

ALEDO INDEPENDENT SCHOOL DISTRICT

**ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED**

AUGUST 31, 2013

ALEDO INDEPENDENT SCHOOL DISTRICT

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Year Ended August 31, 2013**

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CERTIFICATE OF THE BOARD

Aledo Independent School District
Name of School District

Parker
County

184-907
Co. – Dist. Number

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



Signature of Board Secretary



Signature of Board President

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

KIRK, RICHARDSON & POOLE P. C.

Members of the American Institute of Certified Public Accountants

Tom Kirk, CPA

Don Richardson, CPA

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Aledo Independent School District
1008 Bailey Ranch Road
Aledo, Texas 76008

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the business-type activities and the aggregate remaining fund information of Aledo Independent School District (the "District") as of and for the year ended August 31, 2013, 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 *Governmental 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 risks 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, the business-type activities and the aggregate remaining fund information of the District, as of August 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note W to the financial statements, in 2013 the District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-14 and 57 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.

Other Information

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

The combining 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. The 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 fund financial statements, required Texas Education Agency Schedules 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 Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-5. Except for Exhibit J-3 (Cash Flow and the Optimum Fund Balance Calculation Schedule) which is marked UNAUDITED and on which we express no opinion, these schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Audit Standards*, we have also issued our report dated December 5, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reports and compliance with 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 the District's internal control over financial reporting and compliance.

Kirk, Richardson & Poole, P.C.

Kirk, Richardson & Poole P.C.
Fort Worth, Texas
December 5, 2013

ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2013
UNAUDITED

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2013. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- District rated "Superior Achievement" in financial management based on 20 financial indicators of the TEA Financial Integrity Rating System of Texas.
- Ending fund balance for the General Fund was \$20,089,327, an increase of \$376,565. This actual increase was more than the projected decrease of \$1,871,600. The District continues to be prudent by "setting aside" funds for future District operating costs in light of state funding changes.
- The School District and Appraisal District continue to be efficient in collecting ad valorem taxes.
- Governmental funds reported combined ending fund balances of \$25,142,023, a net decrease of \$2,016,658 from the prior year. The fund balance within the Debt Service and Capital Project funds had decreases of \$1,680,389 and \$128,779 respectively. These decreases were partially offset by a \$376,565 increase in the General Fund. The \$20,089,327 Unassigned Fund Balance represents approximately 80 percent of the \$25,142,023 total fund balance. Approximately 78 percent of the remaining fund balance of \$5,052,696 is restricted for retirement of long-term debt (\$3,925,435).
- The District's net position was (\$22,213,803) at the close of the fiscal year. Of this amount, \$7,219,347 (*unrestricted net position*) may be used to meet the District's ongoing obligations.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources and liabilities and deferred inflows of resources, with the difference being reported as

ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2013
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net position. Over time, increases or 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 for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has two *business-type activities*, a Pre-K Academy and the Bearcat Store. There are no component units for which it is financially accountable. The government-wide financial statements can be found on pages 16-19 of this report.

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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance

ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2013
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with these budgets. The basic governmental fund financial statements can be found on pages 20-26 of this report.

- **Proprietary funds.** *Proprietary funds* are used to account for on-going organizations and activities where net income and capital maintenance are measured. All related assets, liabilities, equities, revenues, expenses, non-operating revenues and expenses, and transfers are accounted for through the fund affected. Generally accepted accounting principles that apply to similar businesses in the private sector are applicable to proprietary type funds, as net income and financial position are to be determined. These funds utilize the accrual basis of accounting. The District had two enterprise funds during the year, a Pre-K Academy and the Bearcat Store. A budget is not required to be approved by the District's Board of Trustees. Expenses of an enterprise operation, including depreciation, are generally intended to be financed or recovered primarily through user charges, rather than from governmental grants or subsidies.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position that can be found on page 30.

Notes to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-54 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Supplementary information can be found on page 57 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets and deferred outflows of resources by \$22,213,803, as of August 31, 2013.

ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2013
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The District's Net Position

	<u>August 31, 2013</u>	<u>August 31, 2012</u>
Current assets	\$ 28,960,548	\$ 31,350,383
Capital assets	<u>115,642,038</u>	<u>121,134,970</u>
Total assets	<u>144,602,586</u>	<u>152,485,353</u>
Deferred Outflows of Resources	<u>4,016,509</u>	<u>-</u>
Current liabilities	3,722,353	3,409,490
Long-term liabilities outstanding	<u>167,110,545</u>	<u>164,068,168</u>
Total liabilities	<u>170,832,898</u>	<u>167,477,658</u>
Net investment in capital assets	(33,960,505)	(27,711,564)
Restricted	4,527,355	2,991,156
Unrestricted	7,219,347	9,728,103
Total net position	<u>\$ (22,213,803)</u>	<u>\$ (14,992,305)</u>

Investment in capital assets (e.g., land, buildings and improvements, furniture and equipment and construction in progress) less any related debt used to acquire those assets that is still outstanding is a negative \$33,960,505. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position (\$4,527,355) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$7,219,347, including \$210,126 for Business Type Activities) may be used to meet the District's ongoing obligations.

Governmental activities. The District's Governmental Activities decreased by \$6,704,885 and the Business-Type Activities increased by \$157,864 for a net decrease of \$6,547,021. The total cost of all *governmental activities* this year was \$51,862,696. The amount that our taxpayers paid for these activities through property taxes was \$35,459,488 or 68%. The total cost of the Business-Type Activities was \$127,465.

ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2013
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Changes in the District's Net Position

	Fiscal Year August 31, 2013	Fiscal Year August 31, 2012
Revenues:		
Program revenues		
Charges for services	\$ 2,663,680	\$ 3,481,157
Operating grants and contributions	3,099,285	3,565,238
General revenues		
Property taxes	35,459,488	34,695,579
State Aid - Formula Grants	3,843,814	7,085,206
Grants and Contributions not Restricted	-	-
Other	91,544	362,200
Total revenues	<u>45,157,811</u>	<u>49,189,380</u>
Expenses:		
Instruction	23,917,587	22,903,138
Instructional resources and media services	525,190	437,695
Curriculum and staff development	342,140	319,658
Instructional leadership	238,316	223,513
School leadership	2,780,615	2,685,466
Guidance, counseling & evaluation services	1,229,061	1,066,502
Health services	375,182	354,191
Student transportation	28,677	30,092
Food service	2,132,405	2,149,926
Cocurricular/extracurricular activities	2,214,351	2,555,209
General administration	1,528,455	1,469,331
Plant maintenance and operations	4,853,378	5,383,077
Security and monitoring services	467,432	331,614
Data processing services	469,197	508,836
Debt service-interest on long-term debt	6,782,424	7,092,882
Debt service-bond issuance costs & fees	465,224	270,470
Capital outlay	-	(200,000)
Payments to other governments	3,513,062	5,505,393
Total expenses	<u>51,862,696</u>	<u>53,086,993</u>
Increase (decrease) in net position	(6,704,885)	(3,897,613)
Net Business-Type Activities	<u>157,864</u>	<u>(10,681)</u>
Total Increase (decrease) in net position	(6,547,021)	(3,908,294)
Beginning net position	(14,992,305)	(11,084,011)
Prior period adjustment	(674,477)	-
Ending net position	<u>\$ (22,213,803)</u>	<u>\$ (14,992,305)</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2013
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Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$25,142,023, a net decrease of \$2,016,658.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$20,089,327, out of a total fund balance of \$20,089,327. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance and total fund balance represents 58 percent of the total general fund expenditures.

The fund balance of the District's general fund increased \$376,565.

The debt service fund has a total fund balance of \$602,690, all of which is restricted for the payment of debt service. The net decrease in the debt service fund balance was \$1,680,389.

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment purchases. The fund balance of the District's capital projects fund was \$3,925,435 as of August 31, 2013. The net decrease in fund balance for the fiscal year ended August 31, 2013, was \$128,779.

General Fund Budgetary Highlights

District recommended and Board approved revisions to budgeted revenue and appropriations.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of August 31, 2013, amounts to \$115,642,038 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment and construction in progress.

ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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District's Capital Assets (net of depreciation)

	<u>August 31, 2013</u>	<u>August 31, 2012</u>
Land	\$ 6,745,838	\$ 6,745,838
Construction in progress	81,196	-
Buildings and improvements	106,790,229	111,651,811
Furniture and equipment	<u>2,024,775</u>	<u>2,737,321</u>
Total at historical cost	<u>\$ 115,642,038</u>	<u>\$ 121,134,970</u>

Additional information on the District's capital assets can be found in note IV-I on page 41 of this report.

Long-term debt. During the year, the District issued \$8,985,000 in Unlimited Tax Refunding Bonds, Series 2013-A to advance refund \$8,985,000 in Unlimited Tax School Building Bonds, Series 2005-A. The District also issued \$16,615,000 in Unlimited Tax Refunding Bonds, Series 2013-B to advance refund \$2,355,000 in Unlimited Tax School Building Bonds, Series 2005-A and to advance refund \$14,655,000 in Unlimited Tax School Building Bonds, Series 2006. Additional information concerning the District's long-term debt can be found in Note IV-J on page 47 of this report.

