

CLINT INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2015



CLINT INDEPENDENT SCHOOL DISTRICT

**ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2015**

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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, 2015, at a meeting of the board of trustees of such school district on the 21 day of January 2016.

Anleen Parada

Signature of Board Secretary

John R. Pender

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, 2015, 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, 2015, 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 2015, Clint Independent School District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. 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, and pension information on pages 7 through 15 and 75 through 79 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 13, 2016, 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 13, 2016

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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, 2015. 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 \$35.5 million, or 37 percent of the total general fund expenditures, increasing by \$5.4 million.
- During the year, the District had expenses that were less than the \$101.3 million generated in tax and other revenues for the general fund.
- The District's total long term liabilities increased by \$98.0 million or 75.2 percent.

The District continues to receive the highest rating attainable on the Financial Integrity Rating System of Texas (FIRST). The primary goal of FIRST is to achieve quality performance in the management of school district resources. The District has also maintained its 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) government-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 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 a 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 23-31 of the report.

Proprietary funds

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the District’s workers’ compensation fund. The proprietary fund financial statements can be found on pages 33-36 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 funds are not available to support the Clint Independent School District’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements can be found on pages 37-39 of this report.

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

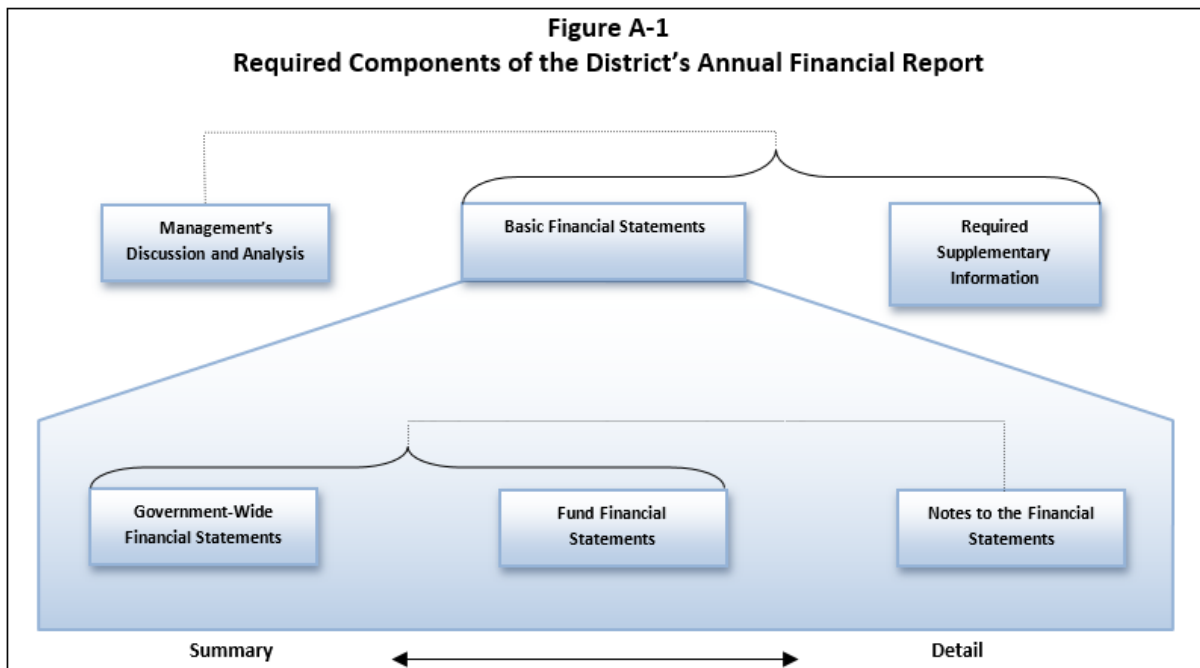


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of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

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

Government-Wide Financial Analysis

Net position for the District’s governmental activities decreased by \$10,212,798 or 14.5%. The District has implemented *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which is discussed in detail in the Notes section and results in a prior period adjustment decrease of \$16,754,393. 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 \$24 million and \$28 million at August 31, 2015 and August 31, 2014 respectively.

Food Service operations or the Child Nutrition Program continue to run well and be self-sufficient. The District contracts with a management company to increase student participation through the type and quality of food served coupled with presentation.

The increased expenditures incurred from contracting with the management company are offset by the increase in funding generated by increases in participation. Overall estimated revenue and expenses were in-line with District projections. Our analysis of comparative balances and changes therein focus on the net position (Table I and Table II) and changes in net position of the District’s governmental activities.

Table I
Clint Independent School District
SUMMARIZED NET POSITION

Governmental Activities	August 31, 2015	August 31, 2014	Variance	% Change
Current and Other Assets	\$ 129,992,973	39,594,896	90,398,077	228.3%
Capital Assets	161,076,525	164,163,455	(3,086,930)	-1.9%
Total Assets	\$ 291,069,498	203,758,351	87,311,147	42.9%
Deferred Charge for Refunding	4,354,560	2,410,433	1,944,127	80.7%
Deferred Outflow Related to TRS	3,424,594	-	3,424,594	
Total Deferred Outflows of Resources	\$ 7,779,154	2,410,433	5,368,721	222.7%
Current Liabilities	5,520,800	5,235,901	284,899	5.4%
Non-Current Liabilities	228,491,421	130,407,219	98,084,202	75.2%
Total Liabilities	\$ 234,012,221	135,643,120	98,369,101	72.5%
Deferred Inflow Related to TRS	4,523,565	-	4,523,565	
Total Deferred Inflows of Resources	\$ 4,523,565	-	4,523,565	
Net Investment in Capital Assets	22,963,461	36,166,669	(13,203,208)	-36.5%
Restricted	12,549,060	5,569,503	6,979,557	125.3%
Unrestricted	24,800,345	28,789,492	(3,989,147)	-13.9%
Total Net Position	\$ 60,312,866	70,525,664	(10,212,798)	-14.5%

The large variances noted above are due to the sale of bonds in July 2015 and the implementation of GASB No. 68 described above and additional information is available in the Notes section.

The cost of all governmental activities this year was \$115 million compared to \$113 million last year. Costs increased by \$1.2 million or 1.1 percent. The primary increases were related to compensation increases and new positions. In addition, the Board of Trustees approved several budget amendments during the year. Those noteworthy are an increase to the debt service fund to refund and issue bonds, and a general fund increase of \$400,000 to purchase student electronic devices (laptops).

As shown in the *Statement of Activities* on pages 20-21, the amount that taxpayers ultimately financed for these activities through District Taxes was only \$14.1 million, because the majority of the costs continue to be funded by the State.

Table II
Clint Independent School District
SUMMARIZED STATEMENT OF ACTIVITIES

Governmental Activities	August 31, 2015	August 31, 2014	Variance	% Change
Revenues				
Program Revenues				
Charges for Services	\$ 708,919	\$ 528,798	180,121	34.1%
Operating Grants and Contributions	31,623,176	30,090,566	1,532,610	5.1%
Capital Grants and Contributions	342,561	119,269	223,292	187.2%
General Revenues				
Property Taxes Levied for General Purposes	11,016,193	11,060,490	(44,297)	-0.4%
Property Taxes Levied for Debt Services	3,124,642	3,154,597	(29,955)	-0.9%
State Aid-Formula Grants	74,002,106	71,775,937	2,226,169	3.1%
Investment Earnings	26,196	21,408	4,788	22.4%
Miscellaneous Revenue	767,272	617,777	149,495	24.2%
Total Revenues	\$ 121,611,065	117,368,842	4,242,223	3.6%
Expenses				
Instruction	57,031,755	56,750,271	281,484	0.5%
Instructional Resources and Media Services	1,201,988	1,194,800	7,188	0.6%
Curriculum and Staff Development	1,264,196	1,512,894	(248,698)	-16.4%
Instructional Leadership	4,067,552	2,903,281	1,164,271	40.1%
School Leadership	6,632,688	6,306,902	325,786	5.2%
Guidance, Counseling and Evaluation Services	3,233,282	2,848,032	385,250	13.5%
Social Work Services	221,142	200,938	20,204	10.1%
Health Services	1,052,411	973,996	78,415	8.1%
Student (Pupil) Transportation	3,332,453	3,687,196	(354,743)	-9.6%
Food Services	8,791,997	7,943,969	848,028	10.7%
Extracurricular Activities	2,682,617	2,600,382	82,235	3.2%
General Administration	2,949,445	3,202,475	(253,030)	-7.9%
Plant Maintenance and Operations	12,118,329	13,663,446	(1,545,117)	-11.3%
Security and Monitoring Services	2,420,989	2,405,099	15,890	0.7%
Data Processing Services	1,712,573	1,771,323	(58,750)	-3.3%
Community Services	174,554	164,549	10,005	6.1%
Debt Service-Interest on Long Term Debt	4,597,270	4,865,237	(267,967)	-5.5%
Debt Service-Bond Issuance Cost and Fees	1,205,936	371,911	834,025	224.3%
Capital Outlay	117,811	222,591	(104,780)	-47.1%
Other Intergovernmental Charges	260,482	265,281	(4,799)	-1.8%
Total Expenses	\$ 115,069,470	113,854,573	1,214,897	1.1%
Increase in Net Position Before Prior Period Adj	6,541,595	3,514,269	3,027,326	86.1%
Prior Period Adjustment (TRS)	(16,754,393)	(2,202,895)	(14,551,498)	660.6%
Increase in Net Position	\$ (10,212,798)	1,311,374	(11,524,172)	-878.8%
Beginning Net Position	70,525,664	69,214,290	1,311,374	1.9%
Ending Net Position	\$ 60,312,866	70,525,664	(10,212,798)	-14.5%

