

**ATLANTA INDEPENDENT SCHOOL DISTRICT**  
ANNUAL FINANCIAL REPORT FOR THE  
YEAR ENDED AUGUST 31, 2013



*Moore and Caver, Inc.*  
Certified Public Accountants



**ATLANTA INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
for the Year Ended August 31, 2013**

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**ATLANTA INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
for the Year Ended August 31, 2013**

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**CERTIFICATE OF BOARD**

Atlanta Independent School District

Cass

034-901

Name of District

County

Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2013, at a meeting of the Board of Trustees of such school district on the 21<sup>st</sup> day of January 2014.

***Signature on file at TEA***

***Signature on file at TEA***

\_\_\_\_\_  
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).



*FINANCIAL SECTION*



**MOORE and CAVER, Inc.**  
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Member  
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FAX 903-796-8755

UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION  
AND OTHER SUPPLEMENTARY INFORMATION

Board of Trustees  
Atlanta Independent School District  
106 West Main Street  
Atlanta, Texas 75551

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Atlanta 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 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 the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the 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, the business-type activities, each major fund, and the aggregate remaining fund information of Atlanta Independent School District as of August 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis budgetary comparison information on pages 6 through 13 and 47-48 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 Atlanta Independent School District's basic, combining, internal service and trust funds financial statements. The introductory section and combining and individual non major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 and individual non major fund, combining, internal service and trust funds financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non major fund financial statements and schedule of expenditures federal awards are fairly stated, in all material respects, in relation to the basis financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2013, on our consideration of Atlanta Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal

control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Atlanta Independent School District's internal control over financial reporting and compliance.

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-3. 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.

*Moore and Caver, Inc.*

MOORE and CAVER, Inc.  
Certified Public Accountants

November 22, 2013



**Management's Discussion and Analysis  
Atlanta Independent School District  
For the Fiscal Year Ended August 31, 2013**

**-UNAUDITED-**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of Atlanta Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2013. Please read it in conjunction with the independent auditors' report on page 3, and the District's Basic Financial Statements, which begin on page 15.

**FINANCIAL HIGHLIGHTS**

The District's net position decreased by \$93,654 as a result of this year's operations. Program revenues accounted for \$6,171,331 or 30.56% of total revenue, and general revenues accounted for \$14,023,218 or 69.44%.

During the year, the District had expenses that were \$93,654 more than the \$20,194,549 generated in tax and other revenues for governmental programs (before special items).

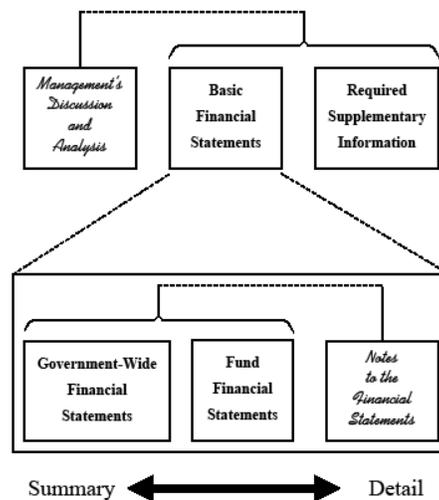
On Exhibit C-1, the general fund reported a positive fund balance of \$7,414,974.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 15 and 16). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 17) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

Figure A-1: Required Components of The District's Annual Financial Information





**Management's Discussion and Analysis  
Atlanta Independent School District  
For the Fiscal Year Ended August 31, 2013**

**-UNAUDITED-**

The notes to the financial statements (starting on page 26) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

**Reporting the District  
as a Whole**

*The Statement of Net  
Position and the  
Statement of Activities*

The analysis of the District's overall financial condition and operations begins on page 15. Its primary purpose is to show whether the District is better off or worse off as a result of the year's

activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District's activities are presented as:

Figure A-2: Major Features of the District's Government-Wide and Fund Financial Statements				
Type of Statements	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's Governmental (except Fiduciary Funds) and the Agency's Component Units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses: such as self-insurance	Instances in which the District is the trustee or agent for someone else's resources
Required Financial Statements	*Statement of Net Position	*Balance Sheet	*Statement of Net Position	*Statement of Fiduciary Net Position
	*Statement of Activities	*Statement of revenues, expenditures and changes in fund balances	*Statement of revenues, expenditures and changes in fund balances *Statement of cash flows	*Statement of Changes in Fiduciary Net Position
Accounting Basis And Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	All assets and liabilities, both financial and capital, short-term and long-term	Accrual accounting and economic resources focus.
Type of Asset/Liability Information	All asset and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term, the Agency's funds do not currently contain capital assets, but they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid





**Management's Discussion and Analysis  
Atlanta Independent School District  
For the Fiscal Year Ended August 31, 2013**

**-UNAUDITED-**

Governmental activities—most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The fund financial statements begin on page 17 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

Governmental funds—most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

Proprietary funds—the internal service funds report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs.

**The District as Trustee**

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 24 and 25. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Net position of the District's governmental activities decreased from \$19,260,882 to \$19,167,228. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – totaled \$8,192,985 at August 31, 2013. This decrease in governmental net position was largely a result of the District's capital assets expansion program.





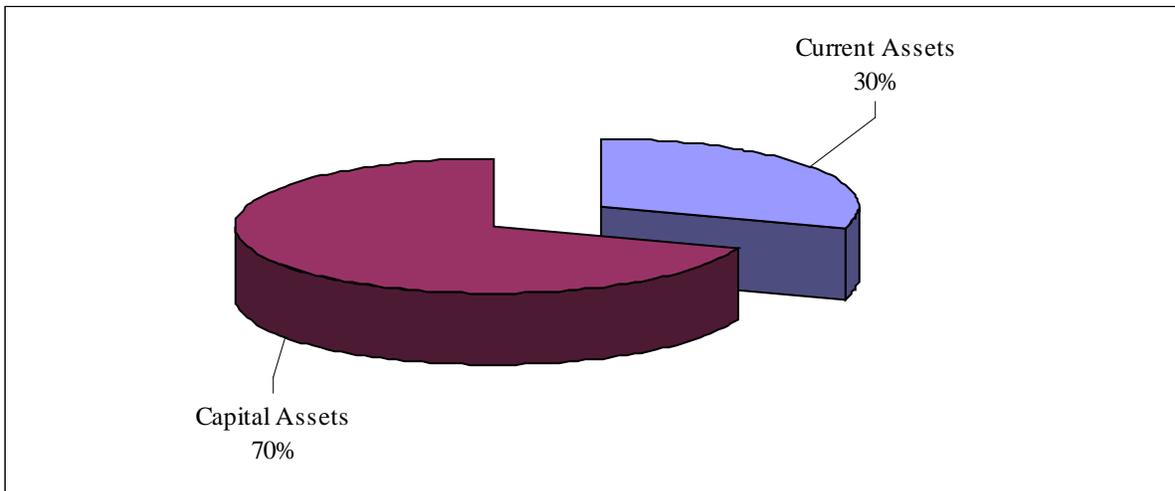
**Management's Discussion and Analysis  
Atlanta Independent School District  
For the Fiscal Year Ended August 31, 2013**

-UNAUDITED-

**Table I  
Atlanta Independent School District**

**NET POSITION**

	% Change	Governmental Activities	
		2013	2012
Current and other assets	(4.60)	\$ 9,812,532	\$ 10,285,587
Capital assets	0.88	23,837,349	23,629,711
<b>Total assets</b>	<b>(0.78)</b>	<b>33,649,881</b>	<b>33,915,298</b>
Long-term liabilities	(2.32)	12,938,419	13,245,741
Other liabilities	9.62	1,544,234	1,408,675
<b>Total liabilities</b>	<b>(1.17)</b>	<b>14,482,653</b>	<b>14,654,416</b>
Net Position:			
Invested in capital assets net of related debt	12.80	10,898,930	9,662,397
Reserved for Retirement of LT Debt	392.95	75,313	15,278
Unrestricted, excluding amount reserved for Retirement of LT Debt	(14.51)	8,192,985	9,583,207
<b>Total net position</b>	<b>(0.49)</b>	<b>\$ 19,167,228</b>	<b>\$ 19,260,882</b>