The "AAA" long-term rating on the District's Texas bonds reflects the Texas Permanent School Fund guarantee. The "AA" Fitch Ratings underlying rating on the District's unenhanced debt reflects the District's: (1) strong assessed value growth, (2) changing property tax base that is becoming more suburban and less agriculture and rural, (3) improved financial performance and position due to the implementation of its financial recovery plan, and (4) moderate overall debt levels with future capital needs, which the District expects to finance through debt issuance. Source: *Fitch Ratings*.

Economic Factors and Next Year's Budgets and Rates

- The District's 2012-2013 student attendance rate remained stable at 96.2%. 2012-2013 student enrollment growth was 48 students, a 1.0% increase.
- Following is the outlook for the 2013-2014 fiscal year:
 - The most recent demographic projection of student enrollment growth forecasts an additional 139 students, a 2.9% increase.
 - The 2013 certified taxable value of all property in the District was \$2,550,025,227, an increase in value of \$120,934,982, or 4.98%, from the 2012 taxable value.
 - The Maintenance and Operations tax rate was adopted at \$1.17 per \$100 valuation and the Debt Service tax rate was adopted at \$0.2552 per \$100 valuation for a total tax rate of \$1.4252 per \$100 valuation. The District's total tax rate has not changed since the 2008-2009 fiscal year, a period of six years.
 - Due to the increase in taxable property values, 2013-2014 budgeted local revenues in the General Fund increased to \$30,247,014 while budgeted state revenues and other resources increased slightly to \$6,487,794 as a result of the increase to public education funding by the

ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
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State of Texas. This results in total 2013-2014 budgeted General Fund revenues of \$36,734,808 with General Fund expenditures budgeted at \$40,315,946. The budgeted difference of \$3,581,138, with \$3,175,268 of this amount being a Transfer Out to the Debt Service Fund, will reduce the fund balance in the General Fund.

- Due to the increase in taxable property values, 2013-2014 budgeted local revenues in the Debt Service Fund increased to \$6,421,345 with budgeted expenditures increasing to \$9,596,613. After a Transfer In of \$3,175,268 from the General Fund, the projected fund balance in the Debt Service Fund will remain stable at \$552,353. Rather than increase the Debt Service tax rate at this time, the Board of Trustees decided to Transfer In fund balance dollars from the General Fund to assist with the District's annual debt service payments.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Aledo ISD Business Office.

BASIC FINANCIAL STATEMENTS

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2013

EXHIBIT A-1

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 836,401	\$ 211,626	\$ 1,048,027
1120 Current Investments	27,281,542	-	27,281,542
1220 Property Taxes Receivable (Delinquent)	803,312	-	803,312
1230 Allowance for Uncollectible Taxes	(391,925)	-	(391,925)
1240 Due from Other Governments	180,171	-	180,171
1300 Inventories	39,421	-	39,421
Capital Assets:			
1510 Land	6,745,838	-	6,745,838
1520 Buildings, Net	106,790,229	-	106,790,229
1530 Furniture and Equipment, Net	2,024,775	-	2,024,775
1580 Construction in Progress	81,196	-	81,196
1000 Total Assets	<u>144,390,960</u>	<u>211,626</u>	<u>144,602,586</u>
DEFERRED OUTFLOWS OF RESOURCES			
1701 Deferred Charge for Refunding	4,016,509	-	4,016,509
1700 Total Deferred Outflows of Resources	<u>4,016,509</u>	<u>-</u>	<u>4,016,509</u>
LIABILITIES			
2110 Accounts Payable	285,381	1,500	286,881
2140 Interest Payable	525,341	-	525,341
2150 Payroll Deductions & Withholdings	26,155	-	26,155
2160 Accrued Wages Payable	1,001,184	-	1,001,184
2200 Accrued Expenses	18,905	-	18,905
2300 Unearned Revenue	1,863,887	-	1,863,887
Noncurrent Liabilities			
2501 Due Within One Year	2,410,398	-	2,410,398
2502 Due in More Than One Year	164,700,147	-	164,700,147
2000 Total Liabilities	<u>170,831,398</u>	<u>1,500</u>	<u>170,832,898</u>
NET POSITION			
3200 Net Investment in Capital Assets	(33,960,505)	-	(33,960,505)
Restricted for:			
3820 Restricted for Federal and State Programs	188,236	-	188,236
3850 Restricted for Debt Service	77,349	-	77,349
3860 Restricted for Capital Projects	3,925,435	-	3,925,435
3870 Restricted for Campus Activities	336,335	-	336,335
3900 Unrestricted	7,009,221	210,126	7,219,347
3000 Total Net Position	<u>\$ (22,423,929)</u>	<u>\$ 210,126</u>	<u>\$ (22,213,803)</u>

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

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ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 23,917,587	\$ 434,214	\$ 1,956,507
12 Instructional Resources and Media Services	525,190	42,921	22,777
13 Curriculum and Staff Development	342,140	-	115,218
21 Instructional Leadership	238,316	-	9,436
23 School Leadership	2,780,615	-	96,805
31 Guidance, Counseling and Evaluation Services	1,229,061	-	152,943
33 Health Services	375,182	-	18,593
34 Student (Pupil) Transportation	28,677	-	-
35 Food Services	2,132,405	1,579,235	517,342
36 Extracurricular Activities	2,214,351	492,864	39,130
41 General Administration	1,528,455	24,526	100,085
51 Facilities Maintenance and Operations	4,853,378	62,230	40,414
52 Security and Monitoring Services	467,432	-	13,776
53 Data Processing Services	469,197	-	2,369
61 Community Services	-	27,690	-
72 Debt Service - Interest on Long Term Debt	6,782,424	-	-
73 Debt Service - Bond Issuance Cost and Fees	465,224	-	-
91 Contracted Instructional Services Between Schools	844,580	-	-
93 Payments related to Shared Services Arrangements	2,217,618	-	13,890
99 Other Intergovernmental Charges	450,864	-	-
[TG] Total Governmental Activities:	<u>51,862,696</u>	<u>2,663,680</u>	<u>3,099,285</u>
BUSINESS-TYPE ACTIVITIES:			
01 Pre-K Child Care	52,866	52,866	-
02 Bearcat Store Fund	74,599	72,017	-
[TB] Total Business-Type Activities:	<u>127,465</u>	<u>124,883</u>	<u>-</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 51,990,161</u>	<u>\$ 2,788,563</u>	<u>\$ 3,099,285</u>

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
FR	Transfers In (Out)
TR	Total General Revenues & Transfers
CN	Change in Net Position
NB	Net Position - Beginning
PA	Prior Period Adjustment
NE	Net Position--Ending

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (21,526,866)	\$ -	\$ (21,526,866)
(459,492)	-	(459,492)
(226,922)	-	(226,922)
(228,880)	-	(228,880)
(2,683,810)	-	(2,683,810)
(1,076,118)	-	(1,076,118)
(356,589)	-	(356,589)
(28,677)	-	(28,677)
(35,828)	-	(35,828)
(1,682,357)	-	(1,682,357)
(1,403,844)	-	(1,403,844)
(4,750,734)	-	(4,750,734)
(453,656)	-	(453,656)
(466,828)	-	(466,828)
27,690	-	27,690
(6,782,424)	-	(6,782,424)
(465,224)	-	(465,224)
(844,580)	-	(844,580)
(2,203,728)	-	(2,203,728)
(450,864)	-	(450,864)
<u>(46,099,731)</u>	<u>-</u>	<u>(46,099,731)</u>
-	-	-
-	(2,582)	(2,582)
<u>-</u>	<u>(2,582)</u>	<u>(2,582)</u>
<u>(46,099,731)</u>	<u>(2,582)</u>	<u>(46,102,313)</u>
29,110,021	-	29,110,021
6,349,467	-	6,349,467
3,843,814	-	3,843,814
36,382	-	36,382
265,721	-	265,721
(210,559)	160,446	(50,113)
<u>39,394,846</u>	<u>160,446</u>	<u>39,555,292</u>
(6,704,885)	157,864	(6,547,021)
(15,044,567)	52,262	(14,992,305)
(674,477)	-	(674,477)
<u>\$ (22,423,929)</u>	<u>\$ 210,126</u>	<u>\$ (22,213,803)</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 272,231	\$ 5,213	\$ 6,001
1120 Investments - Current	22,704,506	593,002	3,984,034
1220 Property Taxes - Delinquent	657,160	146,152	-
1230 Allowance for Uncollectible Taxes (Credit)	(325,378)	(66,547)	-
1240 Receivables from Other Governments	153,547	6,575	-
1260 Due from Other Funds	61,282	-	-
1300 Inventories	-	-	-
1000 Total Assets	<u>\$ 23,523,348</u>	<u>\$ 684,395</u>	<u>\$ 3,990,035</u>
LIABILITIES			
2110 Accounts Payable	\$ 211,647	\$ 2,100	\$ 64,600
2150 Payroll Deductions and Withholdings Payable	26,155	-	-
2160 Accrued Wages Payable	989,930	-	-
2170 Due to Other Funds	-	-	-
2200 Accrued Expenditures	18,712	-	-
2300 Unearned Revenues	1,855,795	-	-
2000 Total Liabilities	<u>3,102,239</u>	<u>2,100</u>	<u>64,600</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	331,782	79,605	-
2600 Total Deferred Inflows of Resources	<u>331,782</u>	<u>79,605</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	-	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	3,925,435
3480 Retirement of Long-Term Debt	-	602,690	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	20,089,327	-	-
3000 Total Fund Balances	<u>20,089,327</u>	<u>602,690</u>	<u>3,925,435</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 23,523,348</u>	<u>\$ 684,395</u>	<u>\$ 3,990,035</u>