Capital Asset and Debt Administration

Capital Assets

At the end of 2015, the District had \$161 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 \$2,040,162 and depreciation expense was \$5.1 million. This amount represents a net decrease of \$3 million. Additional information about the District's capital assets can be found in Note IV, E.

Debt

At year-end, the District had \$213 million in bonds, including accreted interest and unamortized bond premiums, and a capital lease outstanding, an increase of \$83.3 million over last year. The District issued \$78 million in new bond debt and a capital lease in the amount of \$290,311 for buses. The new bond funds will provide numerous repairs, renovations and additions to school buildings. These projects include safety and security vestibules and access control systems, classroom additions and expansions, roof repairs and replacements, heating and cooling upgrades and replacements, electrical and plumbing renovations and other interior and exterior renovations. The majority of the projects are currently in the design and schematic phase and several small projects have begun.

The District aggressively manages its debt and has refinanced or refunded portions of it, each year for the last six years, 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; total debt service payments will be reduced over the remaining life of the debt by \$2.8M. The District utilizes the Existing Debt Allotment and Instructional Facilities Allotment funding, which provides savings to the District as well as taxpayers.

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 IV, J and K.

The District's Funds

As the District completed the year, its general fund (as presented in the balance sheet on page 24) reported a fund balance of \$35.5 million, which is an increase of \$5.4 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 2014-2015 school year— State and Federal funding, property values, student growth, investment income, teacher shortages and retainage, and the economy are all factored into the decision making process.

Student enrollment has remained flat for the last several years. This is largely attributed to the economic condition of the area and the State. New home construction has slowed, but continues. New housing construction is evident in several areas of the District, but remains slow. The District is projecting 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.

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

Contacting the District's Financial Management

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

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BASIC FINANCIAL STATEMENTS

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CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2015

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 122,388,535
1220 Property Taxes Receivable (Delinquent)	3,977,091
1230 Allowance for Uncollectible Taxes	(2,807,310)
1240 Due from Other Governments	5,817,394
1290 Other Receivables, net	353,947
1300 Inventories	257,391
Capital Assets:	
1510 Land	6,630,063
1520 Buildings, Net	147,452,590
1530 Furniture and Equipment, Net	5,498,131
1550 Leased Property Under Capital Leases, Net	275,191
1580 Construction in Progress	1,220,550
1800 Restricted Assets	5,925
1000 Total Assets	291,069,498
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	4,354,560
1705 Deferred Outflow Related to TRS	3,424,594
1700 Total Deferred Outflows of Resources	7,779,154
LIABILITIES	
2110 Accounts Payable	680,942
2140 Interest Payable	363,007
2160 Accrued Wages Payable	2,453,407
2177 Due to Fiduciary Funds	17,483
2180 Due to Other Governments	1,993,625
2300 Unearned Revenue	12,336
Noncurrent Liabilities	
2501 Due Within One Year	6,999,033
2502 Due in More Than One Year	221,492,388
2000 Total Liabilities	234,012,221
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS	4,523,565
2600 Total Deferred Inflows of Resources	4,523,565
NET POSITION	
3200 Net Investment in Capital Assets	22,963,461
3820 Restricted for Federal and State Programs	3,230,605
3850 Restricted for Debt Service	9,312,382
3880 Restricted for Scholarships	5,925
3890 Restricted for Other Purposes	148
3900 Unrestricted	24,800,345
3000 Total Net Position	\$ 60,312,866

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, 2015

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 57,031,755	\$ 188,301	\$ 8,708,503
12 Instructional Resources and Media Services	1,201,988	-	60,288
13 Curriculum and Staff Development	1,264,196	-	253,839
21 Instructional Leadership	4,067,552	-	1,448,707
23 School Leadership	6,632,688	-	395,848
31 Guidance, Counseling and Evaluation Services	3,233,282	-	1,060,498
32 Social Work Services	221,142	-	15,447
33 Health Services	1,052,411	-	207,247
34 Student (Pupil) Transportation	3,332,453	-	201,197
35 Food Services	8,791,997	282,833	9,013,634
36 Extracurricular Activities	2,682,617	50,069	77,138
41 General Administration	2,949,445	174,614	462,542
51 Facilities Maintenance and Operations	12,118,329	13,102	747,868
52 Security and Monitoring Services	2,420,989	-	142,027
53 Data Processing Services	1,712,573	-	67,893
61 Community Services	174,554	-	51,537
72 Debt Service - Interest on Long Term Debt	4,597,270	-	8,708,963
73 Debt Service - Bond Issuance Cost and Fees	1,205,936	-	-
81 Capital Outlay	117,811	-	-
99 Other Intergovernmental Charges	260,482	-	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 115,069,470	\$ 708,919	\$ 31,623,176

Data Control Codes	General Revenues:
	Taxes:
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	
\$	-	\$	(48,134,951)
	-		(1,141,700)
	-		(1,010,357)
	-		(2,618,845)
	-		(6,236,840)
	-		(2,172,784)
	-		(205,695)
	-		(845,164)
	-		(3,131,256)
	342,561		847,031
	-		(2,555,410)
	-		(2,312,289)
	-		(11,357,359)
	-		(2,278,962)
	-		(1,644,680)
	-		(123,017)
	-		4,111,693
	-		(1,205,936)
	-		(117,811)
	-		(260,482)
\$	<u>342,561</u>		<u>(82,394,814)</u>

11,016,193
3,124,642
74,002,106
26,196
767,272
<u>88,936,409</u>
6,541,595
70,525,664
(16,754,393)
<u>\$ 60,312,866</u>

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

CLINT INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 36,187,697	\$ 7,521,747	\$ 78,587,112
1220 Property Taxes - Delinquent	3,135,102	841,989	-
1230 Allowance for Uncollectible Taxes (Credit)	(2,223,531)	(583,779)	-
1240 Receivables from Other Governments	2,987,217	1,988,344	-
1260 Due from Other Funds	4,036,618	-	-
1290 Other Receivables	353,947	-	-
1300 Inventories	257,391	-	-
1800 Restricted Assets	-	-	-
1000 Total Assets	<u>\$ 44,734,441</u>	<u>\$ 9,768,301</u>	<u>\$ 78,587,112</u>
LIABILITIES			
2110 Accounts Payable	\$ 595,154	\$ -	\$ 53,632
2160 Accrued Wages Payable	2,453,407	-	-
2170 Due to Other Funds	3,325,532	92,912	230,748
2180 Due to Other Governments	1,993,625	-	-
2300 Unearned Revenues	12,336	-	-
2000 Total Liabilities	<u>8,380,054</u>	<u>92,912</u>	<u>284,380</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	782,657	221,646	-
2600 Total Deferred Inflows of Resources	<u>782,657</u>	<u>221,646</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	80,687	-	-
3445 Other Non-Spendable Fund Balance	-	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	3,203,641	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	78,302,732
3480 Retirement of Long-Term Debt	-	9,453,743	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3510 Construction	10,000,000	-	-
3530 Capital Expenditures for Equipment	2,000,000	-	-
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3550 Construction	1,000,000	-	-
3570 Capital Expenditures for Equipment	1,000,000	-	-
3600 Unassigned Fund Balance	18,287,402	-	-
3000 Total Fund Balances	<u>35,571,730</u>	<u>9,453,743</u>	<u>78,302,732</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 44,734,441</u>	<u>\$ 9,768,301</u>	<u>\$ 78,587,112</u>

