA - Part B, Formula	84.027A	146600010719016600	1,657,356
**IDEA - Part B, Preschool	84.173A	146610010719016610	11,527
Total Special Education Cluster (IDEA)			1,668,883
Career and Technical - Basic Grant	84.048A	14420006071901	166,124
Career and Technical - Basic Grant (IDC)	84.048A	14420006071901	4,177
Total CFDA Number 84.048A			170,301
Title III, Part A - English Language Acquisition	84.365A	14671001071901	372,814
Title III, Part A - English Lang. Acq. (IDC)	84.365A	14671001071901	7,456
Total CFDA Number 84.365A			380,270
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	146945011071901	336,690
Total Passed Through State Department of Education			\$ 6,637,636
TOTAL DEPARTMENT OF EDUCATION			\$ 6,648,934
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
***School Breakfast Program - Cash Assist.	10.553	71401301	\$ 340,602
***School Breakfast Program - Cash Assist.	10.553	71401401	2,661,634
***School Breakfast Program - Cash Assist. (IDC)	10.553	71401301	7,973
***School Breakfast Program - Cash Assist. (IDC)	10.553	71401401	61,528
Total CFDA Number 10.553			3,071,737
***National School Lunch Program - Cash Assistance	10.555	71301301	529,839
***National School Lunch Program - Cash Assistance	10.555	71301401	4,180,611
***National School Lunch Prog. - Cash Assist (IDC)	10.555	71301301	12,402
***National School Lunch Prog. - Cash Assist (IDC)	10.555	71301401	96,645
***National School Lunch Prog. - Non-Cash Assist.	10.555	071901	491,078
Total CFDA Number 10.555			5,310,575

CLINT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2014

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
***Summer Feeding Program - Cash Assistance	10.559	71401401	56,549
***Summer Feeding Program - Cash Assistance	10.559	71301401	98,680
Total CFDA Number 10.559			<u>155,229</u>
Total Child Nutrition Cluster			<u>8,537,541</u>
Child & Adult Care Food Program - Cash Assistance	10.558		<u>5,322</u>
Total Passed Through the State Department of Agriculture			<u>\$ 8,542,863</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 8,542,863</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 15,410,089</u></u>

*, **, and *** are clustered programs as required by the OMB A-133 Compliance Supplement, March 2014.

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2014

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or committed for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, if balances have not been expended by the end of the project period, the grantor may require the District to refund all or part of the unused amount.
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 item number 5 and 7. Indirect costs were accounted for in the General Fund. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources and the fund balance are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in 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 - March 2014.
4. Commodity assistance is reported by the CFDA number of the programs under which USDA donated the commodities.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2014

5. Of the federal expenditures presented in schedule K-1, the District accounted for certain funds in the General Fund as follows:

Program Title	Federal CFDA Number	Amount
School Breakfast Program	10.553	\$ 3,002,236
National School Lunch Program - Cash Assistance	10.555	4,710,450
National School Lunch Prog. - Non-Cash Assistance	10.555	491,078
Child & Adult Care Food Program	10.558	5,322
NJROTC	12.000	218,292
Indirect Costs - CNP	10.XXX	178,548
Indirect Costs - Other	84.XXX	<u>115,593</u>
		8,721,519
SHARS (not included in Exhibit K-1)		<u>149,450</u>
Total General Fund federal revenue per Exhibit C-3		<u><u>\$ 8,870,969</u></u>

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

Program Title	Federal CFDA Number	Amount
School Breakfast Program - Cash Assistance	10.553	\$ 69,501
National School Lunch Program - Cash Assistance	10.555	109,047
ESEA, Title I, Part A - Improving Basic Programs	84.010A	103,658
Career and Technical - Basic Grant	84.048A	4,177
Texas Support for Homeless Education Program	84.196A	302
Title III, Part A - English Language Acquisition	84.365A	<u>7,456</u>
Total Indirect Costs		<u><u>\$ 294,141</u></u>

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

Expenditures of federal awards per Exhibit K-1	\$ 15,410,089
School Health and Related Services (SHARS) reimbursements	<u>149,450</u>
Total federal revenue per Exhibit C-3	<u><u>\$ 15,559,539</u></u>

SCHOOLS FIRST QUESTIONNAIRE

Clint Independent School District

Fiscal Year 2014

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	6458944