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

Other Funds	Total Governmental Funds
\$ 552,956	\$ 836,401
-	27,281,542
-	803,312
-	(391,925)
20,049	180,171
-	61,282
39,421	39,421
<u>\$ 612,426</u>	<u>\$ 28,810,204</u>
\$ 7,034	\$ 285,381
-	26,155
11,254	1,001,184
61,282	61,282
193	18,905
8,092	1,863,887
<u>87,855</u>	<u>3,256,794</u>
-	411,387
<u>-</u>	<u>411,387</u>
39,421	39,421
148,815	148,815
-	3,925,435
-	602,690
336,335	336,335
-	20,089,327
<u>524,571</u>	<u>25,142,023</u>
<u>\$ 612,426</u>	<u>\$ 28,810,204</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 AUGUST 31, 2013

Total Fund Balances - Governmental Funds	\$	25,142,023
1 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 \$165,274,119 and the accumulated depreciation was \$44,139,149. 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 total debt outstanding as of the beginning of the year was \$164,068,168. Capital bond issuance costs at the beginning of the year was \$673,497. Interest payable on bonds at the beginning of the year was \$400,549. 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.		(42,660,250)
2 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. Current year amortizations of bond premiums, deferred charge on refunding and adjustment for interest payable caused an increase to net position of \$127,214. The net effect of including the 2013 capital outlays, debt principal payments, and current year amortizations is to increase net position.		1,408,972
3 The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(5,688,911)
4 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(625,763)
19 Net Assets of Governmental Activities	\$	(22,423,929)

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

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ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 29,817,005	\$ 6,416,599	\$ 4,279
5800 State Program Revenues	5,113,834	-	-
5900 Federal Program Revenues	-	-	-
5020 Total Revenues	34,930,839	6,416,599	4,279
EXPENDITURES:			
Current:			
0011 Instruction	18,249,607	-	-
0012 Instructional Resources and Media Services	471,263	-	-
0013 Curriculum and Instructional Staff Development	141,862	-	-
0021 Instructional Leadership	238,316	-	-
0023 School Leadership	2,152,672	-	-
0031 Guidance, Counseling and Evaluation Services	1,124,151	-	-
0033 Health Services	375,182	-	-
0035 Food Services	572	-	-
0036 Extracurricular Activities	1,749,708	-	-
0041 General Administration	1,385,098	-	-
0051 Facilities Maintenance and Operations	4,630,789	-	50,000
0052 Security and Monitoring Services	362,713	-	-
0053 Data Processing Services	397,258	-	-
Debt Service:			
0071 Principal on Long Term Debt	-	2,285,000	-
0072 Interest on Long Term Debt	-	5,710,417	-
0073 Bond Issuance Cost and Fees	-	465,224	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	81,196
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	844,580	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	2,203,728	-	-
0099 Other Intergovernmental Charges	450,864	-	-
6030 Total Expenditures	34,778,363	8,460,641	131,196
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	152,476	(2,044,042)	(126,917)
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	25,600,000	-
7915 Transfers In	188,002	-	-
7916 Premium or Discount on Issuance of Bonds	-	2,868,818	-
7949 Other Resources - Mineral Interests	36,087	-	-
8911 Transfers Out (Use)	-	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(28,105,165)	-
7080 Total Other Financing Sources (Uses)	224,089	363,653	-
1200 Net Change in Fund Balances	376,565	(1,680,389)	(126,917)
0100 Fund Balance - September 1 (Beginning)	19,712,762	2,283,079	4,054,214
1300 Prior Period Adjustment	-	-	(1,862)
3000 Fund Balance - August 31 (Ending)	\$ 20,089,327	\$ 602,690	\$ 3,925,435

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

Other Funds	Total Governmental Funds
\$ 2,196,916	\$ 38,434,799
442,104	5,555,938
1,387,161	1,387,161
4,026,181	45,377,898
1,579,981	19,829,588
53,927	525,190
110,858	252,720
-	238,316
-	2,152,672
104,910	1,229,061
-	375,182
2,110,909	2,111,481
186,657	1,936,365
34,048	1,419,146
14,553	4,695,342
2,824	365,537
-	397,258
-	2,285,000
-	5,710,417
-	465,224
-	81,196
-	844,580
13,890	2,217,618
-	450,864
4,212,557	47,582,757
(186,376)	(2,204,859)
-	25,600,000
176,954	364,956
-	2,868,818
-	36,087
(575,515)	(575,515)
-	(28,105,165)
(398,561)	189,181
(584,937)	(2,015,678)
1,108,626	27,158,681
882	(980)
\$ 524,571	\$ 25,142,023

ALEDO 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, 2013

Total Net Change in Fund Balances - Governmental Funds	\$	(2,015,678)
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. Current year amortizations of bond premiums, deferred charge on refunding and adjustment for interest payable caused an increase to net position of \$127,214. The net effect of removing the 2013 capital outlays, debt principal payments, and adding current year amortizations is to increase net position.		1,408,972
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.		(5,688,911)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(409,268)
Change in Net Assets of Governmental Activities	\$	(6,704,885)

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

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2013

	Business-Type Activities
	Total Enterprise Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 211,626
Total Assets	<u>211,626</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>1,500</u>
Total Liabilities	<u>1,500</u>
NET POSITION	
Unrestricted Net Position	<u>210,126</u>
Total Net Position	<u><u>\$ 210,126</u></u>

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

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	Business-Type Activities
	Total Enterprise Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 123,669
State Program Revenues	1,214
Total Operating Revenues	<u>124,883</u>
OPERATING EXPENSES:	
Payroll Costs	72,091
Professional and Contracted Services	13,643
Supplies and Materials	39,460
Other Operating Costs	2,271
Total Operating Expenses	<u>127,465</u>
Income Before Transfers	(2,582)
Transfer In	<u>160,446</u>
Change in Net Position	157,864
Total Net Position - September 1 (Beginning)	<u>52,262</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 210,126</u></u>

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

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	Business-Type Activities
	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 124,883
Cash Payments to Employees for Services	(70,591)
Cash Payments for Suppliers	(39,460)
Cash Payments for Other Operating Expenses	(15,914)
Net Cash Used for Operating Activities	<u>(1,082)</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Capital Contributed by Other Funds	<u>160,446</u>
Net Increase in Cash and Cash Equivalents	159,364
Cash and Cash Equivalents at Beginning of Year	<u>52,262</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 211,626</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (2,582)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	<u>1,500</u>
Net Cash Used for Operating Activities	<u><u>\$ (1,082)</u></u>

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

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2013

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 45,123	\$ 268,264
Investments - Current	110,000	-
Total Assets	<u>155,123</u>	<u>\$ 268,264</u>
LIABILITIES		
Due to Student Groups	-	\$ 268,264
Total Liabilities	<u>-</u>	<u>\$ 268,264</u>
NET POSITION		
Restricted for Scholarships	<u>155,123</u>	
Total Net Position	<u>\$ 155,123</u>	

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

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 105,010
Transfer In	50,113
Total Additions	<u>155,123</u>
Change in Net Position	155,123
Total Net Position - September 1 (Beginning)	<u>-</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 155,123</u></u>

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

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Aledo Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The District follows the generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified by the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of the 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

Aledo Independent School District is a public educational agency under the applicable laws and regulations of the State of Texas. The District is governed by a seven member Board of Trustees (the "Board") elected by the registered voters of the District. The Board has governance responsibilities over all the activities related to public, elementary and secondary education within the District. Because members of the board are elected by the public they have the authority to make decisions, appoint administrators and management and significantly influence operations, and have primary accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined by GASB Statement No. 14, *The Financial Reporting Entity*. The District is not financially accountable for any other organizations; therefore, no component units are included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the District's non-fiduciary activities with most of the interfund activities removed from these statements. Governmental activities normally are supported by taxes, state foundation funds, grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support.

The statement of activities demonstrates how direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense and workers' compensation have been allocated to all applicable functions in order to present the expenses of the District more accurately on the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and

ALEDO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2013

contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included in among program revenues are reported instead as general revenue.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other funds.