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

Other Funds	Total Governmental Funds
\$ 91,979	\$ 122,388,535
-	3,977,091
-	(2,807,310)
841,833	5,817,394
12,162	4,048,780
-	353,947
-	257,391
5,925	5,925
<u>\$ 951,899</u>	<u>\$ 134,041,753</u>
\$ 32,156	\$ 680,942
-	2,453,407
819,457	4,468,649
-	1,993,625
-	12,336
<u>851,613</u>	<u>9,608,959</u>
-	1,004,303
<u>-</u>	<u>1,004,303</u>
-	80,687
5,000	5,000
26,964	3,230,605
-	78,302,732
-	9,453,743
1,073	1,073
-	10,000,000
-	2,000,000
69,300	69,300
-	1,000,000
-	1,000,000
(2,051)	18,285,351
<u>100,286</u>	<u>123,428,491</u>
<u>\$ 951,899</u>	<u>\$ 134,041,753</u>

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CLINT INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2015

Total Fund Balances - Governmental Funds	\$	123,428,491
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 consideration is to increase net position.		402,386
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 \$226,864,491 and the accumulated depreciation was \$62,701,036. 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.		35,952,207
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 2015 capital outlays and debt principal payments is to decrease net position.		(80,559,846)
4 The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(5,127,092)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing 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.		1,004,303
6 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$15,886,554, a related Deferred Resource Inflow related to TRS in the amount of \$4,523,565 and a Deferred Resource Outflow related to TRS in the amount of \$3,424,594. The recognition of these items resulted in a decrease in net position in the amount of \$14,787,583.		(14,787,583)
19 Net Position of Governmental Activities	<u>\$</u>	<u>60,312,866</u>

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

CLINT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 12,264,369	\$ 3,212,213	\$ 4,734
5800 State Program Revenues	78,872,347	8,708,963	-
5900 Federal Program Revenues	10,189,593	-	-
5020 Total Revenues	<u>101,326,309</u>	<u>11,921,176</u>	<u>4,734</u>
EXPENDITURES:			
Current:			
0011 Instruction	49,203,226	-	4,689
0012 Instructional Resources and Media Services	1,163,370	-	-
0013 Curriculum and Instructional Staff Development	1,029,606	-	-
0021 Instructional Leadership	2,628,273	-	-
0023 School Leadership	6,369,354	-	-
0031 Guidance, Counseling and Evaluation Services	2,205,558	-	-
0032 Social Work Services	212,349	-	-
0033 Health Services	1,012,940	-	82
0034 Student (Pupil) Transportation	3,317,881	-	-
0035 Food Services	8,822,141	-	-
0036 Extracurricular Activities	2,608,156	-	-
0041 General Administration	2,857,562	-	-
0051 Facilities Maintenance and Operations	10,523,422	-	1,375,091
0052 Security and Monitoring Services	2,269,789	-	-
0053 Data Processing Services	1,470,730	-	-
0061 Community Services	126,078	-	-
Debt Service:			
0071 Principal on Long Term Debt	98,979	5,099,554	-
0072 Interest on Long Term Debt	-	5,890,594	-
0073 Bond Issuance Cost and Fees	-	1,205,936	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	1,344,947
Intergovernmental:			
0099 Other Intergovernmental Charges	260,482	-	-
6030 Total Expenditures	<u>96,179,896</u>	<u>12,196,084</u>	<u>2,724,809</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,146,413</u>	<u>(274,908)</u>	<u>(2,720,075)</u>
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	23,315,000	-
7911 Capital Related Debt Issued (Regular Bonds)	-	-	78,360,000
7913 Capital Leases	290,311	-	-
7916 Premium or Discount on Issuance of Bonds	-	10,277,058	1,640,000
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(25,889,475)	-
7080 Total Other Financing Sources (Uses)	<u>290,311</u>	<u>7,702,583</u>	<u>80,000,000</u>
1200 Net Change in Fund Balances	5,436,724	7,427,675	77,279,925
0100 Fund Balance - September 1 (Beginning)	<u>30,135,006</u>	<u>2,026,068</u>	<u>1,022,807</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 35,571,730</u>	<u>\$ 9,453,743</u>	<u>\$ 78,302,732</u>

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

Other Funds	Total Governmental Funds
\$ 149,762	\$ 15,631,078
1,439,829	89,021,139
6,993,393	17,182,986
<u>8,582,984</u>	<u>121,835,203</u>
5,913,299	55,121,214
-	1,163,370
199,864	1,229,470
1,325,911	3,954,184
21,842	6,391,196
929,004	3,134,562
-	212,349
-	1,013,022
24,152	3,342,033
99,525	8,921,666
-	2,608,156
4,854	2,862,416
-	11,898,513
3,031	2,272,820
-	1,470,730
44,009	170,087
-	5,198,533
-	5,890,594
-	1,205,936
-	1,344,947
-	260,482
<u>8,565,491</u>	<u>119,666,280</u>
<u>17,493</u>	<u>2,168,923</u>
-	23,315,000
-	78,360,000
-	290,311
-	11,917,058
-	(25,889,475)
-	87,992,894
<u>17,493</u>	<u>90,161,817</u>
<u>82,793</u>	<u>33,266,674</u>
<u>\$ 100,286</u>	<u>\$ 123,428,491</u>

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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, 2015

Total Net Change in Fund Balances - Governmental Funds	\$	90,161,817
 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 the internal service fund is reported with governmental activities. The net effect of this consolidation is to increase net position.		87,762
 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 2015 capital outlays and debt principal payments is to decrease net position.		(77,725,197)
 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.		(5,127,092)
 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.		12,144
 The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2014 caused the change in the ending net position to increase in the amount of \$2,234,690. The District recorded their proportionate share of the pension expense during the measurement period as part of the net pension liability. The amounts expensed for FY 2015 were \$2,297,125 for pension expense columns 6-12 from TRS data and the amounts de-expended for the net deferred resource inflow recognized by TRS in the measurement period were \$930,274. This caused a net decrease in the change in net position of \$1,366,851. The impact of all of these is to increase net position.		(867,839)
 Change in Net Position of Governmental Activities	<u>\$</u>	<u>6,541,595</u>

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, 2015

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Due from Other Funds	\$ 402,386
Total Assets	<u>402,386</u>
NET POSITION	
Unrestricted Net Position	<u>402,386</u>
Total Net Position	<u><u>\$ 402,386</u></u>

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

CLINT INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 690,421
Total Operating Revenues	690,421
OPERATING EXPENSES:	
Professional and Contracted Services	602,659
Total Operating Expenses	602,659
Operating Income	87,762
Total Net Position - September 1 (Beginning)	314,624
 Total Net Position - August 31 (Ending)	 \$ 402,386

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, 2015

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 602,659
Cash Payments for Insurance Claims	(602,659)
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:	\$ 87,762
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase in Due from Other Funds	<u>(87,762)</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, 2015

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 241,016
Due from Other Funds	17,483
Total Assets	<u>\$ 258,499</u>
LIABILITIES	
Accounts Payable	\$ 751
Due to Student Groups	240,265
Payable from Restricted Assets	17,483
Total Liabilities	<u>\$ 258,499</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, 2015

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. For pensions, this outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over a systematic and rational method over a closed period.

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Fund Accounting

The District reports the following major governmental funds:

1. General Fund – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Starting in fiscal year 2007, the child nutrition program was accounted for in the general fund.
2. 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.
3. 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:

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

PROPRIETARY FUNDS:

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

FIDUCIARY FUNDS:

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

E. Other Accounting Policies

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Credit Risk:

Deposits - This is not applicable to the District.

Temporary Investments - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, mutual bond funds, public funds investment pools to those that have received top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2015, the District's investment in LoneStar Investment Pool was rated AAAM by Standard & Poor's.