**Management's Discussion and Analysis  
Atlanta Independent School District  
For the Fiscal Year Ended August 31, 2013**

-UNAUDITED-

**Table II  
Atlanta Independent School District**

**CHANGES IN NET POSITION**

	%	Governmental Activities	
		Change	2013
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	(30.96)	\$ 922,600	\$ 1,336,420
Operating grants and contributions	(12.90)	5,248,731	6,026,371
General Revenues:			
Maintenance and operations taxes	6.51	5,758,924	5,406,711
Debt service taxes	12.56	859,987	764,054
Grants and contributions – not restricted	9.85	7,174,262	6,531,001
Investment Earnings	(27.87)	46,286	64,169
Miscellaneous	100.00+	183,759	6,415
<b>Total Revenue</b>	<b>0.30</b>	<b>20,194,549</b>	<b>20,135,141</b>
<b>Expenses:</b>			
Instruction, curriculum and media services	(1.51)	11,098,336	11,268,882
Instructional and school leadership	2.19	1,492,741	1,460,760
Student support services	5.44	923,561	875,871
Transportation	24.88	872,204	698,415
Child nutrition	4.64	1,107,695	1,058,612
Co-curricular activities	(3.15)	1,169,050	1,207,123
General administration	10.56	919,650	831,816
Plant maintenance, security & data processing	(3.34)	1,858,673	1,922,929
Debt services	(0.94)	323,605	326,661
Payments to Related SSA	(6.15)	522,688	556,960
<b>Total Expenses</b>	<b>0.40</b>	<b>20,288,203</b>	<b>20,208,029</b>
Increase in net position before transfers and special item		(93,654)	(72,888)
Prior Period Change (fixed assets)		-0-	(420,151)
Net position at 9/1		19,260,882	19,753,921
Net position at 8/31	(0.49)	\$ 19,167,228	\$ 19,260,882