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

The government-wide financial statements (the statement of net position and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and private purpose trust 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 revenue 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 are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property tax revenues recorded in the General Fund and Debt Service Fund are recognized under the “susceptible to accrual” concept. The District generally considers property taxes as available if they are collected with 60 days after year-end. 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.

Foundation School Program revenues are recognized as revenue when measurable and available within 60 days of year-end.

Grant revenues are recognized to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not

ALEDO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2013

been expended by the end of the project period, grantors may require the District to refund all or part of the unused amounts.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The proprietary fund types are accounted for on an economic resources measurement focus. Operating revenues and expenses are distinguished from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Under the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the District has elected not to follow Financial Accounting Standards Board guidance issued subsequent to November 30, 1989, for both business-type activities and internal service funds.

Fiduciary Funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and therefore are not available to support District programs, these funds are not included in the government-wide financial statements.

D. Fund Accounting

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts to reflect results of activities.

Major governmental funds:

- The general fund is the District's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.
- The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the District.
- The capital projects fund accounts for the proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

ALEDO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2013

Additionally, the District reports the following fund types:

Non-major Governmental Funds:

- The special revenue funds are used to account for resources restricted to, or designated for, specific purposes by the District or a grantor. Federal and state financial assistance is generally accounted for in a special revenue fund. Generally unused balances are returned to the grantor at the close of specified project periods. With respect of the campus activity fund, funds are rolled forward from year to year for use in the program.

Proprietary Funds:

- Enterprise Funds - These funds are used to account for operations financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District has two Enterprise Funds – the Pre-K Academy and the Bearcat Store.

Fiduciary Funds:

- The private-purpose trust fund is used to account for all trust agreements under which the principal and income benefit a specific school or group of students.
- The agency fund is used to account for receipts and disbursements of monies from student activity and other organizations. The student activity and other granting organizations exist with the explicit approval of and are subject to revocation by the District's Board. The fund has no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the District.

E. Other Accounting Policies - Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits. Current investments include investment pools and short-term investments with original maturities of one year or less from the date of acquisition.

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges collateral, which complies with state law. The collateral is approved by the Texas Education Agency and shall be in an amount sufficient to protect the District funds on a day-to-day basis during the period of the contract. The pledge of collateral is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Cooperation ("FDIC") insurance.

ALEDO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2013

State statutes authorize the District to invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, or investment pools.

Investments for the District are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares.

2. Property Taxes

The Government Fund Balance Sheet reports Property Taxes – Delinquent and Allowance for Uncollectible Taxes (Credit) as separate line items. Allowance for uncollectible tax receivables is based on historical experience in collecting property taxes. Management periodically reviews outstanding property taxes and establishes an allowance adequate to reflect the anticipated net collectible balance.

Property taxes are levied each year by October 1 based upon property valuations as of January 1. Taxes are due on receipt of the tax bill and are delinquent if not paid before February of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

3. Inventories and Prepaid Items

Except for inventories of food commodities, the District records purchases of supplies and materials as expenditures when purchased. This method is used to avoid administrative costs that are excessive to the benefit gained and where expenditures tend to be equalized over a period of years. Inventories of food commodities used in the food service program are recorded at fair market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is recorded as inventory and deferred revenue when received. As commodities are consumed, inventory and unearned revenues are relieved, expenditures are charged, and revenue is recognized for an equal amount.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayment in both government-wide and fund financial statements.

4. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system in order to reserve a portion of the applicable appropriation, is employed in the Governmental Fund Types on the governmental fund financial statements. Encumbrances are liquidated at year end.

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5. Interfund Receivables, Payables and Transfers

Interfund receivables and payables arise from interfund transactions in the normal course of operations and are recorded in all affected funds in the period in which transactions are executed. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations.

6. Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment and construction in progress, are reported in the governmental column in the government-wide financial statements. The cost of the infrastructure (e.g., roads, bridges, sidewalks, and similar items) was initially capitalized with the building cost and is being depreciated over the same useful life as the building. The District defines capital assets with an initial, individual cost which equals or exceeds \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Land and construction in progress are not depreciable.

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

Buildings and improvements, furniture and equipment, and capital lease assets of the District are depreciated using the straight-line method over the following estimated lives:

Asset Classification	Useful Life
Land	Not depreciated
Construction in progress	Not depreciated
Buildings and improvements	30
Furniture and equipment	3-15

7. Compensated Absences

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying government-wide statements or the governmental financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to accumulate but does not vest. Therefore, a liability for unused sick leave has not been recorded in either the government-wide financial statements or the governmental fund financial statements.

8. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond

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premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond 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 and discounts on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity

In accordance with Governmental Accounting Standards Board 54, *Fund Balance reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

Non-spendable fund balance

- Non-spendable fund balance - includes amounts that are not in spendable form (such as inventory) or are required to be maintained intact because of legal or contractual constraints.

Spendable fund balance

- Restricted fund balance – includes amounts that are constraint for specific purposes externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law though constitutional provisions or enabling legislation.
- Committed fund balance – includes amounts that are constrained for specific purposes by the District through formal actions of the Board. Committed amounts cannot be used for any other purpose unless the District’s Board takes action to remove or change the constraint.
- Assigned fund balance – includes amounts that are intended to be used for specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- Unassigned fund balance – includes amounts that are available for any purpose.

In general, the District considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which restricted and unrestricted (i.e., committed, assigned, or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

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The Board 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 a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Superintendent or a designee through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The District does not have a minimum fund balance policy.

Disclosure of Fund Balances Reported on Balance Sheet – Governmental Funds
 For Fiscal Year Ending August 31, 2013

Fund Balance:	General	Debt Service Fund	Capital Projects	Other Funds	Total Governmental Funds
Nonspendable Fund Balance:					
Inventories	\$ 0	\$ 0	\$ 0	\$ 39,421	\$ 39,421
Restricted Fund Balance:					
National Breakfast & Lunch Program	0	0	0	146,115	146,115
Advanced Placement Incentives	0	0	0	2,700	2,700
Capital Acquisition & Contractual Obligation	0	0	3,925,435	0	3,925,435
Retirement of Long-Term Debt	0	602,690	0	0	602,690
Committed to:					
Campus Activity Funds	0	0	0	336,335	336,335
Unassigned:	20,089,327	0	0	0	20,089,327
Total Fund Balance	\$20,089,327	\$602,690	\$3,925,435	\$524,571	\$25,142,023

10. Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue for fiscal 2013 will ultimately change from the amount calculated as of August 31, 2013 because of the factors that Texas Education Agency (the “Agency”) uses in its calculations.

Also included is management’s estimate of the allowance for doubtful accounts which is based on historical local property tax revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used

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to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

11. Data Control Codes

In accordance with the Agency's *Financial Accountability System Resource Guide* the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. The Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS.

Exhibit C-2 "Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position" provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. Also, the property taxes receivable which is included as unavailable in the fund financial statements are adjusted based on when the tax levy was made and adjusted for uncollectible amounts.

Exhibit C-4 "Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities" provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The debt payments on retirement of debt are recorded as expenditures for fund-basis financial statements but are a reduction of debt in the government-wide financial statements. The capital asset additions are expenditures in the fund basis financial statements but capitalized in the government-wide financial statements. The fund-basis financial statements do not include depreciation expense. The depreciation expense is a deduction to reconcile to the Government-Wide Statement of Activities. New debt issues are treated as sources of revenue for fund-basis financial statements, but for the government-wide statements, those amounts are recorded as a liability. Property taxes are adjusted for the accrual basis and the unavailable revenues are adjusted based on prior year levies and current year uncollectable amounts.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Board of Trustees adopted an “appropriated budget” for the General Fund, Debt Service Fund and the National School Breakfast and Lunch Program (which is included in the Special Revenue 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 other two reports are in Exhibit J-4 and J-5.

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

1. Prior to August 20 of the preceding fiscal year, 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 after ten day’s public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District’s campus/department heads may make transfers or appropriations within a department. Transfers of appropriations between campus/departments require the approval of the District’s management. Transfers of appropriations between function require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. The District approved budgetary amendments throughout the year. All budget appropriations lapse at year end.

	Original Budget Appropriations	Increase (Decrease)	Amended Budget Appropriations
General Fund	\$35,384,461	\$ 0	\$35,384,461
Food Service Special Revenue Fund	2,331,910	28,500	2,360,410
Debt Service Fund	8,865,152	363,654	9,228,806

The Food Service Special Revenue Fund was increased due to an increase in operational cost. The Debt Service Fund was amended to reflect the cost of issuing refunding bonds and revisions to amortizations schedules.

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A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

August 31, 2013 Fund Balance	
Appropriated Budgeted Funds – Food Service Special Revenue Fund	\$185,536
Non-appropriated Budgeted Funds	339,035
All Special Revenue Funds	\$524,571

B. Excess of Expenditures over Appropriations

There were no excess of expenditures over appropriations for the year ended August 31, 2013.