Custodial Credit Risk :

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Foreign Currency Risk:

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

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

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

11. The restricted assets presented on the balance sheet represent the restricted cash held for scholarships in the permanent fund.
12. The District does not pay for accrued sick leave or vacation leave upon retirement or termination.
13. The District revised its policy August 13, 2015 to pay any accumulated compensated absences by the end of each fiscal year. Beginning with fiscal year 2015, payment will be made only upon departure from the District or with a cabinet member's approval. Management believes the balance of accrued compensated absences at August 31st, 2015 is immaterial in relation to the financial statements taken as a whole and as such, has elected not to accrue a liability.
14. Net Position on the Statement of Net Position includes the following:

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

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

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

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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

21. The District receives substantial amounts of funding from special revenue sources. The majority of this money is cost reimbursement to the District by the federal government or Texas Education Agency. The portion of revenue allowable for indirect cost is credited as revenue to the General Fund and as a reduction to revenue in the Special Revenue Fund or Food Service, as appropriate. These indirect costs are then fully allocated to function 41, General Administration, on the Government-Wide Statement of Activities.
 22. Preparation of these financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
 23. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollective 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.
- F. The District has implemented *GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, the District implemented *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* which requires, at transition, that a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of *GASB Statement No. 71* are required to be applied simultaneously with the provisions of *GASB Statement No. 68*.

The District's financial statements as of August 31, 2015 are presented in accordance with the guidance provided by these Statements. See Note IV. X, Prior Period Adjustments, for more information regarding implementation of this new pronouncement.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

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.
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, 2015 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 \$5,925) were \$3,838,380 and the total bank balance was \$6,945,972. The District's cash deposits at August 31, 2015 and during the year ended August 31, 2015 were fully insured by federal depository insurance or pledged collateral held by the District's agent bank in the District's name.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

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 \$7,391,139.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$6,934,037 and occurred during the month of August 2015.

Due to the immediate availability of the funds, the District’s temporary investments at August 31, 2015 are included in cash and cash equivalents and are shown below:

<u>Temporary Investments</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Lone Star Investment Pool		
Government Overnight Fund:	<u>\$ 118,797,096</u>	<u>\$ 118,797,096</u>
Total	<u><u>\$ 118,797,096</u></u>	<u><u>\$ 118,797,096</u></u>

The Lone Star Investment Pool is a member owned, member-governed public funds investment pool. It is managed by an eleven-member Board of Trustees and the Board is authorized to adopt and maintain bylaws. There is also an Advisory Board composed of participants that gathers and exchanges information from participants relating to the operation of the Pool. Although Lone Star Investment Pool (Lone Star) is not registered with the SEC as an investment company, it operates 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, 2015, 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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

Fund	State and Local Entitlements	Federal Grants	Total
General	\$ 2,694,824	\$ 292,393	\$ 2,987,217
Special Revenue	77,659	764,174	841,833
Debt Service	1,988,344	-	1,988,344
Total	\$ 4,760,827	\$ 1,056,567	\$ 5,817,394

C. Interfund Balances and Transfers

Interfund balances at August 31, 2015 consisted of the following individual fund balances:

	Due from Other Funds	Due to Other Funds
General Fund:		
General Fund	\$ 2,910,984	\$ 2,910,984
Debt Service Fund	92,912	-
Non-major Governmental Funds	801,974	12,162
Internal Service Fund	-	402,386
Capital Projects	230,748	-
General Fund Total	4,036,618	3,325,532
Debt Service Fund:		
General Fund	-	92,912
Debt Service Fund Total	-	92,912
Capital Projects Fund:		
General Fund	-	230,748
Capital Projects Fund Total	-	230,748
Non-major Governmental Funds:		
General Fund	12,162	801,974
Fiduciary Fund	-	17,483
Non-major Governmental Funds Total	12,162	819,457
Internal Service Fund		
General Fund	402,386	-
Internal Service Fund Total	402,386	-

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Fiduciary Fund:		
Non-major Governmental Funds	<u>17,483</u>	<u>-</u>
Fiduciary Fund Total	<u>17,483</u>	<u>-</u>
Total	<u>\$ 4,468,649</u>	<u>\$ 4,468,649</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, 2015.

D. Other Receivables

Other Receivables in the amount of \$353,947 in the governmental funds, as of August 31, 2015, consisted of E-Rate and is shown at gross value. Management believes an allowance for doubtful accounts is not necessary for fair presentation.

E. Capital Asset Activity

Capital asset activity for the District for the year ended August 31, 2015 was as follows:

	<u>Primary Governments</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions and Reclassifications</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Land	\$ 6,630,063	\$ -	\$ -	\$ 6,630,063
Buildings and improvements	201,694,302	83,614	-	201,777,916
Furniture and equipment	18,540,126	445,687	(241,798)	18,744,015
Capital Leases	-	290,311	-	290,311
Construction in progress	-	1,220,550	-	1,220,550
Totals at historic cost	226,864,491	2,040,162	(241,798)	228,662,855
Less accumulated depreciation for:				
Buildings and improvements	50,033,633	4,291,693	-	54,325,326
Furniture and equipment	12,667,403	820,279	(241,798)	13,245,884
Capital leases	-	15,120	-	15,120
Total accumulated depreciation	<u>62,701,036</u>	<u>5,127,092</u>	<u>(241,798)</u>	<u>67,586,330</u>
Governmental activities capital assets, net	<u>\$164,163,455</u>	<u>\$ (3,086,930)</u>	<u>\$ -</u>	<u>\$ 161,076,525</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

Depreciation expense was charged to governmental functions as follows:

11	Instruction	\$ 2,647,355
12	Instruction resources and media services	52,529
13	Curriculum and instructional shop	47,816
21	Instruction leadership	171,933
23	School leadership	324,170
31	Guidance, counseling & evaluation services	146,775
32	Social work services	11,037
33	Health services	51,359
34	Student (pupil) transportation	326,712
35	Food services	297,604
36	Cocurricular/extracurricular activities	95,641
41	General administration	111,419
51	Plant maintenance and operations	408,004
52	Security and monitoring services	168,852
53	Data processing services	260,326
61	Community services	<u>5,560</u>
	Total depreciation expense	<u>\$ 5,127,092</u>

F. Property Insurance and Personnel Bonds

For the year ended August 31, 2015, Clint Independent School District carried insurance for building and personal property with a combined limit for both in the amount of \$321,898,521 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, 2015 was as follows:

Description	Beginning Balance	Deferred Charge on New Issues	Net Amortization Recognized	Ending Balance
Series 2011	\$ 366,802	\$ -	\$ 40,930	\$ 325,872
Series 2014	2,043,631	-	120,136	1,923,495
Series 2015	-	2,162,484	57,291	2,105,193
	<u>\$ 2,410,433</u>	<u>\$ 2,162,484</u>	<u>\$ 218,357</u>	<u>\$ 4,354,560</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

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, 2015, TEA indicates that it overpaid the District by \$1,993,625. TEA has recouped this amount by reducing its payments to the District for fiscal year 2016.

I. Unearned Revenue

Unearned revenue as of August 31, 2015 consisted of food service commodities in the General Fund in the amount of \$12,336.

J. Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 116,920,915	\$ 101,675,000	\$ 28,594,554	\$ 190,001,361	\$ 5,293,094
Accretion Payable	6,458,944	299,298	1,000,447	5,757,795	671,343
Unamortized Premium on Bonds	7,027,360	11,917,058	1,191,068	17,753,350	940,018
Capital Lease	-	290,311	98,979	191,332	94,578
Total Governmental Long-term Liabilities	\$ 130,407,219	\$ 114,181,667	\$ 30,885,048	\$ 213,703,838	\$ 6,999,033
 Net Pension Liability Restated (See Note P)				<u>\$ 14,787,583</u>	
				<u>\$ 228,491,421</u>	

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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, 2015 was as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balance 8/31/14	Issued	Retired	Ending Balance 8/31/15	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	24,800	640,000	-	640,000	-	-
Unlimited Tax School Bldg. Bond Series 2006 Final maturity 8-15-2031	4% - 5%	33,880,000	105,250	2,105,000	-	1,025,000	1,080,000	1,080,000
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	1,155,000
Capital appreciation bonds Final maturity 2-15-15	3.87% - 4%	554,982	1,000,447	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	1,413,550	28,515,000	-	435,000	28,080,000	470,000
Unlimited Tax Refunding Bonds - Series 2009: Current Interest bonds Final maturity 2-15-2025	3% - 4.5%	6,385,000	93,500	2,970,000	-	1,005,000	1,965,000	185,000
Unlimited Tax Refunding Bonds - Series 2010 Capital appreciation bonds Final maturity 2-15-2021	2.8% - 3.85%	231,377	-	231,377	-	-	231,377	83,094
Unlimited Tax Refunding Bonds - Series 2010A Final maturity 2-15-2027	2% - 4%	12,305,000	259,500	7,325,000	-	1,340,000	5,985,000	1,385,000
Unlimited Tax Refunding Bonds - Series 2011 Current interest bonds Final maturity 8-15-2027	2% - 3.5%	8,725,000	254,775	8,505,000	-	225,000	8,280,000	900,000
Unlimited Tax Refunding Bonds - Series 2014 Current interest bonds Final maturity 8-15-2031	2% - 5%	23,815,000	1,026,650	23,815,000	-	35,000	23,780,000	35,000
Capital appreciation bonds Final maturity 8-15-2014	.30%	429,996	-	-	-	-	-	-

