

**CLINT INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED AUGUST 31, 2016**



**CLINT INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2016**

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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, 2016, at a meeting of the board of trustees of such school district on the 19th day of January 2017.

  
Signature of Board Secretary

  
Signature of Board President

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

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## **FINANCIAL SECTION**

## Independent Auditor's Report

To the Board of Trustees  
Clint Independent School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clint Independent School District as of and for the year ended August 31, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison, and pension information on pages 7 through 15 and 77 through 82 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2017, on our consideration of the Clint Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clint Independent School District's internal control over financial reporting and compliance.

Gibson, Ruddock, Patterson LLC  
El Paso, Texas  
January 10, 2017

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

In this section of the Annual Financial and Compliance Report, we, the management of the Clint Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2016. 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 \$41 million, or 39 percent of the total general fund expenditures, increasing by \$5.4 million.
- During the year, the District had expenses that were less than the \$109.8 million generated in tax and other revenues for the general fund.
- The District's total long term liabilities increased by \$6.3 million or 2.79 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 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. The District continues to maintain the highest level from the Texas Comptroller's Office who encourages and applauds local governments across Texas that have focused on giving taxpayers a transparent look at local expenditures.

### Overview of the Financial Statements

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

#### *Government-wide financial statements*

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

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

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

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

#### *Fund Financial statements*

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

#### *Governmental funds*

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

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

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

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

*Proprietary funds*

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

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

*Fiduciary funds*

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

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

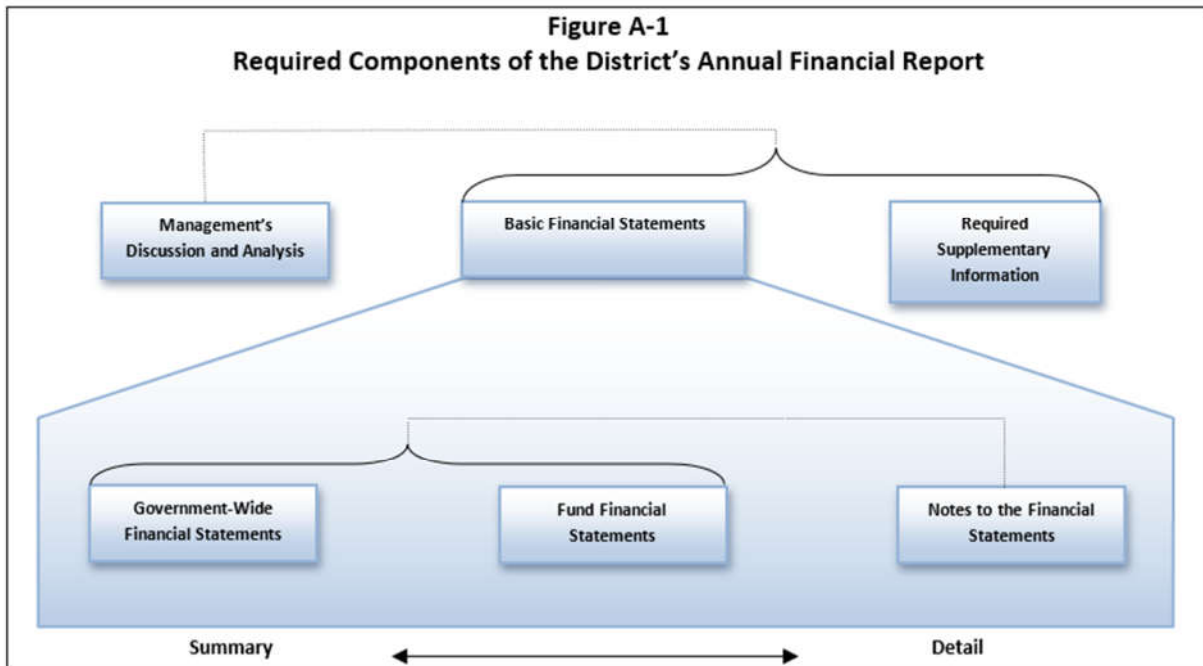


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of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

<b>Figure A-2 Major Features of the District’s Government-wide and Fund Financial Statements</b>				
<b>Type of Statements</b>	<b>Government-Wide</b>	<b>Governmental Funds</b>	<b>Fund Statements Proprietary Funds</b>	<b>Fiduciary Funds</b>
<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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net position</li> <li>• Statement of Revenues, Expenses and changes in Fund Net position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net position</li> </ul>
<i>Accounting Basis &amp; Measurement Focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of Asset/Liability Information</i>	All assets and liabilities, both financial and capital; short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District’s funds do not currently contain capital assets
<i>Type of Inflow/Outflow Information</i>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

### **Government-Wide Financial Analysis**

Net position for the District’s governmental activities increased by \$3,285,932 or 5.4%. 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 \$32 million and \$24 million at August 31, 2016 and August 31, 2015 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**

<b>Governmental Activities</b>	<b>August 31, 2016</b>	<b>August 31, 2015</b>	<b>Variance</b>	<b>% Change</b>
Current and Other Assets	\$ 130,445,152	129,992,973	452,179	0.3%
Capital Assets	162,418,516	161,076,525	1,341,991	0.8%
<b>Total Assets</b>	<b>\$ 292,863,668</b>	<b>291,069,498</b>	<b>1,794,170</b>	<b>0.6%</b>
Deferred Charge for Refunding	6,425,578	4,354,560	2,071,018	47.6%
Deferred Outflow Related to TRS	10,647,097	3,424,594	7,222,503	210.9%
<b>Total Deferred Outflows of Resources</b>	<b>\$ 17,072,675</b>	<b>7,779,154</b>	<b>9,293,521</b>	<b>119.5%</b>
Current Liabilities	8,957,314	5,520,800	3,436,514	62.2%
Non-Current Liabilities	234,856,951	228,491,421	6,365,530	2.8%
<b>Total Liabilities</b>	<b>\$ 243,814,265</b>	<b>234,012,221</b>	<b>9,802,044</b>	<b>4.2%</b>
Deferred Gain on Refunding	564,755		564,755	
Deferred Inflow Related to TRS	1,958,525	4,523,565	(2,565,040)	-56.7%
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,523,280</b>	<b>4,523,565</b>	<b>(2,000,285)</b>	<b>-44.2%</b>
Net Investment in Capital Assets	23,131,495	22,963,461	168,034	0.7%
Restricted	8,385,369	12,549,060	(4,163,691)	-33.2%
Unrestricted	32,081,934	24,800,345	7,281,589	29.4%
<b>Total Net Position</b>	<b>\$ 63,598,798</b>	<b>60,312,866</b>	<b>3,285,932</b>	<b>5.4%</b>

The cost of all governmental activities this year was \$128 million compared to \$115 million last year. Costs increased by \$13 million or 11.5 percent. The increases were related to compensation increases, new positions, funding a 1:1 student laptop initiative, purchasing property for a high school expansion, various expenditures to increase supplies and equipment and landscaping projects. In addition, the Board of Trustees approved several budget amendments during the year. The most noteworthy amendment was an increase to the general fund in the amount of \$4.5 million to fund the initiatives and projects identified above. As shown in the *Statement of Activities* on page 20-21, the amount that taxpayers ultimately financed for these activities through District Taxes was only \$14.2 million, because the majority of the costs continue to be funded by State.

**Table II**  
**Clint Independent School District**  
**SUMMARIZED STATEMENT OF ACTIVITIES**

<b>Governmental Activities</b>	<b>August 31, 2016</b>	<b>August 31, 2015</b>	<b>Variance</b>	<b>% Change</b>
<b>Revenues</b>				
<b>Program Revenues</b>				
Charges for Services	\$ 563,546	\$ 708,919	(145,373)	-20.5%
Operating Grants and Contributions	31,958,778	31,623,176	335,602	1.1%
Capital Grants and Contributions	450,153	342,561	107,592	31.4%
<b>General Revenues</b>				
Property Taxes Levied for General Purposes	10,531,466	11,016,193	(484,727)	-4.4%
Property Taxes Levied for Debt Services	3,703,338	3,124,642	578,696	18.5%
State Aid-Formula Grants	78,094,957	74,002,106	4,092,851	5.5%
Investment Earnings	497,956	26,196	471,760	1800.9%
Miscellaneous Revenue	6,034,055	767,272	5,266,783	686.4%
<b>Total Revenues</b>	<b>\$ 131,834,249</b>	<b>121,611,065</b>	<b>10,223,184</b>	<b>8.4%</b>
<b>Expenses</b>				
Instruction	63,483,809	57,031,755	6,452,054	11.3%
Instructional Resources and Media Services	1,189,181	1,201,988	(12,807)	-1.1%
Curriculum and Staff Development	2,819,076	1,264,196	1,554,880	123.0%
Instructional Leadership	3,100,872	4,067,552	(966,680)	-23.8%
School Leadership	7,278,839	6,632,688	646,151	9.7%
Guidance, Counseling and Evaluation Services	3,593,800	3,233,282	360,518	11.2%
Social Work Services	209,672	221,142	(11,470)	-5.2%
Health Services	1,262,564	1,052,411	210,153	20.0%
Student (Pupil) Transportation	3,621,393	3,332,453	288,940	8.7%
Food Services	9,714,219	8,791,997	922,222	10.5%
Extracurricular Activities	2,944,794	2,682,617	262,177	9.8%
General Administration	3,291,641	2,949,445	342,196	11.6%
Plant Maintenance and Operations	12,392,833	12,118,329	274,504	2.3%
Security and Monitoring Services	2,595,009	2,420,989	174,020	7.2%
Data Processing Services	2,050,184	1,712,573	337,611	19.7%
Community Services	263,894	174,554	89,340	51.2%
Debt Service-Interest on Long Term Debt	7,198,015	4,597,270	2,600,745	56.6%
Debt Service-Bond Issuance Cost and Fees	638,923	1,205,936	(567,013)	-47.0%
Capital Outlay	630,727	117,811	512,916	435.4%
Other Intergovernmental Charges	268,872	260,482	8,390	3.2%
<b>Total Expenses</b>	<b>\$ 128,548,317</b>	<b>115,069,470</b>	<b>13,478,847</b>	<b>11.7%</b>
Increase in Net Position Before Prior Period Adj	3,285,932	6,541,595	(3,255,663)	-49.8%
Prior Period Adjustment (TRS)	-	(16,754,393)	16,754,393	
<b>Increase in Net Position</b>	<b>\$ 3,285,932</b>	<b>(10,212,798)</b>	<b>13,498,730</b>	<b>-132.2%</b>
Beginning Net Position	60,312,866	70,525,664	(10,212,798)	-14.5%
<b>Ending Net Position</b>	<b>\$ 63,598,798</b>	<b>60,312,866</b>	<b>3,285,932</b>	<b>5.4%</b>