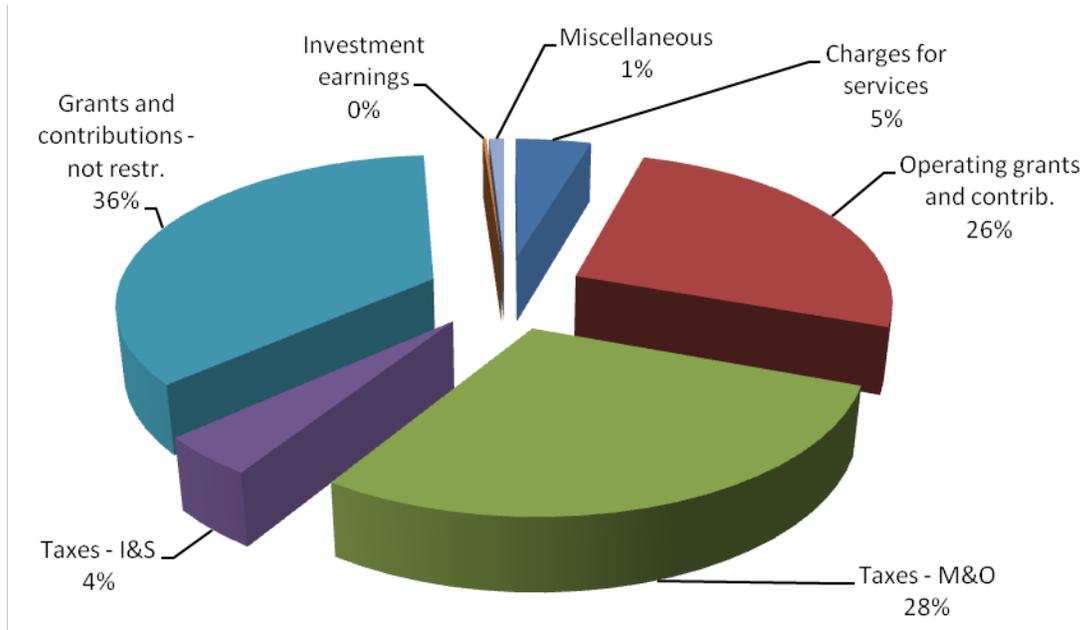




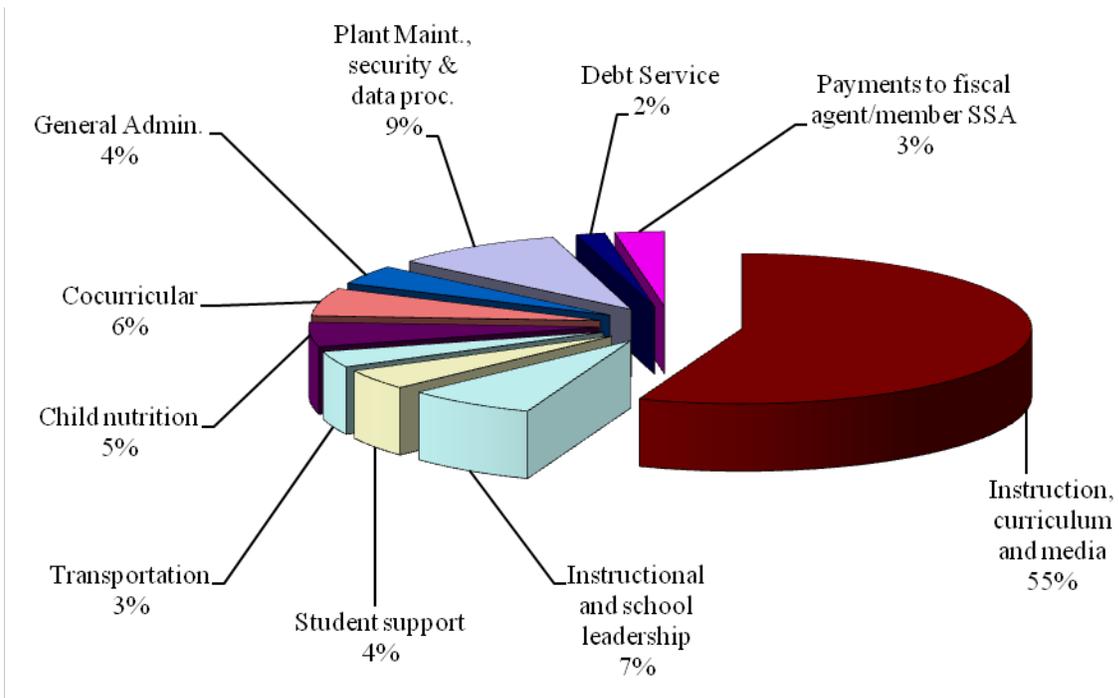
**Management's Discussion and Analysis  
Atlanta Independent School District  
For the Fiscal Year Ended August 31, 2013**

**-UNAUDITED-**

**TABLE II  
CHART A – REVENUES**



**TABLE II  
CHART B - EXPENSES**





**Management's Discussion and Analysis  
Atlanta Independent School District  
For the Fiscal Year Ended August 31, 2013**

**-UNAUDITED-**

During the year ended August 31, 2013, the District's total revenues increased by 0.30%. The total cost of all programs and services increased by 0.40%.

The cost of all governmental activities this year was \$20,288,203. However, as shown in the Statement of Activities on page 15, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$6,618,911 because some of the costs were paid by those who directly benefited from the programs (\$922,600) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5,248,731) or by unrestricted grants, other revenue or usage of fund balance (\$7,497,961)

**THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds (as presented in the balance sheet on pages 17) reported a combined fund balance of \$8,660,173, which is less than last year's total of \$8,889,426. Included in this year's total change in fund balance is a decrease of \$190,821 in the District's General Fund.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August 2012). The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of \$7,414,974 reported on pages 17 differs from the General Fund's budgetary fund balance of \$7,643,003 reported in the budgetary comparison schedule on page 47.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2013, the District had \$33,127,110 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. There was a net increase in capital assets of \$941,514 over last year.