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balance 8/31/14	Issued	Retired	Ending Balance 8/31/15	Due Within One Year
Unlimited Tax Refunding Bonds - Series 2015 Final maturity 8-15-2032	2% - 5%	23,315,000	317,902	-	23,315,000	260,000	23,055,000	-
Unlimited School Building Bonds - Series 2015 Final maturity 8-15-2045	3.5% - 5%	78,360,000	43,350	-	78,360,000	-	78,360,000	-
		<u>283,306,339</u>	<u>6,473,615</u>	<u>116,920,915</u>	<u>101,675,000</u>	<u>28,594,554</u>	<u>190,001,361</u>	<u>5,293,094</u>

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, 2015, was as follows:

Description	Accretion Outstanding 8/31/2014	Issued	Accrual of Accretion	Accretion Retired	Accretion Outstanding 8/31/2015	Due Within One Year
Tax Refunding Bond Series 2002	\$ 1,737,649	\$ -	\$ 141,186	\$ -	\$ 1,878,835	\$ -
Tax Refunding Bond Series 2007	978,200	-	22,247	1,000,447	-	-
Tax Refunding Bond Series 2010	<u>3,743,095</u>	<u>-</u>	<u>135,865</u>	<u>-</u>	<u>3,878,960</u>	<u>671,343</u>
	<u>\$ 6,458,944</u>	<u>\$ -</u>	<u>\$ 299,298</u>	<u>\$ 1,000,447</u>	<u>\$ 5,757,795</u>	<u>\$ 671,343</u>

Unamortized premiums on bonds for the year ended August 31, 2015 were as follows:

Description	Beginning Balance	Premiums on New Issues	Write-Off	Amortization Recognized	Ending Balance	Due Within One Year
Series 2003A	\$ 5,413	\$ -	\$ -	\$ 5,413	\$ -	\$ -
Series 2006	87,159	-	-	43,580	43,579	43,579
Series 2007	1,187,377	-	-	79,159	1,108,218	79,159
Series 2007A	245,636	-	231,991	13,645	-	-
Series 2008	354,793	-	-	18,673	336,120	18,673
Series 2009	75,069	-	-	6,824	68,245	6,824
Series 2010A	1,432,740	-	-	112,368	1,320,372	112,368
Series 2011	698,621	-	-	53,740	644,881	53,740
Series 2014	2,940,552	-	-	172,974	2,767,578	172,974
Series 2015 (Building)	-	8,986,260	-	289,879	8,696,381	289,879
Series 2015A	-	2,930,798	-	162,822	2,767,976	162,822
Total Unamortized Premium	<u>\$ 7,027,360</u>	<u>\$ 11,917,058</u>	<u>\$ 231,991</u>	<u>\$ 959,077</u>	<u>\$ 17,753,350</u>	<u>\$ 940,018</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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	
2016	\$ 5,293,094	\$ 9,340,277	\$ 14,633,371
2017	5,821,143	9,161,353	14,982,496
2018	5,645,855	9,355,973	15,001,828
2019	5,839,634	9,164,519	15,004,153
2020	5,395,823	8,968,880	14,364,703
2021 - 2025	31,835,812	37,807,523	69,643,335
2026 - 2030	36,155,000	27,746,394	63,901,394
2031 - 2035	29,870,000	20,017,050	49,887,050
2036 - 2040	28,180,000	13,355,750	41,535,750
2041 - 2045	35,965,000	5,569,750	41,534,750
Total	<u>\$ 190,001,361</u>	<u>\$ 150,487,469</u>	<u>\$ 340,488,830</u>

On March 15, 2015, the District issued Unlimited Tax Refunding Bonds, Series 2015 in the amount of \$23,315,000 which was used to refund \$23,495,000 of Unlimited Tax School Building Bonds, Series 2007A. The bonds are payable February 15 and August 15 of each year, commencing August 15, 2015 and ending upon maturity on August 15, 2032 or prior redemption. The issuance of the refunding bonds was undertaken to reduce total debt service payments over 18 years by \$2,792,017 and resulted in the economic present value gain of \$2,115,644 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, 2015, \$23,495,000 of the defeased 2007A bonds were still unpaid. The market value of the funds in escrow for the payments of these defeased bonds was \$25,353,981 as of August 31, 2015.

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, 2015, interest had been accreted in the amount of \$5,757,797 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, 2015.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

On July 15, 2015, the District issued Unlimited Tax School Building Bonds, Series 2015 in the amount of \$78,360,000. The proceeds from the sale of the bond will be used for construction, acquisition, renovation and equipment of school buildings and the purchase of sites necessary therefore. The bonds are payable February 15 and August 15 of each year, commencing August 15, 2015 and until maturity or prior redemption.

L. Rebatable Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. Arbitrage is evaluated and estimated on an annual basis by a third party arbitrage rebate service company. The company has estimated no liability for the District as of August 31, 2015.

M. Commitments under Capital Leases

During the year, the District has entered into three separate capital lease agreements for the purchase of technology equipment and buses. The lease terms range from 32 to 48 months with interest rates ranging from 1.499 to 3.587%. As of August 31, 2015, the future minimum lease payment requirements are as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 94,578	\$ 4,401	\$ 98,979
2017	<u>96,754</u>	<u>2,225</u>	<u>98,979</u>
Total	<u>\$ 191,332</u>	<u>\$ 6,626</u>	<u>\$ 197,958</u>

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

N. Fund Balances

As of August 31, 2015, fund balances are composed of the following:

	General Fund	Debt Service Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ 80,687	\$ -	\$ -	\$ -	\$ 80,687
Corpus for Scholarship Fund	-	-	-	5,000	5,000
Restricted:					
Food Services	3,203,641	-	-	-	3,203,641
Federal and State Programs	-	-	-	26,964	26,964
Capital Acquisition	-	-	78,302,732	-	78,302,732
Retirement of Long-Term Debt	-	9,453,743	-	-	9,453,743
Other	-	-	-	1,073	1,073
Committed:					
Future Construction	10,000,000	-	-	-	10,000,000
Future Capital Equipment	2,000,000	-	-	-	2,000,000
Campus Activities	-	-	-	69,300	69,300
Assigned:					
Future Construction	1,000,000	-	-	-	1,000,000
Future Capital Equipment	1,000,000	-	-	-	1,000,000
Unassigned Fund Balance	18,287,402	-	-	(2,051)	18,285,351
Total fund balances	\$ 35,571,730	\$ 9,453,743	\$ 78,302,732	\$ 100,286	\$ 123,428,491

As of August 31, 2015, the District did not have any encumbrances.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

O. Revenue from Local and Intermediate Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Fund	Total
Property taxes	\$ 10,995,146	\$ 3,117,011	\$ -	\$ -	\$ -	\$ 14,112,157
Penalties, interest and other tax revenues	341,704	84,985	-	-	-	426,689
Investment income	17,828	3,633	4,734	17	-	26,212
Rent income	13,102	-	-	-	-	13,102
Food sales	276,835	-	-	632	-	277,467
Athletic activities	50,069	-	-	-	-	50,069
Interfund services	-	-	-	-	690,421	690,421
Enterprising services	-	-	-	149,113	-	149,113
Insurance recovery	350,516	-	-	-	-	350,516
Other	219,169	6,584	-	-	-	225,753
Total	\$ 12,264,369	\$ 3,212,213	\$ 4,734	\$ 149,762	\$ 690,421	\$ 16,321,499

P. Defined Benefit Pension Plan

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

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

Pension Plan Fiduciary Net Position: Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2014 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2014:

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

Net Pension Liability	Total
Total Pension Liability	\$ 159,496,075,866
Less: Fiduciary Net Position	(132,779,243,085)
	<hr/>
Net Pension Liability	<u>\$ 26,716,832,781</u>
 Net Pension as percentage of Total Pension Liability	 <u>83.25%</u>

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

	<u>Contribution Rates</u>	
	<u>Plan Fiscal Year</u>	
	2014	2015
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