C. Deficit Fund Equity

There were no deficit fund equities for the year ended August 31, 2013.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Statutes of the State of Texas and Board policies authorize the District to invest in obligations of the U.S. Government or its agencies, repurchase agreements, commercial paper, public investment pools, mutual funds and money market accounts. All cash balances and investments are held separately in each of its funds. The District’s funds are required to be deposited and invested under the terms of a depository contract. The Depository bank deposits for safekeeping and trust with the District’s agent bank approved securities 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 dollar amount of FDIC insurance.

Cash Deposits

At August 31, 2013, the carrying amount of the District’s deposits (cash, certificates of deposits, and interest-bearing saving accounts included in temporary investments) was \$836,401 and the bank balance was \$1,055,450. The District’s cash deposits at August 31, 2013, and during the year, were entirely covered by FDIC insurance and pledged collateral held by the District’s agent bank in the District’s name.

Investments

The State 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)

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acceptable risk levels, (5) expected rates of returns, (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) 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 deposits, (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) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

The District's investments at August 31, 2013, are shown below:

<u>Investment/Credit Ratings</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Weighted Average Maturity (Days)</u>
TexPool/AAAm	\$27,281,542	\$27,281,542	100.0	On demand

The District's temporary investments consist of balances held by investment pools that are public funds created to provide a safe environment for the placement of local government funds in authorized short-term, fully-collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by U. S. Government agency securities and placed through a primary government securities dealer. These pools operate in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Act of 1940.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy does address the following risks:

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is all deposits are covered by FDIC insurance and pledged collateral in their entirety. The District has no custodial credit risk for its deposits.
- b. Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investments exposed to Custodial Credit Risk.
- c. Interest-rate Risk – Interest-rate risk occurs when potential purchases of debt securities do not agree to pay face value for those securities if interest rates rise. The District does not have any investments considered as Interest-rate Risk.

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- d. Other Credit Risk Exposure – The District may invest in a securities lending program if the value of securities loaned is not less than 100 percent collateralized, including accrued income, and the loan allows for termination at any time; the loan is secured; the terms of the loan require that the securities being held as collateral be pledged to the investing entity; and, the loan is placed through a primary government securities dealer or a financial institution doing business in this state. The District does not have any investments in a securities lending program.
- e. Concentration Risk – The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer. The District is not exposed to concentration risk.
- f. Foreign Currency Risk – The District does not engage in any deposits or investments transactions involving foreign currency.

Defaults and Recovery of Prior-period Losses

The District had no defaults and recovery of prior-period losses.

B. Property Taxes

Tax collections are prorated between the General Fund and Debt Service Fund based on the tax rate adopted by the Board. The District is permitted under the Texas Education Code to levy taxes up to \$1.17 per \$100 of assessed valuation for general governmental services other than debt service on general obligation bonds. The tax rate which may be levied to service general obligation bonds is limited to \$0.50, except under certain conditions. For the current fiscal year, the Board of Trustees set tax rates applicable to general governmental services and to debt service of \$1.1700 per \$100 valuation and \$0.2552 per \$100 valuation, respectively, based on a net assessed valuation of \$2,465,553,677.

Delinquent property taxes are prorated between the General Fund and Debt Service Fund based on rates adopted for the year of the levy. Allowance for uncollectable taxes is based upon historical experience in collecting property taxes. Management periodically reviews outstanding property taxes and establishes an allowance adequate to reflect the anticipated net collectible balance. The District is prohibited from writing off property taxes without specific authority from the Texas Legislature. The property tax receivable allowance is equal to 48.8% of total outstanding property taxes at August 31, 2013.

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Delinquent taxes receivables and the related allowance for uncollectible taxes in the governmental fund financial statements as of August 31, 2013 are as follows:

	Gross Delinquent Taxes Receivable	Allowance for Uncollectible Taxes	Net Delinquent Taxes Receivables
General Fund	\$657,160	\$325,378	\$331,782
Debt Service Fund	146,152	66,547	79,605
Totals	<u>\$803,312</u>	<u>\$391,925</u>	<u>\$411,387</u>

Current tax collections for the levy year ended August 31, 2013 were 99.1% of the year-end adjusted tax levy.

C. Receivables and Payables

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of August 31, 2013.

D. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs and various grant programs. Amounts due from federal and state governments as of August 31, 2013 are summarized below. All federal grants shown below are passed through TEA and are reported on the combined financial statements as Due from Other Governments.

Fund	Due From State	Due From Other Governments	Totals
General Operating Fund	\$123,533	\$30,014	\$153,547
Special Revenue Funds	20,049	0	20,049
Debt Service Fund	0	6,575	6,575
Total	<u>\$143,582</u>	<u>\$36,589</u>	<u>\$180,171</u>

E. Interfund Receivables and Payables

Interfund receivables and payables generally arise from interfund loans between different funds with balances being repaid generally within one year.

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Interfund balances at August 31, 2013 consisted of the following amounts:

<u>Due to General Fund From:</u>	
Campus Activity Funds – SRF	<u>\$61,282</u>

F. Interfund Transfers

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” The following transfers were made during the year.

Fund	Transfers In	Transfers Out
General Fund	\$188,002	\$ 0
Campus Activity Fund - SRF	176,954	398,561
Proprietary Funds – Enterprise Fund	160,446	0
Fiduciary Funds – Private Purpose Trust Funds	50,113	0
Stadium Activity Fund – SRF	0	176,954
Totals	<u>\$575,515</u>	<u>\$575,515</u>

Transfers of \$398,561 were made to reclassify funds from Fund 461 – Campus Activity Fund to the General Fund, Proprietary Funds – Enterprise Fund, and Fiduciary Funds – Private Purpose Trust Funds. The transfer of \$176,954 from the Stadium Activity Fund – SRF was made to transfer the prior fund balance to the Campus Activity Fund – SRF.

G. Other Financing Sources (Uses)

The General Fund had other financing sources of \$36,087 in mineral interest.

The Debt Service Fund had the following other financing resources and other financing uses as follows:

Other Financing Sources:	
Unlimited Tax Refunding Bonds, Series 2013	\$25,600,000
Premiums or Discount on Issuance of Bonds	2,868,818
Other Financing Uses:	
Payment to Bond Refunding Escrow Agent	(28,105,165)

H. Operating Leases

The District leases office equipment under noncancelable operating leases. Total costs for such leases were \$283,652 for the year. The future minimum lease payments for active operating leases are summarized below:

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Year Ending August 31	Amount
2014	\$307,691
2015	184,923
2016	117,901
2017	66,809
2018	195

I. Capital Asset Activity

Capital asset activity for the year ended August 31, 2013 is as follows:

	Beginning Balance	Increases/ Adjustments	Decreases/ Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,745,838	\$ 0	\$ 0	\$ 6,745,838
Construction in Progress	0	81,196	0	81,196
Total Capital Assets, not being depreciated	6,745,838	81,196	0	6,827,034
Capital assets, being depreciated:				
Buildings and improvements	152,103,187	0	0	152,103,187
Furniture and equipment	6,425,094	114,783	0	6,539,877
Total capital assets, being depreciated	158,528,281	114,783	0	158,643,064
Less accumulated depreciation for:				
Buildings and improvements	40,451,376	4,861,582	0	45,312,958
Furniture and equipment	3,687,773	827,329	0	4,515,102
Total accumulated depreciation	44,139,149	5,688,911	0	49,828,060
Total capital assets, being depreciated, net	114,389,132	(5,574,128)	0	108,815,004
Governmental capital assets	\$121,134,970	\$(5,492,932)	\$ 0	\$115,642,038

Depreciation expense was charged to governmental functions of the District as follows:

Governmental activities:	
11 – Instruction	\$4,155,085
13 – Curriculum Resources & Media Services	89,420
23 – School Leadership	627,943
34 – Student Transportation	28,677
35 – Food Services	20,924
36 – Extracurricular Activities	277,986
41 – General Administration	109,309
51 – Plant Maintenance & Operations	194,636
52 – Security & Monitoring Services	101,895
53 – Data Processing Services	83,036
Total Depreciation Expense	<u>\$5,688,911</u>

J. Bonds Payable

During the year, the District issued \$8,985,000 in Unlimited Tax Refunding Bonds, Series 2013-A with an average interest rate of 2.7% to advance refund \$8,985,000 in Unlimited Tax School Building Bonds, Series 2005-A with an average interest rate of 5.0%. The District also issued \$16,615,000 in Unlimited Tax Refunding Bonds, Series 2013-B with

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an average interest rate of 3.9% to advance refund \$2,355,000 in Unlimited Tax School Building Bonds, Series 2005-A and to advance refund \$14,655,000 in Unlimited Tax School Building Bonds, Series 2006 with average interest rates of 4.9%. Cost of issuance was also paid by the refunding bonds.

The net proceeds from the refunding portion were used to purchase U.S government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the Unlimited Tax School Building Bonds, Series 2005-A and Unlimited Tax School Building Bonds, Series 2006. As a result, a total of \$27,955,000 of prior year bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The District in effect reduced its aggregate debt service payments by \$4,549,256 over 21 years and obtained an economic gain (the difference between the present values of the old and new debt service payments) of \$3,622,267.