## **Capital Asset and Debt Administration**

### *Capital Assets*

At the end of 2016, the District had \$162 million, net of depreciation, invested in a broad range of capital assets, including land, facilities, vehicles and other equipment for instruction, transportation, athletics, administration, and maintenance. The depreciation expense was \$5.0 million with a net increase in capital assets of \$1.3 million. Additional information about the District's capital assets can be found in Note E.

### *Debt*

At year-end, the District had \$208 million in bonds and a capital lease outstanding, a decrease of \$5.1 million over last year. The District issued \$78 million in new bond debt the prior year. The bond funds will provide numerous repairs, renovations and additions to school buildings. These projects include safety and security vestibules and access control systems, classroom additions and expansions, roof repairs and replacements, heating and cooling upgrades and replacements, electrical and plumbing renovations and other interior and exterior renovations. The majority of the projects have begun and construction is in progress.

The District aggressively manages its debt and has refinanced or refunded portions of it, 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 utilizes the Existing Debt Allotment and Instructional Facilities Allotment funding, which provides savings to the District and well as tax payers.

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

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

## **The District's Funds**

As the District completed the year, its general fund (as presented in the balance sheet on pages 24) reported a fund balance of \$41 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 2016-2017 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 or declined 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 flat enrollment for 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](http://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, 2016

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 124,055,244
1220 Property Taxes Receivable (Delinquent)	4,005,483
1230 Allowance for Uncollectible Taxes	(2,802,913)
1240 Due from Other Governments	4,871,805
1290 Other Receivables	11,827
1300 Inventories	297,767
Capital Assets:	
1510 Land	6,930,175
1520 Buildings, Net	143,495,245
1530 Furniture and Equipment, Net	5,514,424
1550 Leased Property Under Capital Leases, Net	556,242
1580 Construction in Progress	5,922,430
1800 Restricted Assets	5,939
1000 Total Assets	292,863,668
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	6,425,578
1705 Deferred Outflow Related to TRS	10,647,097
1700 Total Deferred Outflows of Resources	17,072,675
<b>LIABILITIES</b>	
2110 Accounts Payable	1,809,679
2140 Interest Payable	339,461
2160 Accrued Wages Payable	4,700,820
2177 Due to Fiduciary Funds	18,773
2180 Due to Other Governments	1,928,382
2200 Accrued Expenses	135,224
2300 Unearned Revenue	24,975
Noncurrent Liabilities	
2501 Due Within One Year	7,860,967
2502 Due in More Than One Year	200,683,212
2540 Net Pension Liability (District's Share)	26,312,772
2000 Total Liabilities	243,814,265
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2602 Deferred Gain on Refunding	564,755
2605 Deferred Inflow Related to TRS	1,958,525
2600 Total Deferred Inflows of Resources	2,523,280
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	23,131,495
3820 Restricted for Federal and State Programs	2,134,769
3850 Restricted for Debt Service	6,239,558
3880 Restricted for Scholarships	7,265
3890 Restricted for Other Purposes	3,777
3900 Unrestricted	32,081,934
3000 Total Net Position	\$ 63,598,798

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, 2016

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
11 Instruction	\$ 63,483,809	\$ 148,171	\$ 9,242,435
12 Instructional Resources and Media Services	1,189,181	-	79,655
13 Curriculum and Staff Development	2,819,076	-	1,115,762
21 Instructional Leadership	3,100,872	-	499,678
23 School Leadership	7,278,839	-	567,426
31 Guidance, Counseling and Evaluation Services	3,593,800	-	1,080,692
32 Social Work Services	209,672	-	19,800
33 Health Services	1,262,564	-	634,132
34 Student (Pupil) Transportation	3,621,393	-	259,228
35 Food Services	9,714,219	290,144	7,901,830
36 Extracurricular Activities	2,944,794	43,038	116,311
41 General Administration	3,291,641	69,047	1,015,956
51 Facilities Maintenance and Operations	12,392,833	13,146	1,389,824
52 Security and Monitoring Services	2,595,009	-	200,685
53 Data Processing Services	2,050,184	-	117,158
61 Community Services	263,894	-	125,957
72 Debt Service - Interest on Long Term Debt	7,198,015	-	7,592,249
73 Debt Service - Bond Issuance Cost and Fees	638,923	-	-
81 Capital Outlay	630,727	-	-
99 Other Intergovernmental Charges	268,872	-	-
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 128,548,317</b>	<b>\$ 563,546</b>	<b>\$ 31,958,778</b>

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
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
\$	34,399	\$	(54,058,804)
	-		(1,109,526)
	-		(1,703,314)
	-		(2,601,194)
	-		(6,711,413)
	-		(2,513,108)
	-		(189,872)
	-		(628,432)
	-		(3,362,165)
	415,754		(1,106,491)
	-		(2,785,445)
	-		(2,206,638)
	-		(10,989,863)
	-		(2,394,324)
	-		(1,933,026)
	-		(137,937)
	-		394,234
	-		(638,923)
	-		(630,727)
	-		(268,872)
\$	<u>450,153</u>		<u>(95,575,840)</u>

10,531,466
3,703,338
78,094,957
497,956
<u>6,034,055</u>
<u>98,861,772</u>
3,285,932
<u>60,312,866</u>
<u>\$ 63,598,798</u>



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**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

CLINT INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 42,405,207	\$ 7,102,330	\$ 74,427,470
1220 Property Taxes - Delinquent	3,146,959	858,524	-
1230 Allowance for Uncollectible Taxes (Credit)	(2,232,983)	(569,930)	-
1240 Receivables from Other Governments	4,350,820	-	-
1260 Due from Other Funds	2,660,320	-	-
1290 Other Receivables	11,827	-	-
1300 Inventories	297,767	-	-
1800 Restricted Assets	-	-	-
1000 Total Assets	<u>\$ 50,639,917</u>	<u>\$ 7,390,924</u>	<u>\$ 74,427,470</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 598,476	\$ -	\$ 1,188,992
2160 Accrued Wages Payable	4,700,820	-	-
2170 Due to Other Funds	2,386,873	92,912	230,748
2180 Due to Other Governments	1,142,347	786,035	-
2200 Accrued Expenditures	-	-	135,224
2300 Unearned Revenues	24,975	-	-
2000 Total Liabilities	<u>8,853,491</u>	<u>878,947</u>	<u>1,554,964</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	801,250	248,872	-
2600 Total Deferred Inflows of Resources	<u>801,250</u>	<u>248,872</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	90,303	-	-
3445 Other Non-Spendable Fund Balance	-	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	2,049,117	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	72,872,506
3480 Retirement of Long-Term Debt	-	6,263,105	-
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	24,845,756	-	-
3000 Total Fund Balances	<u>40,985,176</u>	<u>6,263,105</u>	<u>72,872,506</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 50,639,917</u>	<u>\$ 7,390,924</u>	<u>\$ 74,427,470</u>

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

Other Funds	Total Governmental Funds
\$ 120,237	\$ 124,055,244
-	4,005,483
-	(2,802,913)
520,985	4,871,805
110,192	2,770,512
-	11,827
-	297,767
5,939	5,939
<u>\$ 757,353</u>	<u>\$ 133,215,664</u>
\$ 22,211	\$ 1,809,679
-	4,700,820
544,232	3,254,765
-	1,928,382
-	135,224
-	24,975
<u>566,443</u>	<u>11,853,845</u>
-	1,050,122
<u>-</u>	<u>1,050,122</u>
-	90,303
5,000	5,000
85,652	2,134,769
-	72,872,506
-	6,263,105
6,042	6,042
-	10,000,000
-	2,000,000
96,267	96,267
-	1,000,000
-	1,000,000
(2,051)	24,843,705
<u>190,910</u>	<u>120,311,697</u>
<u>\$ 757,353</u>	<u>\$ 133,215,664</u>

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CLINT INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2016