Contributions Required and Made

Clint ISD 2014 Employer Contributions	\$ 1,403,546
Clint ISD 2014 Member Contributions (Employee)	4,213,570
Clint ISD 2014 NECE On-Behalf Contributions (State)	3,105,386

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

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

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

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

Actuarial Assumptions: The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rat of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

**Includes Inflation of 3%*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

Discount Rate: The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
Stable Value			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
Risk Parity			
Risk Parity	5%	8.9%	0.4%
Alpha	-		1.0%
Total	100%		8.7%

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

Discount Rate Sensitivity Analysis: The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than the 1% greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability:

	1% Decrease in Discount Rate (7%)	Current Discount Rate 8%	1% Increase in Discount Rate (9%)
District's Proportionate share of the net pension liability	\$ 26,424,513	\$ 14,787,583	\$ 6,085,326

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At August 31, 2015, the District reported a liability of \$14,787,583 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

The District's Proportionate share of the collective net pension liability	\$ 14,787,583
State's proportionate share of the net pension liability associated with the District	<u>32,787,766</u>
Total	<u>\$ 47,575,349</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 through August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was 0.0553606%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2013. The Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial and therefore disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2015 the District recognized pension expense of \$3,031,168 and revenue of \$3,031,168 representing pension expense incurred by the State on behalf of the District. The amount of pension expense recognized by the District in the reporting period was \$1,366,851.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

At August 31, 2015, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 228,695	\$ -
Changes in actuarial assumptions	961,209	-
Net difference between projected and actual earnings on pension plan investments	-	4,519,689
Changes in proportion and differences between District contributions and proportionate share of contributions	-	3,876
District contributions subsequent to the measurement date	<u>2,234,690</u>	<u>-</u>
Total	<u>\$ 3,424,594</u>	<u>\$ 4,523,565</u>

The \$2,234,690 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2016. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended August 31</u>	<u>Amount</u>
2016	(929,840)
2017	(929,840)
2018	(929,840)
2019	(929,840)
2020	200,083
thereafter	185,616

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

Q. Retiree Health Plan

Plan Description: The Clint Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-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.

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 2013-2015.

Contribution Rates

Period/ Year Ended	Active Member		State		School District		Federal	
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
2015	0.65%	\$ 439,363	1.0%	\$ 675,938	0.55%	\$ 371,767	1.0%	\$ 65,728
2014	0.65%	\$ 427,623	1.0%	\$ 657,884	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

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, 2013, 2014, and 2015 were \$241,549, \$176,359 and \$198,152, respectively.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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 1,600 full-time and part-time employees, and pays about \$580,000 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 2014-2015.

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, 2015, management was not aware of any such claim which would have a material adverse effect on the financial statements.

V. Federal and State Funding

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

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

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, 2015.

X. Prior Period Adjustment

During fiscal year 2015, the District implemented GASB Statement No. 68, *Accounting and Reporting for Pensions - an amendment of GASB No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* during the fiscal year ended August 31, 2015. With GASB 68 and 71, the District must assume their proportionate share of the Net Pension Liability of the Teacher Retirement System of Texas. Adoption of GASB 68 and 71 required a prior period adjustment to report the effect of GASB 68 and 71, respectively. The amount of the prior period adjustment is \$16,754,393. The restated beginning net position is \$53,771,271.

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 (GASB) Statements No. 72, *Fair Value Measurement and Application*, effective for fiscal years beginning after June 15, 2015, No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for fiscal years beginning after June 15, 2017, and No. 77, *Tax Abatement Disclosures*, effective for fiscal years beginning after December 15, 2015. GASB No. 72 addresses accounting and financial reporting issues related to fair value measurements. GASB No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. GASB No. 77 required disclosures of certain information about tax abatements.

Z. Subsequent Events

On October 15, 2015, the Board of Trustees approved 2015A Series refunding bonds to retire old debt while taking advantage of low interest rates. The refunding bonds were issued on November 24, 2015 in the amount of \$15,890,000.

On October 15, 2015, the Board of Trustees approved and entered into a capital lease agreement to purchase three school buses at a cost of \$289,950. The District will make three annual payments, commencing February 1, 2016, in the amount of \$98,952 for total payments of \$296,856. The simple interest method will be implied at a rate of 2.4% for total interest payments in the amount of \$6,906.

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, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 12,208,628	\$ 12,208,628	\$ 12,264,369	\$ 55,741
5800	State Program Revenues	79,331,061	79,331,061	78,872,347	(458,714)
5900	Federal Program Revenues	8,919,609	9,063,235	10,189,593	1,126,358
5020	Total Revenues	100,459,298	100,602,924	101,326,309	723,385
EXPENDITURES:					
Current:					
0011	Instruction	49,962,306	49,925,693	49,203,226	722,467
0012	Instructional Resources and Media Services	1,183,009	1,203,426	1,163,370	40,056
0013	Curriculum and Instructional Staff Development	1,141,279	1,144,624	1,029,606	115,018
0021	Instructional Leadership	2,602,057	2,772,433	2,628,273	144,160
0023	School Leadership	6,567,612	6,580,864	6,369,354	211,510
0031	Guidance, Counseling and Evaluation Services	2,416,763	2,412,118	2,205,558	206,560
0032	Social Work Services	243,193	258,193	212,349	45,844
0033	Health Services	977,704	1,024,704	1,012,940	11,764
0034	Student (Pupil) Transportation	3,372,136	3,372,136	3,317,881	54,255
0035	Food Services	8,294,898	8,294,898	8,822,141	(527,243)
0036	Extracurricular Activities	2,818,179	2,869,814	2,608,156	261,658
0041	General Administration	3,045,250	3,046,550	2,857,562	188,988
0051	Facilities Maintenance and Operations	10,178,236	10,774,008	10,523,422	250,586
0052	Security and Monitoring Services	2,450,241	2,450,241	2,269,789	180,452
0053	Data Processing Services	1,419,119	1,569,994	1,470,730	99,264
0061	Community Services	139,121	156,121	126,078	30,043
Debt Service:					
0071	Principal on Long Term Debt	100,000	98,979	98,979	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	247,632	632	-	632
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	45,000	45,000	-	45,000
0099	Other Intergovernmental Charges	280,000	280,000	260,482	19,518
6030	Total Expenditures	97,483,735	98,280,428	96,179,896	2,100,532
1100	Excess of Revenues Over Expenditures	2,975,563	2,322,496	5,146,413	2,823,917
OTHER FINANCING SOURCES (USES):					
7913	Capital Leases	-	290,311	290,311	-
1200	Net Change in Fund Balances	2,975,563	2,612,807	5,436,724	2,823,917
0100	Fund Balance - September 1 (Beginning)	30,135,006	30,135,006	30,135,006	-
3000	Fund Balance - August 31 (Ending)	\$ 33,110,569	\$ 32,747,813	\$ 35,571,730	\$ 2,823,917

CLINT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT G-2

	2015
District's Proportion of the Net Pension Liability (Asset)	0.0553606%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 14,787,583
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	32,787,766
Total	\$ 47,575,349
District's Covered-Employee Payroll	\$ 65,837,034
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-Employee Payroll	22.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2014 - the period from September 1, 2013 - August 31, 2014.

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

CLINT INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-3

SCHEDULE OF DISTRICT CONTRIBUTIONS

TEACHER RETIREMENT SYSTEM OF TEXAS

	Fiscal Years Ended				
	2015	2014	2013	2012	2011
Contractually Required Contributions	\$ 1,406,371	\$ 1,403,546	\$ 1,254,623	\$ 1,152,369	\$ 1,401,730
Contributions in Relation to the Contractual Required Contributions	1,406,371	1,406,546	1,254,623	1,152,369	1,401,730
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 67,596,256	\$ 65,837,034	\$ 63,764,554	\$ 62,688,674	\$ 62,928,900
Contributions as a Percentage of Covered- Employee Payroll	2.0805%	2.1318%	1.9676%	1.8382%	2.2275%

Note: GASB 68, Paragraph 81, requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2013 - August 31, 2014.

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

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED AUGUST 31, 2015

Changes of benefit terms.