The following is a description of the District's bonds outstanding as of August 31, 2013:

Issue/ Maturity Date	Interest Rates Payable	Amounts Original Issue	Beginning Balances	Issued	Retired	Ending Balances	Amounts Due Within One Year
1998 USB&R/ 2014	4.40% to 5.00%	\$ 4,412,145	\$ 1,105,000	\$ 0	\$ 570,000	\$ 535,000	\$ 535,000
2001 USB/ 2032	4.50% to 5.55%	7,418,568	4,081,273	0	0	4,081,273	255,398
2005- A USB/2033	3.50% to 5.125%	34,875,000	24,895,000	0	11,435,000	13,460,000	545,000
2005-B USB/ 2015	3.51% to 4.39%	2,282,852	740,000	0	260,000	480,000	245,000
2006 USB/ 2029	3.375% to 5.500%	23,035,000	22,145,000	0	14,715,000	7,430,000	60,000
2006-A USB/ 2035	3.62% to 3.75%	16,910,000	15,305,000	0	220,000	15,085,000	230,000
2007 URB/ 2029	3.5% to 5.0%	7,520,000	7,460,072	0	5,000	7,455,072	5,000
2008 USB/ 2043	3.374% to 5.820%	61,000,000	61,000,000	0	30,000	60,970,000	340,000
2012 UTRB/ 2027	2.0% to 3.5%	8,519,913	8,384,913	0	0	8,384,913	120,000
2013-A UTRB/ 2031	2.0% to 3.5%	8,985,000	0	8,985,000	0	8,985,000	35,000
2013-B UTRB/ 2028	0.40% to 3.13%	16,615,000	0	16,615,000	0	16,615,000	40,000
Totals		\$191,573,478	\$145,116,258	\$25,600,000	\$27,235,000	\$143,481,258	\$2,410,398

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Accreted Interest	<u>\$13,337,272</u>	<u>\$1,199,221</u>	<u>\$1,045,000</u>	<u>\$13,491,493</u>
Deferred Charges on Refunding	<u>\$(2,169,852)</u>	<u>\$0</u>	<u>2,169,852</u>	<u>\$0</u>
Unamortized Bond Premium	<u>\$7,784,490</u>	<u>\$2,868,818</u>	<u>\$515,514</u>	<u>\$10,137,794</u>

Interest and fees paid on general obligation bonds during the year were \$6,175,641.

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds.

Year Ended August 31	Principal	Interest	Total Requirements
2014	\$ 2,410,398	\$ 7,640,464	\$ 10,050,862
2015	2,255,016	7,805,284	10,060,300
2016	3,539,989	6,517,510	10,057,499
2017	3,638,732	6,426,642	10,065,374
2018	3,738,035	6,316,114	10,054,149
2019/2023	19,785,649	30,514,097	50,299,746
2024/2028	23,754,562	26,536,700	50,291,262
2029/2033	21,153,877	29,433,817	50,587,694
2034/2038	24,580,000	22,000,000	46,580,000
2039/2043	38,625,000	5,065,625	43,690,625
Totals	<u>\$143,481,258</u>	<u>\$148,256,253</u>	<u>\$291,737,511</u>

There are a number of limitations and restrictions contained in the various general obligation bond indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2013.

In prior years, the District issued refunding bonds for the purpose of restructuring debt cash flow requirements. Proceeds from the refunding bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. The old bonds are considered defeased, and accordingly, the trust account assets and liabilities are not included in the District's financial statements. On August 31, 2013, \$33,100,000 of bonds considered defeased are still outstanding.

K. Unearned Revenues

Unearned revenues at year end represents revenues received by the District but not yet earned and are not available for use by the District to liquidate current year liabilities. A summary of unearned revenues by fund follows:

	<u>State Revenues</u>
General Fund	\$1,855,795
Advance Placement Incentives – SRF	686
Other State Special Revenue Funds – SRF	<u>7,406</u>
Total	<u>\$1,863,887</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2013

L. Deferred Outflows of Resources

Deferred Outflows of Resources is defined as a consumption of net position by the District that is applicable to a future reporting period. Deferred Charges for Refunding were previously classified as a long-term liability and are now considered as deferred outflows of resources. A summary of deferred outflows of resources by fund follows:

	<u>General Fund</u>
Deferred Charges for Refunding	<u>\$4,016,509</u>

M. Deferred Inflows of Resources

Deferred inflows of resources at year end represents assets that are not available for use by the District to liquidate current year liabilities. A summary of deferred inflows of resources by fund follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Delinquent Property Taxes - Net	<u>\$331,782</u>	<u>\$79,605</u>	<u>\$411,387</u>

Property tax revenues are earned but are not available as of year-end; therefore, they are recognized as revenues in the government-wide financial statements and as unavailable in the fund-basis financial statements.

N. Revenue from Local and Intermediate Sources

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Fund Totals</u>
Property Taxes	\$29,134,380	\$ 0	\$6,370,724	\$ 0	\$35,505,104
Food Sales	0	1,568,585	0	0	1,568,585
Investment Income	27,619	1,022	3,462	4,279	36,382
Penalties, interest & other tax related income	187,218	0	42,413	0	229,631
Extracurricular activities	325,472	613,159	0	0	938,631
Other	142,316	14,150	0	0	156,466
Total	<u>\$29,817,005</u>	<u>\$2,196,916</u>	<u>\$6,416,599</u>	<u>\$4,279</u>	<u>\$38,434,799</u>

O. State Aid Revenue

The District receives state revenues from TEA based upon application of formula allocations, on behalf allocations, and other state miscellaneous programs. The components of state program revenues as shown in the governmental fund financial statements are as follows:

ALEDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2013

Revenues	General Fund	Special Revenue Funds	Totals
Per Capita Apportionment	\$2,078,129	\$ 0	\$2,078,129
Foundation School Prg. Act Entitlements	1,765,686	0	1,765,686
State Program Revenues	0	393,446	393,446
TRS On-behalf Payments	1,270,019	48,658	1,318,677
Totals	<u>\$5,113,834</u>	<u>\$442,104</u>	<u>\$5,555,938</u>

P. Employees' Retirement Plan

Plan Description. The District contributes to the Teacher Retirement System of Texas ("TRS"), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfers under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplemental information for the defined benefit plan. That report may be obtained by writing to the TRS Communication Department, 1000 Red River, Austin, Texas 78701, by calling the TRS Communication Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. The State sets contribution rates for the state and its members. The State contribution rate for the 2012-2013 school year was 6.4% and a member contribution rate of 6.4%. In certain instances the reporting district is required to make all or a portion of the state's 6.4% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy:

- (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.58% of the member's annual compensation and a state contribution rate of not less than 6.58% and not more than 10.0% of the aggregate annual compensation of members of the system during that fiscal year; and
- (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action.

State contributions to TRS made on behalf of the District employees are reflected in the District's financial statements as both revenue and expenditures. The District paid additional state contributions on a portion of their employees' salaries that exceeded the

ALEDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2013

statutory minimum. Contributions made by the State and District to TRS for the years ended August 31, 2013, 2012, and 2011 are as follows:

For the Year Ended August 31	State TRS Contributions Made on Behalf of the District	District Required Contributions to TRS
2011	\$1,336,842	\$207,229
2012	1,329,427	188,559
2013	1,399,392	196,333

Q. Retiree Health Plan

Plan Description. The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan 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 TRS issues a publicly available financial report that includes financial statements and required supplemental information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us, by writing to the Communication Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78711 or by calling 1-800-223-8778.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 0.5% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2013, 2012, and 2011. 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. For employees funded by federal programs, the federal programs are required to contribute 1.0%.

For the Year Ended August 31	State TRS-Care Contributions Made on Behalf of the District	District Required Contributions to TRS-Care	Employee Contributions to TRS-Care
2011	\$209,959	\$115,093	\$136,020
2012	207,723	114,248	135,020
2013	109,327	120,262	142,123

For the current year and each of the past two years, the District's actual contributions were equal to the required contributions. The contributions made by the State on behalf of the District have been recorded in the District's governmental funds financial statements as both state revenues and expenditures. These contributions are the legal responsibility of the State.

R. Retiree Medicare Part D Coverage

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions 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. For the fiscal years ended August 31, 2013, 2012, and 2011, these on-behalf payments, in the amounts of \$56,608, \$45,825, and \$54,576, were recognized by the District as revenues and expenditures, respectively. These payments are recorded as equal revenues and expenditures in the District's governmental funds financial statements.

S. Health Care Coverage

During the year ended August 31, 2013 employees of the District were covered by the Teacher Retirement System-Active Care, a statewide health coverage program for public education employees. The District paid premiums of \$250 on behalf of the employees to the Plan; and, employees, at their option, could authorize payroll withholdings to pay premiums for dependents.

T. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

U. Litigation, Commitments and Contingencies

Litigation – The District is a party in a civil action litigation which it is believed by the administration to have no material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying financial statements of such contingencies.