<b>Total Fund Balances - Governmental Funds</b>	\$ 120,311,697
1 The District uses internal service funds to charge the costs of self-insurance for worker's compensation, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	465,480
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 \$228,662,855 and the accumulated depreciation was \$67,586,330. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.	(48,635,760)
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 2016 capital outlays and debt principal payments is to increase net position.	60,114,016
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$26,312,772, a deferred resource inflow related to TRS in the amount of \$1,958,525, and a deferred resource outflow related to TRS in the amount of \$10,647,097. This resulted in a decrease in net position by \$17,624,200.	(17,624,200)
5 The 2016 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(5,074,393)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, 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 decrease net position.	(45,958,042)
<b>19 Net Position of Governmental Activities</b>	<u>\$ 63,598,798</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, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 17,032,127	\$ 3,842,444	\$ 295,841
5800 State Program Revenues	82,347,146	7,592,249	-
5900 Federal Program Revenues	10,487,555	-	-
5020 Total Revenues	<u>109,866,828</u>	<u>11,434,693</u>	<u>295,841</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	53,361,581	-	12,019
0012 Instructional Resources and Media Services	1,097,306	-	-
0013 Curriculum and Instructional Staff Development	1,599,850	-	-
0021 Instructional Leadership	2,527,369	-	-
0023 School Leadership	6,658,628	-	-
0031 Guidance, Counseling and Evaluation Services	2,408,907	-	-
0032 Social Work Services	191,286	-	-
0033 Health Services	1,157,962	-	-
0034 Student (Pupil) Transportation	3,581,618	-	-
0035 Food Services	9,528,187	-	-
0036 Extracurricular Activities	2,768,711	-	-
0041 General Administration	3,082,291	-	-
0051 Facilities Maintenance and Operations	11,743,954	-	253,585
0052 Security and Monitoring Services	2,282,223	-	119,753
0053 Data Processing Services	1,748,631	-	-
0061 Community Services	133,028	-	-
<b>Debt Service:</b>			
0071 Principal on Long Term Debt	193,531	5,903,093	-
0072 Interest on Long Term Debt	4,400	8,715,094	-
0073 Bond Issuance Cost and Fees	-	638,923	-
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	411,903	-	5,340,710
<b>Intergovernmental:</b>			
0099 Other Intergovernmental Charges	268,872	-	-
6030 Total Expenditures	<u>104,750,238</u>	<u>15,257,110</u>	<u>5,726,067</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,116,590</u>	<u>(3,822,417)</u>	<u>(5,430,226)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7901 Refunding Bonds Issued	-	40,625,000	-
7913 Capital Leases	296,856	-	-
7916 Premium or Discount on Issuance of Bonds	-	6,086,308	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(46,079,529)	-
7080 Total Other Financing Sources (Uses)	<u>296,856</u>	<u>631,779</u>	<u>-</u>
1200 Net Change in Fund Balances	5,413,446	(3,190,638)	(5,430,226)
0100 Fund Balance - September 1 (Beginning)	<u>35,571,730</u>	<u>9,453,743</u>	<u>78,302,732</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 40,985,176</u>	<u>\$ 6,263,105</u>	<u>\$ 72,872,506</u>

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

Other Funds	Total Governmental Funds
\$ 164,130	\$ 21,334,542
1,323,582	91,262,977
6,483,341	16,970,896
7,971,053	129,568,415
5,325,198	58,698,798
-	1,097,306
1,034,120	2,633,970
347,997	2,875,366
27,149	6,685,777
902,996	3,311,903
-	191,286
-	1,157,962
-	3,581,618
117,988	9,646,175
-	2,768,711
-	3,082,291
-	11,997,539
-	2,401,976
10,000	1,758,631
114,981	248,009
-	6,096,624
-	8,719,494
-	638,923
-	5,752,613
-	268,872
7,880,429	133,613,844
90,624	(4,045,429)
-	40,625,000
-	296,856
-	6,086,308
-	(46,079,529)
-	928,635
90,624	(3,116,794)
100,286	123,428,491
\$ 190,910	\$ 120,311,697



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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, 2016

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(3,116,794)
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.		63,094
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 2016 capital outlays and debt principal payments is to increase net position.		60,114,016
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.		(5,074,393)
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, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(46,962,345)
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 8/31/15 caused the change in the ending net position to increase in the amount of \$2,205,967. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability for the District. This caused a decrease in the change in net position totaling \$2,234,690. The District's proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$1,708,923. The net result is to decrease the change in net position by \$1,737,646.		(1,737,646)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>3,285,932</b>

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, 2016

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Due from Other Funds	\$ 465,480
Total Assets	<u>465,480</u>
NET POSITION	
Unrestricted Net Position	<u>465,480</u>
Total Net Position	<u><u>\$ 465,480</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, 2016

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 698,045
Total Operating Revenues	698,045
OPERATING EXPENSES:	
Professional and Contracted Services	634,951
Total Operating Expenses	634,951
Operating Income	63,094
Total Net Position - September 1 (Beginning)	402,386
Total Net Position - August 31 (Ending)	\$ 465,480

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, 2016

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 634,951
Cash Payments for Insurance Claims	(634,951)
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:	\$ 63,094
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase in Due from Other Funds	<u>(63,094)</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, 2016

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 280,450
Due from Other Funds	18,773
Total Assets	<u>\$ 299,223</u>
<b>LIABILITIES</b>	
Due to Student Groups	\$ 280,450
Payable from Restricted Assets	18,773
Total Liabilities	<u>\$ 299,223</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, 2016

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

#### B. Government-wide and Fund Financial Statements

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

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

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

(Continued)

# CLINT INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

---

### **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, 2016

---

### 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, 2016

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### 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, 2016

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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, 2016

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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, 2016, 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, 2016

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**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 use amortized cost, and therefore, the interest rate risk disclosure is not applicable.

***Foreign Currency Risk:***

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

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

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

(Continued)

# CLINT INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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### 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 Agriculture (TDA). Although commodities are received at no cost, their fair market value is supplied by the TDA and should be recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged and revenue is recognized for an equal amount.
9. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Premiums and discounts are presented as a component of liabilities while deferred charges on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight line method. Long-term debt is reported net of the applicable premium or discount.

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

10. Capital assets, which include land, buildings and furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life extending beyond a single reporting period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated 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, 2016

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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 31, 2016 is immaterial in relation to the financial statements taken as a whole and as such, has elected not to accrue a liability.
- 14. Net Position on the Statement of Net Position includes the following:

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

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

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

(Continued)

# CLINT INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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### 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.

(Continued)

# CLINT INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

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

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

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

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

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

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

19. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.
  20. In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the Texas State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.
  21. The District receives substantial amounts of funding from special revenue sources. The majority of this money is cost reimbursement to the District by the federal government or Texas Education Agency. The portion of revenue allowable for indirect cost is credited as revenue to the General Fund and as a reduction to revenue in the Special Revenue Fund or Food Service, as appropriate. These indirect costs are then fully allocated to function 41, General Administration, on the Government-Wide Statement of Activities.
  22. Preparation of these financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- F. The District has implemented GASB Statement No. 82, *Pension Issues* in fiscal year 2016. Accordingly, the Required Supplementary Information Schedules for the Teacher Retirement System of Texas are presented in accordance with this statement.

(Continued)

# CLINT INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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### 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 its proportionate share of the pension expense.

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Data

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

(Continued)



# CLINT INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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### 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, 2016 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 \$5,939) were \$4,285,223 and the total bank balance was \$5,488,250. The District's cash deposits at August 31, 2016 and during the year ended August 31, 2016 were fully insured by federal depository insurance or pledged collateral held by the District's agent bank in the District's name. In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: **WestStar Bank.**
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$13,525,685.

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$12,571,679 and occurred during the month of February 2016.

Due to the immediate availability of the funds, the District's temporary investments at August 31, 2016 are included in cash and cash equivalents and are shown below:

<u>Temporary Investments</u>	<u>Book Value</u>	<u>Amortized Cost</u>
Lone Star Investment Pool		
Government Overnight Fund:	<u>\$ 120,056,410</u>	<u>\$ 120,056,410</u>
Total	<u>\$ 120,056,410</u>	<u>\$ 120,056,410</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. Each fund within the Pool has received the highest rating, that of AAAM, from Standard & Poor's as required by the Public Funds Investment Act. Lone Star issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by calling Lone Star at 1-800-558-8875. Management is not aware of the presence of any limitations or restrictions on withdrawals such as redemption notice periods, maximum transaction amounts, or the investment pool's authority to impose liquidity fees or redemption gates.

**B. Receivables from Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the 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, 2016, are summarized below. A majority of the federal grants are passed through the TEA and are reported on the combined financial statements as Receivables from Other Governments.

	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
State and Local Entitlements	\$ 3,959,365	\$ 50,631	\$ 4,009,996
Federal Grants	391,455	470,354	861,809
Total	<u>\$ 4,350,820</u>	<u>\$ 520,985</u>	<u>\$ 4,871,805</u>

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

**C. Interfund Balances and Transfers**

Interfund balances at August 31, 2016 consisted of the following individual fund balances:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
General Fund	\$ 1,811,201	\$ 1,811,201
Debt Service Fund	92,912	-
Non-major Governmental Funds	525,459	110,192
Internal Service Fund	-	465,480
Capital Projects	230,748	-
General Fund Total	<u>2,660,320</u>	<u>2,386,873</u>
Debt Service Fund:		
General Fund	-	92,912
Debt Service Fund Total	<u>-</u>	<u>92,912</u>
Capital Projects Fund:		
General Fund	-	230,748
Capital Projects Fund Total	<u>-</u>	<u>230,748</u>
Non-major Governmental Funds:		
General Fund	110,192	525,459
Fiduciary Fund	-	18,773
Non-major Governmental Funds Total	<u>110,192</u>	<u>544,232</u>
Internal Service Fund		
General Fund	465,480	-
Internal Service Fund Total	<u>465,480</u>	<u>-</u>
Fiduciary Fund:		
Non-major Governmental Funds	18,773	-
Fiduciary Fund Total	<u>18,773</u>	<u>-</u>
Total	<u>\$ 3,254,765</u>	<u>\$ 3,254,765</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, 2016.