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

Changes of assumptions.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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SUPPLEMENTARY INFORMATION

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2015

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	-	637,523	-
1260	Due from Other Funds	-	-	-
1800	Restricted Assets	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 637,523</u>	<u>\$ -</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ -	\$ -
2170	Due to Other Funds	-	637,523	-
2000	Total Liabilities	<u>-</u>	<u>637,523</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3445	Other Non-Spendable Fund Balance	-	-	-
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3490	Other Restricted Fund Balance	-	-	-
Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-
3600	Unassigned Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 637,523</u>	<u>\$ -</u>

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	409 High School Completion and Success
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,039	-	34,198	31,989	20,465	31,960	-	-
-	-	-	-	-	5,533	2,249	-
-	-	-	-	-	-	-	-
<u>\$ 8,039</u>	<u>\$ -</u>	<u>\$ 34,198</u>	<u>\$ 31,989</u>	<u>\$ 20,465</u>	<u>\$ 37,493</u>	<u>\$ 2,249</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,021	-	34,198	31,989	-	39,544	-	-
<u>8,021</u>	<u>-</u>	<u>34,198</u>	<u>31,989</u>	<u>-</u>	<u>39,544</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
18	-	-	-	20,465	-	2,249	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	(2,051)	-	-
<u>18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,465</u>	<u>(2,051)</u>	<u>2,249</u>	<u>-</u>
<u>\$ 8,039</u>	<u>\$ -</u>	<u>\$ 34,198</u>	<u>\$ 31,989</u>	<u>\$ 20,465</u>	<u>\$ 37,493</u>	<u>\$ 2,249</u>	<u>\$ -</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2015

Data Control Codes	410 State Textbook Fund	422 Matching Fund for Library Purchases	429 Other State Special Revenue Funds	461 Campus Activity Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 91,979
1240	Receivables from Other Governments	72,121	-	5,538	-
1260	Due from Other Funds	-	4,232	-	-
1800	Restricted Assets	-	-	-	-
1000	Total Assets	<u>\$ 72,121</u>	<u>\$ 4,232</u>	<u>\$ 5,538</u>	<u>\$ 91,979</u>
LIABILITIES					
2110	Accounts Payable	\$ 26,960	\$ -	\$ -	\$ 5,196
2170	Due to Other Funds	45,161	-	5,538	17,483
2000	Total Liabilities	<u>72,121</u>	<u>-</u>	<u>5,538</u>	<u>22,679</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3445	Other Non-Spendable Fund Balance	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	4,232	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	69,300
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>4,232</u>	<u>-</u>	<u>69,300</u>
4000	Total Liabilities and Fund Balances	<u>\$ 72,121</u>	<u>\$ 4,232</u>	<u>\$ 5,538</u>	<u>\$ 91,979</u>

494 Do the Write Thing, Inc.	Total Nonmajor Special Revenue Funds	807 David Cramer Memorial Scholarship	Total Nonmajor Governmental Funds
\$ -	\$ 91,979	\$ -	\$ 91,979
-	841,833	-	841,833
148	12,162	-	12,162
-	-	5,925	5,925
<u>\$ 148</u>	<u>\$ 945,974</u>	<u>\$ 5,925</u>	<u>\$ 951,899</u>
\$ -	\$ 32,156	\$ -	\$ 32,156
-	819,457	-	819,457
<u>-</u>	<u>851,613</u>	<u>-</u>	<u>851,613</u>
-	-	5,000	5,000
-	26,964	-	26,964
148	148	925	1,073
-	69,300	-	69,300
-	(2,051)	-	(2,051)
<u>148</u>	<u>94,361</u>	<u>5,925</u>	<u>100,286</u>
<u>\$ 148</u>	<u>\$ 945,974</u>	<u>\$ 5,925</u>	<u>\$ 951,899</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	10,624	4,220,005	1,787,759
5020	Total Revenues	<u>10,624</u>	<u>4,220,005</u>	<u>1,787,759</u>
EXPENDITURES:				
Current:				
0011	Instruction	8,997	2,925,638	852,686
0013	Curriculum and Instructional Staff Development	-	140,177	-
0021	Instructional Leadership	1,627	785,946	301,069
0023	School Leadership	-	2,052	-
0031	Guidance, Counseling and Evaluation Services	-	295,000	634,004
0034	Student (Pupil) Transportation	-	24,152	-
0035	Food Services	-	-	-
0041	General Administration	-	-	-
0052	Security and Monitoring Services	-	3,031	-
0061	Community Services	-	44,009	-
6030	Total Expenditures	<u>10,624</u>	<u>4,220,005</u>	<u>1,787,759</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	409 High School Completion and Success
\$ 632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	41,883
98,893	180,922	268,464	377,836	20,465	17,633	-	-
<u>99,525</u>	<u>180,922</u>	<u>268,464</u>	<u>377,836</u>	<u>20,465</u>	<u>17,633</u>	<u>-</u>	<u>41,883</u>
-	163,437	233,187	352,787	-	31,960	-	29,456
-	17,485	8,461	21,314	-	-	-	12,427
-	-	2,172	3,735	-	-	-	-
-	-	19,790	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
99,525	-	-	-	-	-	-	-
-	-	4,854	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>99,525</u>	<u>180,922</u>	<u>268,464</u>	<u>377,836</u>	<u>-</u>	<u>31,960</u>	<u>-</u>	<u>41,883</u>
-	-	-	-	20,465	(14,327)	-	-
18	-	-	-	-	12,276	2,249	-
<u>\$ 18</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,465</u>	<u>\$ (2,051)</u>	<u>\$ 2,249</u>	<u>\$ -</u>

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	410 State Textbook Fund	422 Matching Fund for Library Purchases	429 Other State Special Revenue Funds	461 Campus Activity Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 149,113
5800 State Program Revenues	1,397,946	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>1,397,946</u>	<u>-</u>	<u>-</u>	<u>149,113</u>
EXPENDITURES:				
Current:				
0011 Instruction	1,166,584	-	-	137,775
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	231,362	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0041 General Administration	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	<u>1,397,946</u>	<u>-</u>	<u>-</u>	<u>137,775</u>
1200 Net Change in Fund Balance	-	-	-	11,338
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>4,232</u>	<u>-</u>	<u>57,962</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 4,232</u>	<u>\$ -</u>	<u>\$ 69,300</u>

494 Do the Write Thing, Inc.	Total Nonmajor Special Revenue Funds	807 David Cramer Memorial Scholarship	Total Nonmajor Governmental Funds
\$ -	\$ 149,745	\$ 17	\$ 149,762
-	1,439,829	-	1,439,829
-	6,993,393	-	6,993,393
-	8,582,967	17	8,582,984
-	5,913,299	-	5,913,299
-	199,864	-	199,864
-	1,325,911	-	1,325,911
-	21,842	-	21,842
-	929,004	-	929,004
-	24,152	-	24,152
-	99,525	-	99,525
-	4,854	-	4,854
-	3,031	-	3,031
-	44,009	-	44,009
-	8,565,491	-	8,565,491
-	17,476	17	17,493
148	76,885	5,908	82,793
\$ 148	\$ 94,361	\$ 5,925	\$ 100,286

CLINT INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

	BALANCE SEPTEMBER 1 2014	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2015
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 244,284	\$ 569,306	\$ 572,574	\$ 241,016
Liabilities:				
Accounts Payable	\$ 751	\$ -	\$ -	\$ 751
Due to Student Groups	243,533	569,306	572,574	240,265
Total Liabilities	\$ 244,284	\$ 569,306	\$ 572,574	\$ 241,016
SUNSHINE ACCOUNT				
Assets:				
Due From Other Funds	\$ 18,365	\$ 56,402	\$ 57,284	\$ 17,483
Liabilities:				
Payable from Restricted Assets	\$ 18,365	\$ 56,402	\$ 57,284	\$ 17,483
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 244,284	\$ 569,306	\$ 572,574	\$ 241,016
Due From Other Funds	18,365	56,402	57,284	17,483
Total Assets	\$ 262,649	\$ 625,708	\$ 629,858	\$ 258,499
Liabilities:				
Accounts Payable	\$ 751	\$ -	\$ -	\$ 751
Due to Student Groups	243,533	569,306	572,574	240,265
Payable from Restricted Assets	18,365	56,402	57,284	17,483
Total Liabilities	\$ 262,649	\$ 625,708	\$ 629,858	\$ 258,499

OTHER INFORMATION - REQUIRED TEA SCHEDULES

CLINT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2015

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2006 and prior years	\$ 1.500000	\$ 0.210000	\$ 5,307,990,730
2007	1.370100	0.315000	643,781,884
2008	1.040050	0.295000	792,627,468
2009	1.040050	0.295000	888,716,321
2010	1.040050	0.295000	922,847,582
2011	1.040050	0.295000	941,462,049
2012	1.040050	0.295000	997,553,147
2013	1.040050	0.295000	1,026,403,818
2014	1.040050	0.295000	1,057,975,193
2015 (School year under audit)	1.040050	0.295000	1,067,074,400
1000 TOTALS			