Grant Programs - The District participates in numerous state and Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2013 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

ALEDO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2013

V. Shared Services Arrangements

The District participates in a shared service arrangement (“SSA”) for students with visual impairments with the Parker County Co-op. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has joint ownership interest in fixed assets purchased by the fiscal agent, Parker County Co-op, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant resources nor fiscal exigencies that would give rise to a future benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

The District participates in a SSA for transportation and technology with Dallas County Schools. The District and other districts are members of this SSA arrangement. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has joint ownership interest in fixed assets purchased by the fiscal agent, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant resources nor fiscal exigencies that would give rise to a future benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

W. Prior Period Adjustment

The District elected to early implement Governmental Accounting Standards Board Statement No. 65. This statement established accounting and reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. As a result of this early implementation, the District has a prior period adjustment of \$673,497 to reclassify Capitalized Bond and Other Debt Issuance Costs previously reported as an asset on the Statement of Net Position. This prior period adjustment does not affect the governmental fund financial statements.

The District also had prior period adjustments in the Capital Projects Fund of (\$1,862) and in the Campus Activity Funds of \$882 for a net adjustment of (\$980) to correct prior year accounts payable estimates.

X. Evaluation of Subsequent Events

The District has evaluated subsequent events through December 5, 2013, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 28,311,396	\$ 28,311,396	\$ 29,817,005	\$ 1,505,609
5800 State Program Revenues	6,359,065	6,359,065	5,113,834	(1,245,231)
5020 Total Revenues	34,670,461	34,670,461	34,930,839	260,378
EXPENDITURES:				
Current:				
0011 Instruction	18,287,870	18,338,370	18,249,607	88,763
0012 Instructional Resources and Media Services	471,637	481,637	471,263	10,374
0013 Curriculum and Instructional Staff Development	182,420	157,420	141,862	15,558
0021 Instructional Leadership	246,298	256,298	238,316	17,982
0023 School Leadership	2,134,112	2,169,112	2,152,672	16,440
0031 Guidance, Counseling and Evaluation Services	1,110,771	1,135,771	1,124,151	11,620
0033 Health Services	369,192	389,192	375,182	14,010
0035 Food Services	1,000	2,500	572	1,928
0036 Extracurricular Activities	1,822,121	1,827,121	1,749,708	77,413
0041 General Administration	1,429,054	1,449,054	1,385,098	63,956
0051 Facilities Maintenance and Operations	4,939,475	4,722,975	4,630,789	92,186
0052 Security and Monitoring Services	326,320	370,820	362,713	8,107
0053 Data Processing Services	389,191	409,191	397,258	11,933
Intergovernmental:				
0091 Contracted Instructional Services Between	900,000	900,000	844,580	55,420
0093 Payments to Fiscal Agent/Member Districts of	2,315,000	2,315,000	2,203,728	111,272
0099 Other Intergovernmental Charges	460,000	460,000	450,864	9,136
6030 Total Expenditures	35,384,461	35,384,461	34,778,363	606,098
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(714,000)	(714,000)	152,476	866,476
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	500	500	-	(500)
7915 Transfers In	-	-	188,002	188,002
7949 Other Resources - Mineral Interests	41,900	41,900	36,087	(5,813)
8911 Transfers Out (Use)	(1,200,000)	(1,200,000)	-	1,200,000
7080 Total Other Financing Sources (Uses)	(1,157,600)	(1,157,600)	224,089	1,381,689
1200 Net Change in Fund Balances	(1,871,600)	(1,871,600)	376,565	2,248,165
0100 Fund Balance - September 1 (Beginning)	19,712,762	19,712,762	19,712,762	-
3000 Fund Balance - August 31 (Ending)	\$ 17,841,162	\$ 17,841,162	\$ 20,089,327	\$ 2,248,165

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COMBINING SCHEDULES

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 154,519
1240	Receivables from Other Governments	-	-	-	10,077
1300	Inventories	-	-	-	39,421
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,017</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 7,034
2160	Accrued Wages Payable	-	-	-	11,254
2170	Due to Other Funds	-	-	-	-
2200	Accrued Expenditures	-	-	-	193
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,481</u>
FUNDBALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	39,421
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	146,115
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,536</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,017</u>

255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	404 Student Success Initiative	408 ESC Technology	410 State Textbook Fund	429 Other State Special Revenue Funds
\$ -	\$ -	\$ -	\$ 3,386	\$ (985)	\$ -	\$ (8,987)	\$ 7,406
-	-	-	-	985	-	8,987	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,406</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	686	-	-	-	7,406
-	-	-	686	-	-	-	7,406
-	-	-	-	-	-	-	-
-	-	-	2,700	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	2,700	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,406</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data Control Codes	460 Stadium Activity Fund	461 Campus Activity Funds	Total Nonmajor Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ 397,617	\$ 552,956
1240 Receivables from Other Governments	-	-	20,049
1300 Inventories	-	-	39,421
1000 Total Assets	<u>\$ -</u>	<u>\$ 397,617</u>	<u>\$ 612,426</u>
LIABILITIES			
2110 Accounts Payable	\$ -	\$ -	\$ 7,034
2160 Accrued Wages Payable	-	-	11,254
2170 Due to Other Funds	-	61,282	61,282
2200 Accrued Expenditures	-	-	193
2300 Unearned Revenues	-	-	8,092
2000 Total Liabilities	<u>-</u>	<u>61,282</u>	<u>87,855</u>
FUNDBALANCES			
Nonspendable Fund Balance:			
3410 Inventories	-	-	39,421
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	148,815
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	336,335	336,335
3000 Total Fund Balances	<u>-</u>	<u>336,335</u>	<u>524,571</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 397,617</u>	<u>\$ 612,426</u>

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ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 1,582,735
5800 State Program Revenues	-	-	-	57,959
5900 Federal Program Revenues	232,089	600,561	9,927	459,383
5020 Total Revenues	<u>232,089</u>	<u>600,561</u>	<u>9,927</u>	<u>2,100,077</u>
EXPENDITURES:				
Current:				
0011 Instruction	189,599	495,651	9,927	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	28,600	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	104,910	-	-
0035 Food Services	-	-	-	2,110,909
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	13,890	-	-	-
6030 Total Expenditures	<u>232,089</u>	<u>600,561</u>	<u>9,927</u>	<u>2,110,909</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,832)</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	(10,832)
0100 Fund Balance - September 1 (Beginning)	-	-	-	196,368
1300 Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,536</u>

255 ESEA II,A Training and Recruiting	263 Title III, A EnglishLang. Acquisition	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	404 Student Success Initiative	408 ESC Technology	410 State Textbook Fund	429 Other State Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	9,853	1,700	372,393	199
69,792	13,178	2,231	-	-	-	-	-
69,792	13,178	2,231	-	9,853	1,700	372,393	199
-	9,645	2,231	-	9,853	1,700	363,460	-
-	-	-	-	-	-	-	199
69,792	3,533	-	-	-	-	8,933	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
69,792	13,178	2,231	-	9,853	1,700	372,393	199
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	2,700	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ 2,700	\$ -	\$ -	\$ -	\$ -

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	460 Stadium Activity Fund	461 Campus Activity Funds	Total Nonmajor Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ 614,181	\$ 2,196,916
5800 State Program Revenues	-	-	442,104
5900 Federal Program Revenues	-	-	1,387,161
5020 Total Revenues	<u>-</u>	<u>614,181</u>	<u>4,026,181</u>
EXPENDITURES:			
Current:			
0011 Instruction	-	497,915	1,579,981
0012 Instructional Resources and Media Services	-	53,728	53,927
0013 Curriculum and Instructional Staff Development	-	-	110,858
0031 Guidance, Counseling and Evaluation Services	-	-	104,910
0035 Food Services	-	-	2,110,909
0036 Extracurricular Activities	-	186,657	186,657
0041 General Administration	-	34,048	34,048
0051 Facilities Maintenance and Operations	-	14,553	14,553
0052 Security and Monitoring Services	-	2,824	2,824
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	13,890
6030 Total Expenditures	<u>-</u>	<u>789,725</u>	<u>4,212,557</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(175,544)</u>	<u>(186,376)</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	176,954	176,954
8911 Transfers Out (Use)	(176,954)	(398,561)	(575,515)
7080 Total Other Financing Sources (Uses)	<u>(176,954)</u>	<u>(221,607)</u>	<u>(398,561)</u>
1200 Net Change in Fund Balance	(176,954)	(397,151)	(584,937)
0100 Fund Balance - September 1 (Beginning)	176,072	733,486	1,108,626
1300 Prior Period Adjustment	882	-	882
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 336,335</u>	<u>\$ 524,571</u>

REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2013

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2004 and prior years	Various	Various	\$ Various
2005	1.500000	0.220300	1,060,816,740
2006	1.500000	0.259900	1,285,277,566
2007	1.370000	0.298300	1,574,908,526
2008	1.040000	0.350000	1,908,823,774
2009	1.040000	0.385200	2,498,301,428
2010	1.040000	0.385200	2,527,725,812
2011	1.170000	0.255200	2,573,318,370
2012	1.170000	0.255200	2,434,577,463
2013 (School year under audit)	1.170000	0.255200	2,465,553,677
1000 TOTALS			