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

**D. Capital Asset Activity**

Capital asset activity for the District for the year ended August 31, 2016 was as follows:

	Primary Governments			
	Beginning Balance	Additions	Deletions and Reclassifications	Ending Balance
<u>Governmental activities:</u>				
Land	\$ 6,630,063	\$ 300,112	\$ -	\$ 6,930,175
Buildings and improvements	201,777,916	318,398	-	202,096,314
Furniture and equipment	18,744,015	799,139	-	19,543,154
Capital Leases	290,311	296,856	-	587,167
Construction in progress	1,220,550	4,701,880	-	5,922,430
Totals at historic cost	228,662,855	6,416,385	-	235,079,240
Less accumulated depreciation for:				
Buildings and improvements	54,325,326	4,275,743	-	58,601,069
Furniture and equipment	13,245,884	782,845	-	14,028,730
Capital leases	15,120	15,805	-	30,925
Total accumulated depreciation	67,586,330	5,074,393	-	72,660,724
Governmental activities capital assets, net	\$ 161,076,525	\$ 1,341,991	\$ -	\$ 162,418,516

Depreciation expense was charged to governmental functions as follows:

11 Instruction	\$ 2,658,223
12 Instructional resources and media services	47,147
13 Curriculum and staff development	98,704
21 Instructional leadership	114,708
23 School leadership	320,951
31 Guidance, counseling & evaluation services	143,599
32 Social work services	9,562
33 Health services	55,376
34 Student (pupil) transportation	270,406
35 Food services	323,298
36 Extracurricular activities	103,112
41 General administration	108,612
51 Facilities maintenance and operations	389,053
52 Security and monitoring services	169,039
53 Data processing services	254,460
61 Community services	8,143
Total depreciation expense	<u>\$ 5,074,393</u>

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

**E. Property Insurance and Personnel Bonds**

For the year ended August 31, 2016, Clint Independent School District carried insurance for building and personal property with a combined limit for both in the amount of \$323,482,589 with a deductible of \$50,000 per occurrence. Automobile liability is limited to \$1,000,000 with \$1,000 deductible per occurrence. The District also carried a General and Educators Liability policy that is limited to \$1,000,000 per occurrence and \$2,000,000 in the aggregate, with \$1,000 deductible per occurrence.

**F. Deferred charge for refunding of bonds for the fiscal year ended August 31, 2016 was as follows:**

Description	Beginning Balance	Deferred Charge on New Issues	Net Amortization Recognized	Ending Balance
Series 2011	\$ 325,872	\$ -	\$ 41,041	\$ 284,831
Series 2014	1,923,495	-	120,136	1,803,359
Series 2015	2,105,193	-	124,074	1,981,119
Series 2016	-	2,413,952	57,683	2,356,269
	<u>\$ 4,354,560</u>	<u>\$ 2,413,952</u>	<u>\$ 342,934</u>	<u>\$ 6,425,578</u>

Deferred gain on refunding of bonds for the year ended August 31, 2016, presented as deferred inflows of resources, was as follows:

Description	Beginning Balance	Deferred Gain on New Issues	Amortization Recognized	Ending Balance
Series 2015A	\$ -	\$ 604,126	\$ 39,371	\$ 564,755
	<u>\$ -</u>	<u>\$ 604,126</u>	<u>\$ 39,371</u>	<u>\$ 564,755</u>

**G. Due to Other Governments**

The Texas Education Agency (TEA) funds the District based on estimated average daily attendance (ADA), which is updated throughout the year. After final attendance information is available, TEA provides a Near-Final Summary of Finances which reports its calculation of the District's actual Foundation School Program Allotment, and presents any balance due from or owed to the District. TEA has the right to offset the receivable and liability. For the year ended August 31, 2016, TEA indicates that it overpaid the District by \$1,142,347 (and \$786,035 for IFA). TEA has recouped this amount by reducing its payments to the District for fiscal year 2017. The balance in Due to Other Governments as of August 31, 2016 consisted of the following:

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

**G. Due to Other Governments (cont.)**

	General Fund	Debt Service	Nonmajor Governmental Funds	Total
Foundation School Program	\$ 1,142,347	\$ -	\$ -	\$ 1,142,347
Instructional Facilities Allotment	-	786,035	-	786,035
	<u>\$ 1,142,347</u>	<u>\$ 786,035</u>	<u>\$ -</u>	<u>\$ 1,928,382</u>

**H. Unearned Revenue**

Unearned revenue as of August 31, 2016 consisted of food service commodities in the General Fund in the amount of \$24,975.

**I. Changes in Long-term Liabilities**

Long-term liability activity for the year ended August 31, 2016 was as follows:

	Funded by:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>						
Bonds Payable	Debt Service	\$ 190,001,361	\$ 40,625,000	\$ 48,918,094	\$ 181,708,267	\$ 5,711,143
Accretion Payable		5,757,795	256,372	681,906	5,332,261	765,000
Unamortized Premium on Bonds		17,753,350	6,086,308	2,630,665	21,208,993	1,189,118
Capital Lease	General Fund	191,332	296,856	193,530	294,658	195,706
Total Governmental Long-term Liabilities		<u>\$ 213,703,838</u>	<u>\$ 47,264,536</u>	<u>\$ 52,424,195</u>	<u>\$ 208,544,179</u>	<u>\$ 7,860,967</u>

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

AUGUST 31, 2016

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

**J. General Long-term Debt**

A summary of changes in general long-term debt for the year ended August 31, 2016 was as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balance 8/31/15	Issued	Retired	Ending Balance 8/31/16	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 2006 Final maturity 8-15-2016	4% - 5%	33,880,000	54,000	1,080,000	-	1,080,000	-	-
Unlimited Tax Refunding Bldg. Bond - Series 2007: Final maturity 2-15-2016	4% - 4.25%	20,720,000	23,100	18,540,000	-	18,540,000	-	-
Unlimited Tax School Building Bonds - Series 2008 Final maturity 8-15-2018	3.5% - 5%	29,935,000	757,575	28,080,000	-	26,100,000	1,980,000	845,000
Unlimited Tax Refunding Bonds - Series 2009: Final maturity 2-15-2025	3% - 4.5%	6,385,000	75,419	1,965,000	-	185,000	1,780,000	190,000
Unlimited Tax Refunding Bonds - Series 2010 Capital appreciation bonds Final maturity 2-15-2021	2.8% - 3.85%	231,377	-	231,377	-	83,094	148,283	56,143
Unlimited Tax Refunding Bonds - Series 2010A Final maturity 2-15-2027	2% - 4%	12,305,000	211,700	5,985,000	-	1,385,000	4,600,000	1,445,000
Unlimited Tax Refunding Bonds - Series 2011 Current interest bonds Final maturity 8-15-2027	2% - 3.5%	8,725,000	248,025	8,280,000	-	900,000	7,380,000	920,000
Unlimited Tax Refunding Bonds - Series 2014 Current interest bonds Final maturity 8-15-2031	2% - 5%	23,815,000	1,025,950	23,780,000	-	35,000	23,745,000	1,165,000
Unlimited Tax Refunding Bonds - Series 2015A Final maturity 2-15-2029	2%-5%	15,890,000	482,761	-	15,890,000	230,000	15,660,000	1,090,000
Unlimited Tax Refunding Bonds - Series 2016 Final maturity 8-15-2033	2%-5%	24,735,000	254,458	-	24,735,000	380,000	24,355,000	-
Unlimited Tax Refunding Bonds - Series 2015 Final maturity 8-15-2032	2% - 5%	23,315,000	998,700	23,055,000	-	-	23,055,000	-
Unlimited School Building Bonds - Series 2015 Final maturity 8-15-2045	3.5% - 5%	78,360,000	3,901,500	78,360,000	-	-	78,360,000	-
		<u>278,941,361</u>	<u>8,033,188</u>	<u>190,001,361</u>	<u>40,625,000</u>	<u>48,918,094</u>	<u>181,708,267</u>	<u>5,711,143</u>

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

**J. General Long-term Debt (cont.)**

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

Accretion payable for the year ended August 31, 2016, was as follows:

Description	Accretion Outstanding 8/31/2015	Issued	Accrual of Accretion	Accretion Retired	Accretion Outstanding 8/31/2016	Due Within One Year
Tax Refunding Bond Series 2002	\$ 1,878,835	\$ -	\$ 149,554	\$ -	\$ 2,028,389	\$ -
Tax Refunding Bond Series 2010	3,878,960	-	106,818	681,906	3,303,872	765,000
	<u>\$ 5,757,795</u>	<u>\$ -</u>	<u>\$ 256,372</u>	<u>\$ 681,906</u>	<u>\$ 5,332,261</u>	<u>\$ 765,000</u>

Unamortized premiums on bonds for the year ended August 31, 2016 were as follows:

Description	Beginning Balance	Premiums on New Issues	Write-Off	Amortization Recognized	Ending Balance	Due Within One Year
Series 2006	\$ 43,579	\$ -	\$ -	\$ 43,579	\$ -	\$ -
Series 2007	1,108,218	-	964,953	143,265	-	-
Series 2008	336,120	-	289,749	18,673	27,698	18,673
Series 2009	68,245	-	-	6,824	61,421	6,824
Series 2010A	1,320,372	-	-	112,368	1,208,004	112,368
Series 2011	644,881	-	-	53,740	591,141	53,740
Series 2014	2,767,578	-	-	172,974	2,594,604	172,974
Series 2015 (Building)	8,696,381	-	-	289,879	8,406,502	289,879
Series 2015 (Refunding)	2,767,976	-	-	162,822	2,605,154	162,822
Series 2015A	-	2,123,666	-	151,692	1,971,975	151,691
Series 2016	-	3,962,641	-	220,147	3,742,494	220,147
Total Unamortized Premium	<u>\$17,753,350</u>	<u>\$ 6,086,308</u>	<u>\$ 1,254,702</u>	<u>\$ 1,375,963</u>	<u>\$ 21,208,993</u>	<u>\$ 1,189,118</u>

(Continued)



**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

**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	
2017	\$ 5,711,143	\$ 8,807,700	\$ 14,518,843
2018	5,530,855	9,007,270	14,538,125
2019	5,789,634	8,810,066	14,599,700
2020	5,305,823	8,657,227	13,963,050
2021	5,271,816	8,505,884	13,777,700
2022 - 2026	32,398,996	34,295,305	66,694,301
2027 - 2031	35,720,000	25,508,750	61,228,750
2032 - 2036	26,935,000	18,507,350	45,442,350
2037 - 2041	29,590,000	11,946,750	41,536,750
2042 - 2046	29,455,000	3,771,500	33,226,500
<b>Total</b>	<b>\$ 181,708,267</b>	<b>\$ 137,817,802</b>	<b>\$ 319,526,069</b>

On October 15, 2015 and April 1, 2016, the District issued Unlimited Tax Refunding Bonds, Series 2015A and Series 2016 in the amounts of \$15,890,000 and \$24,735,000, respectively.

The Series 2015A bonds were used to refund \$17,385,000 of Unlimited Tax Refunding Bonds, Series 2007, payable February 15 and August 15, with payments commencing February 15, 2016 and ending, upon maturity, on August 31, 2029 or prior redemption. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$(604,126). This difference, reported in the accompanying financial statement in the deferred inflows of resources category, is amortized over the shorter life of the debt using the straight line method. The District completed the current refunding to reduce total debt service payments over 14 years by \$2,095,228 (difference between cash flow to service old debt and that required for new debt) and resulted in the economic present value gain of \$1,751,415 (difference between present values of old and new debt service payments).

The Series 2016 bonds were used to refund \$25,630,000 of Unlimited Tax School Building Bonds, Series 2008 and are payable February 15 and August 15 of each year, commencing August 15, 2016 and ending, upon maturity on August 31, 2033 or prior redemption. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,413,952. This difference, reported in the accompanying financial statements in the deferred outflows of resources category, is amortized over the shorter life of the debt using the straight line method. The District completed the advance refunding to reduce total debt service payments over 18 years by \$4,249,342 (difference between cash flow to service old debt and that required for new debt) and resulted in the economic present value gain of \$3,410,996 (difference between present values of old and new debt service payments).

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

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, 2016, \$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 \$24,957,373 as of August 31, 2016. Also, as of August 31, 2016, \$25,630,000 of defeased 2008 bonds were unpaid. The market value of the funds in escrow for the payments of these defeased bonds was \$27,710,037.

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, 2016.

**K. Rebatable Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. Arbitrage is evaluated and estimated on an annual basis by a third party arbitrage rebate service company. The company has estimated no liability for the District as of August 31, 2016.

**L. Commitments under Capital Leases**

During the year, the District entered into a capital lease agreement for the purchase of three buses. In the prior year, the District also entered into a capital lease agreement for the purchase of three buses. Each lease term is 36 months with an interest rate of 2.3%. As of August 31, 2016, the future minimum lease payment requirements for the District's two capital leases are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2016	\$ 195,706	\$ 6,809	\$ 202,515
2017	98,952	2,233	101,185
Total	\$ 294,658	\$ 9,042	\$ 303,700

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

**M. Fund Balances**

As of August 31, 2016, fund balances are composed of the following:

	General Fund	Debt Service Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>					
Inventories	\$ 90,303	\$ -	\$ -	\$ -	\$ 90,303
Corpus for Scholarship Fund	-	-	-	5,000	5,000
<b>Restricted:</b>					
Food Services	2,049,117	-	-	-	2,049,117
Federal and State Programs	-	-	-	85,652	85,652
Capital Acquisition	-	-	72,872,506	-	72,872,506
Retirement of Long-Term Debt	-	6,263,105	-	-	6,263,105
Other	-	-	-	6,042	6,042
<b>Committed:</b>					
Future Construction	10,000,000	-	-	-	10,000,000
Future Capital Equipment	2,000,000	-	-	-	2,000,000
Campus Activities	-	-	-	96,267	96,267
<b>Assigned:</b>					
Future Construction	1,000,000	-	-	-	1,000,000
Future Capital Equipment	1,000,000	-	-	-	1,000,000
Unassigned Fund Balance	24,845,756	-	-	(2,051)	24,843,705
<b>Total fund balances</b>	<b>\$ 40,985,176</b>	<b>\$ 6,263,105</b>	<b>\$ 72,872,506</b>	<b>\$ 190,910</b>	<b>\$ 120,311,697</b>

**N. Encumbrances**

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At August 31, 2016, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental fund. Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:			
	Restricted Fund Balance	Committed Fund Balance	Assigned Fund Balance	Total
Capital Projects	\$ 10,171,630	\$ -	\$ -	\$ 10,171,630
<b>Total</b>	<b>\$ 10,171,630</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,171,630</b>

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

**O. Construction Commitments**

The District had ongoing construction projects under non-cancelable contracts at August 31, 2016. Construction commitments as of August 31, 2016 are as follows:

Project Name	Spent To Date	Remaining Commitment
Pre Construction Service	\$ 142,967	\$ 6,888
Utilities Relocation	1,893,015	1,615,773
Drop-Off Lane	88,049	170,241
New Classroom Addition	588,189	8,239,842
Architectural Services	504,837	751,699
Materials Testing & QC	10,899	40,813
Wireless Upgrade	60,981	402,028
Fiber Relocation	-	14,068
Relocate PA Console	-	2,350
New Gas Live	-	17,944
Third-party inspections	2,337	3,594
Site Plat	9,450	9,450
<b>Total</b>	<b>\$ 3,300,724</b>	<b>\$ 11,274,690</b>

**P. Revenue from Local and Intermediate Sources**

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Fund	Total
Property taxes	\$ 10,503,621	\$ 3,677,323	\$ -	\$ -	\$ -	\$ 14,180,944
Penalties, interest and other tax revenues	331,708	92,795	-	-	-	424,503
Investment income	151,354	51,445	295,157	14	-	497,970
Rent income	13,146	-	-	-	-	13,146
Food sales	287,902	-	-	1,545	-	289,447
Athletic activities	43,037	-	-	-	-	43,037
Interfund services	-	-	-	-	698,045	698,045
Enterprising services	-	-	-	112,571	-	112,571
Insurance recovery	5,589,215	-	-	-	-	5,589,215
Other	105,344	20,881	684	-	-	126,909
Foundations gifts & bequests	6,800	-	-	50,000	-	56,800
<b>Total</b>	<b>\$ 17,032,127</b>	<b>\$ 3,842,444</b>	<b>\$ 295,841</b>	<b>\$ 164,130</b>	<b>\$ 698,045</b>	<b>\$ 22,032,587</b>

(Continued)

# CLINT INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

#### Q. Defined Benefit Pension Plan

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

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

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

**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.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	<u>Contribution Rates</u>	
	<u>Plan Fiscal Year</u>	
	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

<u>Contributions Required and Made</u>	
2016 Employer Contributions	\$ 2,205,967
2016 Member Contributions	4,913,253
2015 Plan Year NECE On-Behalf Contributions (State)	3,211,394

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

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

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

Included in the employer contributions amount listed above for fiscal year 2016, the District paid \$-0- in retiree surcharges and \$806,480 for non-OASDI employees. These two additional surcharges an employer is subject to are summarized as follows:

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- A contribution to TRS under Senate Bill 1458 is required to be paid by employers who do not pay Social Security for certain members. If the position is subject to the state minimum salary schedule, the 1.5% contribution is due only on the salary amount up to the adjusted state minimum. Otherwise, the 1.5% contribution is due on 100% of the salary when the position is not subject to the state minimum salary schedule.

**Actuarial Assumptions:** The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases including inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

**Discount Rate:** The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

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, 2015 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<b>100%</b>		<b>8.7%</b>

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

(Continued)



**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

**Discount Rate Sensitivity Analysis:** The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 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	\$ 41,227,154	\$ 26,312,772	\$ 13,890,018

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** At August 31, 2016, the District reported a liability of \$26,312,772 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the collective net pension liability	\$ 26,312,772
State's proportionate share that is associated with the District	<u>38,325,970</u>
Total	<u><u>\$ 64,638,742</u></u>

The net pension liability was measured as of August 31, 2015 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, 2014 through August 31, 2015.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.0744378% which was an increase of 0.0190772% from its proportion measured as of August 31, 2014.