(10) Beginning Balance 9/1/2014	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2015
\$ 1,569,892	\$ -	\$ 37,783	\$ 9,506	\$ (34,492)	\$ 1,488,111
169,122	-	8,265	1,900	(7)	158,949
159,364	-	7,249	2,056	(6)	150,053
186,457	-	13,383	3,796	(27)	169,251
198,643	-	23,558	6,682	(659)	167,744
238,467	-	27,892	7,911	(120)	202,543
292,495	-	41,663	11,817	(2,685)	236,330
412,515	-	73,411	20,822	(5,501)	312,781
709,979	-	211,808	60,077	(33,631)	404,462
-	14,245,977	10,563,013	2,996,095	-	686,869
<u>\$ 3,936,935</u>	<u>\$ 14,245,977</u>	<u>\$ 11,008,027</u>	<u>\$ 3,120,664</u>	<u>\$ (77,129)</u>	<u>\$ 3,977,091</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, 2015

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	\$ 269,075	\$ 269,075	\$ 283,800	\$ 14,725
5800 State Program Revenues	47,732	47,732	47,732	-
5900 Federal Program Revenues	8,701,609	8,701,609	9,510,839	809,230
5020 Total Revenues	9,018,416	9,018,416	9,842,371	823,955
EXPENDITURES:				
0035 Food Services	7,944,898	8,294,898	8,822,141	(527,243)
0051 Facilities Maintenance and Operations	273,772	393,772	308,788	84,984
6030 Total Expenditures	8,218,670	8,688,670	9,130,929	(442,259)
1200 Net Change in Fund Balances	799,746	329,746	711,442	381,696
0100 Fund Balance - September 1 (Beginning)	2,492,200	2,492,200	2,492,200	-
3000 Fund Balance - August 31 (Ending)	\$ 3,291,946	\$ 2,821,946	\$ 3,203,642	\$ 381,696

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, 2015

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	\$ 9,801,052	\$ 3,341,902	\$ 3,212,213	\$ (129,689)
5800	State Program Revenues	7,386,913	7,386,913	8,708,963	1,322,050
5020	Total Revenues	17,187,965	10,728,815	11,921,176	1,192,361
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	10,966,916	5,099,554	5,099,554	-
0072	Interest on Long Term Debt	-	5,890,594	5,890,594	-
0073	Bond Issuance Cost and Fees	-	1,205,936	1,205,936	-
6030	Total Expenditures	10,966,916	12,196,084	12,196,084	-
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	6,221,049	(1,467,269)	(274,908)	1,192,361
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	23,315,000	23,315,000	23,315,000	-
7916	Premium or Discount on Issuance of Bonds	2,390,798	10,277,058	10,277,058	-
8940	Payment to Bond Refunding Escrow Agent (Use)	(25,518,226)	(25,889,475)	(25,889,475)	-
7080	Total Other Financing Sources (Uses)	187,572	7,702,583	7,702,583	-
1200	Net Change in Fund Balances	6,408,621	6,235,313	7,427,675	1,192,362
0100	Fund Balance - September 1 (Beginning)	2,026,068	2,026,068	2,026,068	-
3000	Fund Balance - August 31 (Ending)	\$ 8,434,689	\$ 8,261,381	\$ 9,453,743	\$ 1,192,362

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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, 2015, 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 13, 2016.

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 13, 2016

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 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, 2015. 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, 2015.

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 13, 2016

CLINT INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2015

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?	No
	Significant deficiencies identified that are not considered to be material weaknesses?	None reported
	Noncompliance material to the financial statements?	None
	<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:	84.010A Title I, Part A - Improving Basic Programs 10.558 - Child and Adult Care Food Program
	Dollar threshold used to distinguish between type A and type B programs:	\$511,681
	Auditee qualified as low-risk auditee?	Yes

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2015

Schedule Reference Number	PROGRAM	DESCRIPTION
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FINANCIAL STATEMENT FINDINGS

There are no current year findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no current year findings.

CLINT INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2015

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, 2015

(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	\$ 238,934
Total Direct Programs			\$ 238,934
TOTAL U.S. DEPARTMENT OF DEFENSE			\$ 238,934
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Region ESC 10</u>			
Texas Support for Homeless Education Program	84.196A	15-009	\$ 10,624
Texas Support for Homeless Education Program (IDC)	84.196A	15-009	279
Total CFDA Number 84.196A			10,903
Total Passed Through Region ESC 10			\$ 10,903
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	14610101071901	\$ 636,312
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	15610101071901	3,583,693
*ESEA, Title I, Part A - Imp Basic Prog (IDC)	84.010A	15610101071901	99,464
Total CFDA Number 84.010A			4,319,469
**IDEA - Part B, Formula	84.027A	156600010719016600	1,787,759
**IDEA - Part B, Preschool	84.173A	156610010719016610	10,792
Total Special Education Cluster (IDEA)			1,798,551
Career and Technical - Basic Grant	84.048A	15420006071901	180,922
Career and Technical - Basic Grant (IDC)	84.048A	15420006071901	4,400
Total CFDA Number 84.048A			185,322
Title III, Part A - English Language Acquisition	84.365A	15671001071901	377,836
Title III, Part A - English Lang. Acq. (IDC)	84.365A	15671001071901	7,557
Total CFDA Number 84.365A			385,393
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	15694501071901	268,464
ESEA, Title II, Part A, Teacher/Princ. Train (IDC)	84.367A	15694501071901	7,055
Total CFDA Number 84.367A			275,519
Summer School LEP	84.369A	69551402	17,633
Total Passed Through State Department of Education			\$ 6,981,887
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 6,992,790
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-15-0048-00004	\$ 20,465
Total Passed Through Texas Dept of Human Services			\$ 20,465
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 20,465

CLINT INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2015

(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 AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
***School Breakfast Program - Cash Assist.	10.553	71401501	\$ 2,924,501
***School Breakfast Program - Cash Assist.	10.553	71401401	388,614
***School Breakfast Program - Cash Assist. (IDC)	10.553	71401501	65,869
***School Breakfast Program - Cash Assist. (IDC)	10.553	71401401	10,143
Total CFDA Number 10.553			3,389,127
***National School Lunch Program - Cash Assistance	10.555	71301501	4,524,631
***National School Lunch Program - Cash Assistance	10.555	71301401	619,752
***National School Lunch Prog. - Cash Assist (IDC)	10.555	71301501	101,909
***National School Lunch Prog. - Cash Assist (IDC)	10.555	71301401	16,176
***National School Lunch Prog. - Non-Cash Assist.	10.555	071901	665,390
Total CFDA Number 10.555			5,927,858
***Summer Feeding Program - Cash Assistance	10.559	71401501	33,601
***Summer Feeding Program - Cash Assistance	10.559	71301501	65,292
Total CFDA Number 10.559			98,893
Total Child Nutrition Cluster			9,415,878
Child and Adult Care Food Program-Cash Assistance	10.558	00345	387,950
Total Passed Through the State Department of Agriculture			\$ 9,803,828
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 9,803,828
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 \$ 17,056,017

*, **, and *** are clustered programs

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2015

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 performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance, Part 3, OMB Compliance Statement - June 2015.
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, 2015

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	\$ 3,313,115
National School Lunch Program - Cash Assistance	10.555	5,144,383
National School Lunch Prog. - Non-Cash Assistance	10.555	665,390
Child & Adult Care Food Program - Cash Assistance	10.558	387,950
NJROTC	12.000	238,934
Indirect Costs - CNP	10.XXX	194,097
Indirect Costs - Other	84.XXX	<u>118,755</u>
		10,062,624
SHARS (not included in Exhibit K-1)		<u>126,969</u>
Total General Fund federal revenue per Exhibit C-3		<u><u>\$ 10,189,593</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	\$ 76,012
National School Lunch Program - Cash Assistance	10.555	118,085
ESEA, Title I, Part A - Improving Basic Programs	84.010A	99,464
Career and Technical - Basic Grant	84.048A	4,400
Texas Support for Homeless Education Program	84.196A	279
Title III, Part A - English Language Acquisition	84.365A	7,557
Title II, Part A - Teacher/Principal Training	84.367A	<u>7,055</u>
Total Indirect Costs		<u><u>\$ 312,852</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	\$ 17,056,017
School Health and Related Services (SHARS) reimbursements	<u>126,969</u>
Total federal revenue per Exhibit C-3	<u><u>\$ 17,182,986</u></u>