(10) Beginning Balance 9/1/2012	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2013
\$ 124,244	\$ -	\$ 760	\$ 112	\$ (61)	\$ 123,311
14,097	-	340	50	(564)	13,143
24,346	-	1,283	222	(2,069)	20,772
30,050	-	3,208	699	(1,088)	25,055
39,674	-	15,701	5,284	5,826	24,515
60,807	-	42,079	15,585	32,976	36,119
88,285	-	51,299	19,000	35,173	53,159
156,772	-	121,782	26,563	68,337	76,764
317,619	-	249,181	54,351	103,128	117,215
-	35,139,071	28,648,749	6,248,855	71,792	313,259
<u>\$ 855,894</u>	<u>\$ 35,139,071</u>	<u>\$ 29,134,382</u>	<u>\$ 6,370,721</u>	<u>\$ 313,450</u>	<u>\$ 803,312</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2013

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ 2,008	\$ -	\$ 324,181	\$ 660,513	\$ -	\$ -	\$ 986,702
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	31,151	-	-	-	31,151
6212	Audit Services	-	-	-	25,375	-	-	25,375
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	592,839	-	-	-	-	592,839
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	9,506	-	26,649	23,961	-	-	60,116
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	2,474	17,201	-	-	19,675
6240	Contr. Maint. and Repair	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	14,403	9,935	-	-	24,338
6290	Miscellaneous Contr.	-	-	-	2,423	-	-	2,423
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	-	-	38,346	14,354	-	-	52,700
6410	Travel, Subsistence, Stipends	8,101	-	3,331	12,365	-	-	23,797
6420	Ins. and Bonding Costs	-	-	20,650	-	-	-	20,650
6430	Election Costs	-	-	-	-	-	-	-
6490	Miscellaneous Operating	785	-	16,898	39,032	-	-	56,715
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 20,400	\$ 592,839	\$ 478,083	\$ 805,159	\$ -	\$ -	\$ 1,896,481

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 38,990,920

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 97,216
Total Debt & Lease(6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	4,608,742
Food (Function 35, 6341 and 6499)	(13)	1,005,117
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>805,159</u>

SubTotal: 6,516,235

Net Allowed Direct Cost \$ 32,474,685

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 152,103,187
Historical Cost of Building over 50 years old	(16)	\$ 565,893
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 6,539,877
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 42,800
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) NOTE A: \$26,472 in Function 53 expenditures are included in this report on administrative costs.
 \$450,864 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

ALEDO INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
FOR THE YEAR ENDED AUGUST 31, 2013

In accordance with Texas Education Agency guidelines, the District has elected not to present this schedule for the current year.

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,540,000	\$ 1,540,000	\$ 1,582,735	\$ 42,735
5800 State Program Revenues	85,500	85,500	57,959	(27,541)
5900 Federal Program Revenues	420,000	420,000	459,383	39,383
5020 Total Revenues	<u>2,045,500</u>	<u>2,045,500</u>	<u>2,100,077</u>	<u>54,577</u>
EXPENDITURES:				
0035 Food Services	<u>2,331,910</u>	<u>2,360,410</u>	<u>2,110,909</u>	<u>249,501</u>
6030 Total Expenditures	<u>2,331,910</u>	<u>2,360,410</u>	<u>2,110,909</u>	<u>249,501</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(286,410)</u>	<u>(314,910)</u>	<u>(10,832)</u>	<u>304,078</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
7080 Total Other Financing Sources (Uses)	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
1200 Net Change in Fund Balances	<u>(86,410)</u>	<u>(114,910)</u>	<u>(10,832)</u>	<u>104,078</u>
0100 Fund Balance - September 1 (Beginning)	<u>196,368</u>	<u>196,368</u>	<u>196,368</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 109,958</u>	<u>\$ 81,458</u>	<u>\$ 185,536</u>	<u>\$ 104,078</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 6,071,250	\$ 6,071,250	\$ 6,416,599	\$ 345,349
5020	Total Revenues	6,071,250	6,071,250	6,416,599	345,349
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	1,240,000	2,240,000	2,285,000	(45,000)
0072	Interest on Long Term Debt	7,495,152	6,495,152	5,710,417	784,735
0073	Bond Issuance Cost and Fees	130,000	493,654	465,224	28,430
6030	Total Expenditures	8,865,152	9,228,806	8,460,641	768,165
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,793,902)	(3,157,556)	(2,044,042)	1,113,514
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	25,600,000	25,600,000	-
7915	Transfers In	1,000,000	1,000,000	-	(1,000,000)
7916	Premium or Discount on Issuance of Bonds	-	2,868,820	2,868,818	(2)
8940	Payment to Bond Refunding Escrow Agent	-	(28,105,166)	(28,105,165)	1
7080	Total Other Financing Sources (Uses)	1,000,000	1,363,654	363,653	(1,000,001)
1200	Net Change in Fund Balances	(1,793,902)	(1,793,902)	(1,680,389)	113,513
0100	Fund Balance - September 1 (Beginning)	2,283,079	2,283,079	2,283,079	-
3000	Fund Balance - August 31 (Ending)	\$ 489,177	\$ 489,177	\$ 602,690	\$ 113,513

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**REPORT ON INTERNAL CONTROLS, COMPLIANCE,
AND FEDERAL AWARDS**

KIRK, RICHARDSON & POOLE, P. C.

Members of the American Institute of Certified Public Accountants

Tom Kirk, CPA	Don Richardson, CPA	Cindy Poole, CPA
7559 John T. White Road	P O. Box 8342	Fort Worth, Texas 76124-0342
(817) 451-7406		Fax (817) 451-7597

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*

Board of Trustees
Aledo Independent School District
1008 Bailey Ranch Road
Aledo, Texas 76008

Members of the Board of Trustees:

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, the business-type activities, each major fund, and the aggregate remaining fund information of Aledo Independent School District (the "District") as of and for the year ended August 31, 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated December 5, 2013.

Internal Control Over Financial Reports

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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 Audit Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kirk, Richardson & Poole, P.C.

Kirk, Richardson & Poole, P. C.
Fort Worth, Texas
December 5, 2013

KIRK, RICHARDSON & POOLE, P. C

Members of the American Institute of Certified Public Accountants

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Don Richardson, CPA

Cindy Poole, CPA

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Fort Worth, Texas 76124-0342

Fax (817) 451-7597

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

Board of Trustees
Aledo Independent School District
1008 Bailey Ranch Road
Aledo, Texas 76008

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Aledo Independent School District (the "District") compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013.

Report on Internal Control Over Compliance

Management of the 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, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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* 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 of compliance and the results of that testing based on the requirements of OMB Circular A-133.

Kirk, Richardson & Poole, P.C.

Kirk, Richardson & Poole, P.C.
Fort Worth, Texas
December 5, 2013

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	Yes

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	IDEA – Part B, Formula
84.173	IDEA – Part B, Preschool

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.

Auditee qualified as low risk auditee?: Yes

Section II – Financial Statement Findings

N/A - None

Section III – Federal Award Findings and Questioned Costs

N/A – None.

ALEDO INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2013

PRIOR YEAR'S FINDING/NONCOMPLIANCE:

N/A – none required.

STATUS OF PRIOR YEAR'S FINDINGS/NONCOMPLIANCE:

N/A – none required.

ALEDO INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2013

Contact Person: Earl Husfeld, Chief Financial Officer
1-817-441-5111

CORRECTIVE ACTION PLAN:

None required.

ALEDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	13610101184907	\$ 232,089
*IDEA - Part B, Formula	84.027	13660001184907	600,561
*IDEA - Part B, Preschool	84.173	13661001184907	9,927
Total Special Education Cluster (IDEA)			610,488
Title III, Part A - English Language Acquisition	84.365A	13671001184907	13,178
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	13694501184907	69,792
Summer School LEP	84.369	69551202	2,231
Total Passed Through State Department of Education			\$ 927,778
TOTAL DEPARTMENT OF EDUCATION			\$ 927,778
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		\$ 58,493
*National School Lunch Program - Cash Assistance	10.555		307,652
*National School Lunch Prog. - Non-Cash Assistance	10.555		93,238
Total CFDA Number 10.555			400,890
Total Child Nutrition Cluster			459,383
Total Passed Through the State Department of Agriculture			\$ 459,383
TOTAL DEPARTMENT OF AGRICULTURE			\$ 459,383
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,387,161

*Clustered Programs

**ALEDO INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2013**

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 designated for, specific purposes by a grantor. Federal and state financial assistance is generally accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds, if any, are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund that is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in fund balance.

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions of Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement.
4. The District participates in numerous federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2013, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

SCHOOLS FIRST QUESTIONNAIRE

ALEDO INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2013

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	\$13,491,493