**Changes since the Prior Actuarial Valuation:** The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

*Economic Assumptions*

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

*Mortality Assumptions*

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

*Other Demographic Assumptions*

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

*Actuarial Methods and Policies*

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

For the year ended August 31, 2016, the District recognized pension expense of \$5,460,834 and revenue of \$5,460,834 for support provided by the State.

The amount of pension expense recognized by the District in the reporting period was \$3,929,876.

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

At August 31, 2016, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 190,198	\$ 1,011,223
Changes in actuarial assumptions	799,406	938,724
Net difference between projected and actual investment earnings	3,090,483	-
Changes in proportion and difference between District's contributions and proportionate share of contributions	4,361,043	8,578
District contributions to TRS subsequent to the measurement date	2,205,967	-
Total	<u>\$ 10,647,097</u>	<u>\$ 1,958,525</u>

The \$2,205,967 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, 2017.

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

Year Ended August 31	Amount
2017	\$ 1,097,340
2018	1,097,340
2019	1,097,339
2020	2,227,264
2021	595,340
Thereafter	367,982

***Changes in Net Pension liability:***

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability	<u>\$ 14,787,583</u>	<u>\$ 13,729,325</u>	<u>\$ 2,204,136</u>	<u>\$ 26,312,772</u>

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

**R. Retiree Health Plan**

*Plan Description:* The Clint Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://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 2014-2016.

**Contribution Rates**

Period/ Year Ended	Active Member		State		School District		Federal	
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
2016	0.65%	\$ 443,563	1.0%	\$ 682,398	0.55%	\$ 375,314	1.0%	\$ 60,985
2015	0.65%	\$ 439,363	1.0%	\$ 675,938	0.55%	\$ 371,767	1.0%	\$ 65,728
2014	0.65%	\$ 427,623	1.0%	\$ 657,884	0.55%	\$ 361,836	1.0%	\$ 63,812

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, 2014, 2015, and 2016 were \$175,887, \$198,152, \$264,059 respectively. These amounts were recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

(Continued)

# CLINT INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

#### S. Workers' Compensation Program

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

#### T. E-Rate Program for Schools and Libraries

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

#### U. Risk Management

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

#### V. Litigation

During the normal course of business, the District is subject to various legal claims. As of August 31, 2016, management was not aware of any such claim which would have a material adverse effect on the financial statements.

#### W. Federal and State Funding

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

(Continued)

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

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

X. Related Party Transactions

From time to time, the District may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the year ended August 31, 2016.

Y. Budget Variance - Debt Service Fund

The District refunded a portion of their debt and issued new debt. Since this did not require the use of operating funds, the Board did not amend the budget to reflect the bond proceeds and related cost of issuance. All transactions were approved by the Board; however, the budget was not officially amended.

Z. New Accounting Pronouncements

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

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**REQUIRED SUPPLEMENTARY INFORMATION**



CLINT INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT G-1

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 17,544,711	\$ 17,550,964	\$ 17,032,127	\$ (518,837)
5800	State Program Revenues	81,460,817	81,460,817	82,347,146	886,329
5900	Federal Program Revenues	9,755,265	10,246,221	10,487,555	241,334
5020	Total Revenues	108,760,793	109,258,002	109,866,828	608,826
<b>EXPENDITURES:</b>					
<b>Current:</b>					
0011	Instruction	51,472,272	52,880,145	53,361,581	(481,436)
0012	Instructional Resources and Media Services	1,208,173	1,198,382	1,097,306	101,076
0013	Curriculum and Instructional Staff Development	1,171,294	1,635,722	1,599,850	35,872
0021	Instructional Leadership	3,102,005	2,531,397	2,527,369	4,028
0023	School Leadership	6,787,058	6,824,458	6,658,628	165,830
0031	Guidance, Counseling and Evaluation Services	2,332,348	2,415,778	2,408,907	6,871
0032	Social Work Services	220,332	220,332	191,286	29,046
0033	Health Services	1,115,121	1,186,285	1,157,962	28,323
0034	Student (Pupil) Transportation	3,630,137	3,630,137	3,581,618	48,519
0035	Food Services	8,814,298	9,384,798	9,528,187	(143,389)
0036	Extracurricular Activities	2,670,499	2,795,974	2,768,711	27,263
0041	General Administration	3,114,949	3,334,949	3,082,291	252,658
0051	Facilities Maintenance and Operations	11,056,169	14,724,586	11,743,954	2,980,632
0052	Security and Monitoring Services	2,401,407	2,406,407	2,282,223	124,184
0053	Data Processing Services	1,692,547	1,788,235	1,748,631	39,604
0061	Community Services	130,732	145,732	133,028	12,704
<b>Debt Service:</b>					
0071	Principal on Long Term Debt	200,000	200,000	193,531	6,469
0072	Interest on Long Term Debt	-	-	4,400	(4,400)
<b>Capital Outlay:</b>					
0081	Facilities Acquisition and Construction	5,500,000	7,188,000	411,903	6,776,097
<b>Intergovernmental:</b>					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	45,000	45,000	-	45,000
0099	Other Intergovernmental Charges	280,000	280,000	268,872	11,128
6030	Total Expenditures	106,944,341	114,816,317	104,750,238	10,066,079
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	1,816,452	(5,558,315)	5,116,590	10,674,905
<b>OTHER FINANCING SOURCES (USES):</b>					
7913	Capital Leases	-	-	296,856	296,856
1200	Net Change in Fund Balances	1,816,452	(5,558,315)	5,413,446	10,971,761
0100	Fund Balance - September 1 (Beginning)	35,571,730	35,571,730	35,571,730	-
3000	Fund Balance - August 31 (Ending)	\$ 37,388,182	\$ 30,013,415	\$ 40,985,176	\$ 10,971,761

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, 2016

	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.0744378%	0.0553606%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 26,312,772	\$ 14,787,583
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	<u>38,325,970</u>	<u>32,787,766</u>
Total	<u>\$ 64,638,742</u>	<u>\$ 47,575,349</u>
District's Covered Payroll	\$ 67,596,256	\$ 65,837,034
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	38.93%	22.46%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	78.43%	83.25%

Note: GASB 68, paragraph 81 requires that the information on this schedule be presented for the Plan's measurement year of September 1, 2014 - August 31, 2015 as opposed to the District's current fiscal year.

Note: Only two years 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."

Note: The information in this schedule reflects early implementation of GASB 82.

CLINT INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR FISCAL YEAR 2016

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

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented for the District's respective fiscal year above, as opposed to the time period covered by the measurement year of September 1, 2014 - August 31, 2015.

Note: Only two years 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."

Note: The information in this schedule reflects early implementation of GASB 82

# CLINT INDEPENDENT SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED AUGUST 31, 2016

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### *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*

The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

#### *Economic Assumptions*

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

#### *Mortality Assumptions*

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

#### *Other Demographic Assumptions*

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.

CLINT INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED AUGUST 31, 2016

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*Changes of assumptions* (Continued)

9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

*Actuarial Methods and Policies*

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

**SUPPLEMENTARY INFORMATION**

CLINT INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2016

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
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	3,334	217,160	-
1260	Due from Other Funds	-	-	-
1800	Restricted Assets	-	-	-
1000	<b>Total Assets</b>	<u>\$ 3,334</u>	<u>\$ 217,160</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	\$ -	\$ -	\$ -
2170	Due to Other Funds	3,334	217,160	-
2000	<b>Total Liabilities</b>	<u>3,334</u>	<u>217,160</u>	<u>-</u>
<b>FUND BALANCES</b>				
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	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,334</u>	<u>\$ 217,160</u>	<u>\$ -</u>

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60,487	10,743	129,393	10,795	-	38,442	-	45,093
-	-	-	-	70,487	5,533	2,249	-
-	-	-	-	-	-	-	-
<u>\$ 60,487</u>	<u>\$ 10,743</u>	<u>\$ 129,393</u>	<u>\$ 10,795</u>	<u>\$ 70,487</u>	<u>\$ 43,975</u>	<u>\$ 2,249</u>	<u>\$ 45,093</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,126
59,503	10,743	129,393	10,795	-	46,026	-	42,967
<u>59,503</u>	<u>10,743</u>	<u>129,393</u>	<u>10,795</u>	<u>-</u>	<u>46,026</u>	<u>-</u>	<u>45,093</u>
-	-	-	-	-	-	-	-
984	-	-	-	70,487	-	2,249	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	(2,051)	-	-
<u>984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,487</u>	<u>(2,051)</u>	<u>2,249</u>	<u>-</u>
<u>\$ 60,487</u>	<u>\$ 10,743</u>	<u>\$ 129,393</u>	<u>\$ 10,795</u>	<u>\$ 70,487</u>	<u>\$ 43,975</u>	<u>\$ 2,249</u>	<u>\$ 45,093</u>



CLINT INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2016

Data Control Codes	422 Matching Fund for Library Purchases	429 Other State Special Revenue Funds	457 Communities Foundation of Texas	461 Campus Activity Funds	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 120,237
1240	Receivables from Other Governments	-	5,538	-	-
1260	Due from Other Funds	4,232	7,700	3,777	-
1800	Restricted Assets	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 4,232</u>	<u>\$ 13,238</u>	<u>\$ 3,777</u>	<u>\$ 120,237</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 5,197
2170	Due to Other Funds	-	5,538	-	18,773
2000	<b>Total Liabilities</b>	<u>-</u>	<u>5,538</u>	<u>-</u>	<u>23,970</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3445	Other Non-Spendable Fund Balance	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	4,232	7,700	-	-
3490	Other Restricted Fund Balance	-	-	3,777	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	96,267
3600	Unassigned Fund Balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>4,232</u>	<u>7,700</u>	<u>3,777</u>	<u>96,267</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,232</u>	<u>\$ 13,238</u>	<u>\$ 3,777</u>	<u>\$ 120,237</u>

494 Do the Write Thing, Inc.	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	807 David Cramer Memorial Scholarship	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 120,237	\$ -	\$ 120,237
-	-	520,985	-	520,985
-	16,214	110,192	-	110,192
-	-	-	5,939	5,939
<u>\$ -</u>	<u>\$ 16,214</u>	<u>\$ 751,414</u>	<u>\$ 5,939</u>	<u>\$ 757,353</u>
\$ -	\$ 14,888	\$ 22,211	\$ -	\$ 22,211
-	-	544,232	-	544,232
<u>-</u>	<u>14,888</u>	<u>566,443</u>	<u>-</u>	<u>566,443</u>
-	-	-	5,000	5,000
-	-	85,652	-	85,652
-	1,326	5,103	939	6,042
-	-	96,267	-	96,267
-	-	(2,051)	-	(2,051)
<u>-</u>	<u>1,326</u>	<u>184,971</u>	<u>5,939</u>	<u>190,910</u>
<u>\$ -</u>	<u>\$ 16,214</u>	<u>\$ 751,414</u>	<u>\$ 5,939</u>	<u>\$ 757,353</u>

CLINT INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2016

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
<b>REVENUES:</b>				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	14,442	3,667,098	1,765,417
5020	Total Revenues	<u>14,442</u>	<u>3,667,098</u>	<u>1,765,417</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	13,508	2,378,184	1,110,572
0013	Curriculum and Instructional Staff Development	-	581,064	-
0021	Instructional Leadership	934	263,732	82,935
0023	School Leadership	-	8,365	-
0031	Guidance, Counseling and Evaluation Services	-	325,000	571,910
0035	Food Services	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	110,753	-
6030	Total Expenditures	<u>14,442</u>	<u>3,667,098</u>	<u>1,765,417</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	410 State Textbook Fund
\$ 1,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	1,249,961
<u>117,409</u>	<u>169,734</u>	<u>317,217</u>	<u>354,734</u>	<u>50,022</u>	<u>16,500</u>	<u>-</u>	<u>-</u>
<u>118,954</u>	<u>169,734</u>	<u>317,217</u>	<u>354,734</u>	<u>50,022</u>	<u>16,500</u>	<u>-</u>	<u>1,249,961</u>
-	141,420	77,022	154,367	-	16,500	-	1,249,961
-	22,228	211,015	196,139	-	-	-	-
-	-	396	-	-	-	-	-
-	-	18,784	-	-	-	-	-
-	6,086	-	-	-	-	-	-
117,988	-	-	-	-	-	-	-
-	-	10,000	-	-	-	-	-
-	-	-	4,228	-	-	-	-
<u>117,988</u>	<u>169,734</u>	<u>317,217</u>	<u>354,734</u>	<u>-</u>	<u>16,500</u>	<u>-</u>	<u>1,249,961</u>
966	-	-	-	50,022	-	-	-
<u>18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,465</u>	<u>(2,051)</u>	<u>2,249</u>	<u>-</u>
<u>\$ 984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,487</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, 2016

Data Control Codes	422 Matching Fund for Library Purchases	429 Other State Special Revenue Funds	457 Communities Foundation of Texas	461 Campus Activity Funds	
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ 25,000	\$ 112,571
5800	State Program Revenues	-	73,621	-	-
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>-</u>	<u>73,621</u>	<u>25,000</u>	<u>112,571</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	-	65,921	21,223	85,604
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0035	Food Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	-
6030	Total Expenditures	<u>-</u>	<u>65,921</u>	<u>21,223</u>	<u>85,604</u>
1200	Net Change in Fund Balance	-	7,700	3,777	26,967
0100	Fund Balance - September 1 (Beginning)	<u>4,232</u>	<u>-</u>	<u>-</u>	<u>69,300</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 4,232</u>	<u>\$ 7,700</u>	<u>\$ 3,777</u>	<u>\$ 96,267</u>

494 Do the Write Thing, Inc.	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	807 David Cramer Memorial Scholarship	Total Nonmajor Governmental Funds
\$ -	\$ 25,000	\$ 164,116	\$ 14	\$ 164,130
-	-	1,323,582	-	1,323,582
-	-	6,483,341	-	6,483,341
-	25,000	7,971,039	14	7,971,053
148	-	5,325,198	-	5,325,198
-	23,674	1,034,120	-	1,034,120
-	-	347,997	-	347,997
-	-	27,149	-	27,149
-	-	902,996	-	902,996
-	-	117,988	-	117,988
-	-	10,000	-	10,000
-	-	114,981	-	114,981
148	23,674	7,880,429	-	7,880,429
(148)	1,326	90,610	14	90,624
148	-	94,361	5,925	100,286
\$ -	\$ 1,326	\$ 184,971	\$ 5,939	\$ 190,910

CLINT INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2016

	BALANCE SEPTEMBER 1 2015	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2016
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 241,016	\$ 580,811	\$ 541,377	\$ 280,450
Liabilities:				
Accounts Payable	\$ 751	\$ -	\$ 751	\$ -
Due to Student Groups	240,265	580,811	540,626	280,450
Total Liabilities	\$ 241,016	\$ 580,811	\$ 541,377	\$ 280,450
<b>SUNSHINE ACCOUNT</b>				
Assets:				
Due From Other Funds	\$ 17,483	\$ 40,358	\$ 39,068	\$ 18,773
Liabilities:				
Payable from Restricted Assets	\$ 17,483	\$ 40,358	\$ 39,068	\$ 18,773
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 241,016	\$ 580,811	\$ 541,377	\$ 280,450
Due From Other Funds	17,483	40,358	39,068	18,773
Total Assets	\$ 258,499	\$ 621,169	\$ 580,445	\$ 299,223
Liabilities:				
Accounts Payable	\$ 751	\$ -	\$ 751	\$ -
Due to Student Groups	240,265	580,811	540,626	280,450
Payable from Restricted Assets	17,483	40,358	39,068	18,773
Total Liabilities	\$ 258,499	\$ 621,169	\$ 580,445	\$ 299,223

**OTHER INFORMATION - REQUIRED TEA SCHEDULES**



CLINT INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2016

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2007 and prior years	\$ 1.370100	\$ 0.315000	\$ 5,951,772,614
2008	1.040050	0.315000	792,627,468
2009	1.040050	0.295000	888,716,321
2010	1.040050	0.295000	922,847,582
2011	1.040050	0.295000	941,462,049
2012	1.040050	0.295000	997,553,147
2013	1.040050	0.295000	1,026,403,818
2014	1.040050	0.295000	1,057,975,193
2015	1.040050	0.295000	1,067,074,400
2016 (School year under audit)	1.401000	0.366500	1,023,854,363
1000 TOTALS			

(10) Beginning Balance 9/1/2015	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2016
\$ 1,647,060	\$ -	\$ 40,339	\$ 8,736	\$ (106,992)	\$ 1,490,993
150,053	-	8,272	2,346	(7)	139,428
169,251	-	11,674	3,311	(7)	154,259
167,744	-	13,811	3,917	(1,906)	148,110
202,543	-	18,903	5,361	(2,158)	176,121
236,330	-	27,365	7,762	163	201,366
312,781	-	42,258	11,986	1,316	259,853
404,462	-	65,206	18,495	294	321,055
686,869	-	171,134	48,540	(74,861)	392,334
-	14,401,535	10,115,258	3,564,313	-	721,964
<u>\$ 3,977,093</u>	<u>\$ 14,401,535</u>	<u>\$ 10,514,220</u>	<u>\$ 3,674,767</u>	<u>\$ (184,158)</u>	<u>\$ 4,005,483</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, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 281,320	\$ 281,320	\$ 301,198	\$ 19,878
5800 State Program Revenues	45,871	45,871	45,871	-
5900 Federal Program Revenues	8,247,265	8,247,265	8,942,881	695,616
5020 Total Revenues	8,574,456	8,574,456	9,289,950	715,494
<b>EXPENDITURES:</b>				
0035 Food Services	8,814,298	9,384,798	9,528,187	(143,389)
0041 General Administration	15,000	15,000	-	15,000
0051 Facilities Maintenance and Operations	1,006,916	1,006,916	916,286	90,630
6030 Total Expenditures	9,836,214	10,406,714	10,444,473	(37,759)
1200 Net Change in Fund Balances	(1,261,758)	(1,832,258)	(1,154,523)	677,735
0100 Fund Balance - September 1 (Beginning)	3,203,642	3,203,642	3,203,642	-
3000 Fund Balance - August 31 (Ending)	\$ 1,941,884	\$ 1,371,384	\$ 2,049,119	\$ 677,735

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, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 4,874,422	\$ 4,874,422	\$ 3,842,444	\$ (1,031,978)
5800	State Program Revenues	10,366,628	10,366,628	7,592,249	(2,774,379)
5020	Total Revenues	15,241,050	15,241,050	11,434,693	(3,806,357)
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long Term Debt	5,293,095	5,903,094	5,903,093	1
0072	Interest on Long Term Debt	9,340,277	8,730,278	8,715,094	15,184
0073	Bond Issuance Cost and Fees	34,000	734,000	638,923	95,077
6030	Total Expenditures	14,667,372	15,367,372	15,257,110	110,262
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	573,678	(126,322)	(3,822,417)	(3,696,095)
<b>OTHER FINANCING SOURCES (USES):</b>					
7901	Refunding Bonds Issued	-	-	40,625,000	40,625,000
7916	Premium or Discount on Issuance of Bonds	-	-	6,086,308	6,086,308
8940	Payment to Bond Refunding Escrow Agent (Use)	-	-	(46,079,529)	(46,079,529)
8949	Other (Uses)	-	(47,000,000)	-	47,000,000
7080	Total Other Financing Sources (Uses)	-	(47,000,000)	631,779	47,631,779
1200	Net Change in Fund Balances	573,678	(47,126,322)	(3,190,638)	43,935,684
0100	Fund Balance - September 1 (Beginning)	9,453,743	9,453,743	9,453,743	-
3000	Fund Balance - August 31 (Ending)	\$ 10,027,421	\$ (37,672,579)	\$ 6,263,105	\$ 43,935,684

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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, 2016, 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 10, 2017.

**Internal Control Over Financial Reporting**

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

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

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



## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Gibson, Ruddock, Patterson LLC  
El Paso, Texas  
January 10, 2017

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

To the Board of Trustees  
Clint Independent School District

**Report on Compliance for Each Major Federal Program**

We have audited Clint Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Clint Independent School District's major federal programs for the year ended August 31, 2016. Clint Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

### ***Opinion of Each Major Federal Program***

In our opinion, the Clint Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2016.

### **Report on Internal Control Over Compliance**

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

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

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

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

Gibson, Ruddock, Patterson LLC  
El Paso, Texas  
January 10, 2017

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**CLINT INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED AUGUST 31, 2016

Schedule Reference Number	PROGRAM	DESCRIPTION
	<b><u>SUMMARY OF AUDITOR'S RESULTS</u></b>	
	<b><u>Financial Statements</u></b>	
	<b>Type of Auditor's Report issued on whether the financial statements audited were prepared in accordance with GAAP:</b>	Unmodified
	<b>Internal control over financial reporting:</b>	
	<b>Were significant deficiencies in internal control disclosed?</b>	None reported
	<b>Were material weaknesses in internal control disclosed?</b>	No
	<b>Was any noncompliance disclosed that is material to the financial statements of the auditee, which would be required to be reported in accordance with Government Auditing Standards?</b>	No
	<b><u>Federal Awards</u></b>	
	<b>Internal control over major federal award programs:</b>	
	<b>Were significant deficiencies in internal control over major programs disclosed?</b>	None reported
	<b>Were material weaknesses in internal control over major programs disclosed?</b>	No
	<b>Type of auditor's report issued on compliance for major federal award programs:</b>	Unmodified
	<b>Were there any audit findings that the auditor is required to disclose under Title 2 CFR 200.516 Audit findings paragraph (a)?</b>	No

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED AUGUST 31, 2016

<b>Schedule Reference Number</b>	<b>PROGRAM</b>	<b>DESCRIPTION</b>
	<b>Major Federal Programs:</b>	<u><b>Special Education Cluster:</b></u> CFDA 84.027 IDEA, Part B CFDA 84.173 IDEA Preschool <u><b>Child Nutrition Cluster:</b></u> CFDA 10.553 School Breakfast Program CFDA 10.555 National School Lunch Program CFDA 10.559 Summer Food Service Program
	<b>Dollar threshold used to distinguish between type A and type B programs:</b>	\$750,000
	<b>Did auditee qualify as a low-risk auditee under 2 CFR 200.520 Criteria for a low-risk auditee?</b>	Yes

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED AUGUST 31, 2016**

<b>Schedule Reference Number</b>	<b>PROGRAM</b>	<b>DESCRIPTION</b>
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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, 2016**

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

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**FINANCIAL STATEMENT FINDINGS**

There were no prior year findings.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no prior year findings.



CLINT INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2016

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<u>Direct Programs</u>			
NJROTC	12.000	N/A	\$ 249,287
Total Direct Programs			\$ 249,287
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			<b>\$ 249,287</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through Region ESC 10</u>			
ESEA, Title X, Part C -Homeless Children	84.196	16-006	\$ 14,442
ESEA, Title X, Part C -Homeless Children (IDC)	84.196	16-006	379
Total CFDA Number 84.196			14,821
Total Passed Through Region ESC 10			\$ 14,821
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	16610101071901	\$ 3,667,098
ESEA, Title I, Part A - Imp Basic Prog (IDC)	84.010A	16610101071901	85,552
Total CFDA Number 84.010A			3,752,650
*IDEA - Part B, Formula	84.027	166600010719016600	1,765,417
*IDEA - Part B, Preschool	84.173	166610010719016610	10,768
Total Special Education Cluster (IDEA)			1,776,185
Career and Technical - Basic Grant	84.048	16420006071901	163,649
Career and Technical - Basic Grant (IDC)	84.048	16420006071901	4,301
Career and Technical - Basic Grant	84.048	17420006071901	6,085
Total CFDA Number 84.048			174,035
Title III, Part A - English Language Acquisition	84.365A	16671001071901	354,734
Title III, Part A - English Lang. Acq. (IDC)	84.365A	16671001071901	5,863
Total CFDA Number 84.365A			360,597
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	16694501071901	317,217
ESEA, Title II, Part A, Teacher/Princ. Train (IDC)	84.367A	16694501071901	8,336
Total CFDA Number 84.367A			325,553
Summer School LEP	84.369A	69551502	16,500
Total Passed Through State Department of Education			\$ 6,405,520
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>\$ 6,420,341</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-15-0048-00004	\$ 50,022
Total Passed Through Texas Dept of Human Services			\$ 50,022
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>\$ 50,022</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
**School Breakfast Program - Cash Assist.	10.553	71401601	\$ 2,708,649
**School Breakfast Program - Cash Assist.	10.553	71401501	403,908
**School Breakfast Program - Cash Assist. (IDC)	10.553	71401601	277,634
Total CFDA Number 10.553			3,390,191

CLINT INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2016

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
**National School Lunch Program - Cash Assistance	10.555	71301601	4,120,686
**National School Lunch Program - Cash Assistance	10.555	71301501	614,066
**National School Lunch Prog - Cash Assist (IDC)	10.555	71301601	422,366
**National School Lunch Prog. - Non-Cash Assist	10.555	071901	594,104
Total CFDA Number 10.555			5,751,222
**Summer Feeding Program - Cash Assistance	10.559	71401601	40,824
**Summer Feeding Program - Cash Assistance	10.559	71301601	76,585
Total CFDA Number 10.559			117,409
Total Child Nutrition Cluster			9,258,822
Child & Adult Care Food Program - Cash Assistance	10.558	071901	309,057
Fresh Fruits and Vegetables - Cash Assistance	10.582	00345	192,410
Total Passed Through the State Department of Agriculture			\$ 9,760,289
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>\$ 9,760,289</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 16,479,939</b>

\* and \*\* are clustered programs

## CLINT INDEPENDENT SCHOOL DISTRICT

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2016

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

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Due to the nature of the reporting process for the SHARS program, the District recognizes revenue upon receipt of the reimbursement notice from the granting agency.

Period of Performance - The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Awards, Part 3, OMB Compliance Supplement - June 2016.

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

Program Income - The Child Nutrition Cluster generated program income in the amount of \$302,743 for the year ended August 31, 2016.

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2016

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

Program Title	Federal CFDA Number	Amount
School Breakfast Program	10.553	\$ 3,112,557
National School Lunch Program - Cash Assistance	10.555	4,734,752
National School Lunch Prog. - Non-Cash Assistance	10.555	594,104
Child & Adult Care Food Program - Cash Assistance	10.558	309,057
Fresh Fruits and Vegetables - Cash Assistance	10.582	192,410
NJROTC	12.000	249,287
Indirect Costs - CNP	10.XXX	700,000
Indirect Costs - Other	84.XXX	<u>104,431</u>
		9,996,598
SHARS (not included in Exhibit K-1)		<u>490,957</u>
Total General Fund federal revenue per Exhibit C-3		<u><u>\$ 10,487,555</u></u>

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

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

Program Title	Federal CFDA Number	Amount
School Breakfast Program - Cash Assistance	10.553	\$ 277,634
National School Lunch Program - Cash Assistance	10.555	422,366
ESEA, Title I, Part A - Improving Basic Programs	84.010A	85,552
Career and Technical - Basic Grant	84.048A	4,301
Texas Support for Homeless Education Program	84.196A	379
Title III, Part A - English Language Acquisition	84.365A	5,863
Title II, Part A - Teacher/Principal Training	84.367A	<u>8,336</u>
Total Indirect Costs		<u><u>\$ 804,431</u></u>

(Continued)

**CLINT INDEPENDENT SCHOOL DISTRICT**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED AUGUST 31, 2016**

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

Expenditures of federal awards per Exhibit K-1	\$ 16,479,939
School Health and Related Services (SHARS) reimbursements	<u>490,957</u>
Total federal revenue per Exhibit C-3	<u><u>\$ 16,970,896</u></u>