***Debt***

At year-end, the District had outstanding bonds and loans (or leases) in the amount of \$12,938,419, which was a net decrease of \$307,322.





**Management's Discussion and Analysis  
Atlanta Independent School District  
For the Fiscal Year Ended August 31, 2013**

**-UNAUDITED-**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the fiscal-year 2013 budget and tax rates.

These indicators were taken into account when adopting the General Fund budget for 2014. Amounts available for appropriation in the General Fund budget are \$13.5 million, a decrease of 5.4 percent over the final 2013 budget of \$14.3 million. Budgeted expenditures are expected to decrease 7.5 percent in 2014 and the District has no plans to add any new major programs or initiatives to the 2014 budget that were not in place during the 2013 year.

If these estimates are realized, the District's budgetary General Fund balance is expected to increase by \$5,760 (which is immaterial to the General Fund as a whole) as of the close of 2014.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Atlanta Independent School District, 106 West Main Street, Atlanta, Texas 75551.



*BASIC FINANCIAL STATEMENTS*



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

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 7,521,433
1220 Property Taxes Receivable (Delinquent)	769,440
1230 Allowance for Uncollectible Taxes	(53,860)
1240 Due from Other Governments	1,525,472
1267 Due from Fiduciary Funds	6,157
1290 Other Receivables, net	11
1300 Inventories	43,879
Capital Assets:	
1510 Land	797,669
1520 Buildings, Net	20,193,056
1530 Furniture and Equipment, Net	1,479,146
1550 Leased Property Under Capital Leases, Net	56,753
1560 Library Books and Media, Net	227,152
1800 Restricted Assets	1,083,573
1000 Total Assets	33,649,881
<b>LIABILITIES</b>	
2110 Accounts Payable	215,590
2150 Payroll Deductions & Withholdings	122
2160 Accrued Wages Payable	243,738
2200 Accrued Expenses	6,472
2300 Unearned Revenue	312
2400 Payable from Restricted Assets	1,078,000
Noncurrent Liabilities	
2501 Due Within One Year	751,155
2502 Due in More Than One Year	12,187,264
2000 Total Liabilities	14,482,653
<b>NETPOSITION</b>	
3200 Net Investment in Capital Assets	10,898,930
3850 Restricted for Debt Service	75,313
3900 Unrestricted	8,192,985
3000 Total Net Position	\$ 19,167,228

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

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

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 10,556,665	\$ 450,731	\$ 2,842,320	\$ (7,263,614)
12 Instructional Resources and Media Services	456,565	6,628	9,053	(440,884)
13 Curriculum and Staff Development	85,106	-	7,308	(77,798)
21 Instructional Leadership	579,601	13,256	340,598	(225,747)
23 School Leadership	913,140	57,571	37,400	(818,169)
31 Guidance, Counseling and Evaluation Services	751,454	-	430,857	(320,597)
33 Health Services	172,107	11,047	8,793	(152,267)
34 Student (Pupil) Transportation	872,204	-	104,076	(768,128)
35 Food Services	1,107,695	266,130	829,872	(11,693)
36 Extracurricular Activities	1,169,050	72,882	22,918	(1,073,250)
41 General Administration	784,880	44,355	150,304	(590,221)
51 Facilities Maintenance and Operations	1,491,523	-	32,300	(1,459,223)
52 Security and Monitoring Services	35,695	-	272	(35,423)
53 Data Processing Services	313,554	-	40,867	(272,687)
72 Debt Service - Interest on Long Term Debt	323,005	-	-	(323,005)
73 Debt Service - Bond Issuance Cost and Fees	600	-	-	(600)
81 Capital Outlay	17,901	-	-	(17,901)
93 Payments related to Shared Services Arrangements	522,688	-	391,793	(130,895)
99 Other Intergovernmental Charges	134,770	-	-	(134,770)
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 20,288,203</b>	<b>\$ 922,600</b>	<b>\$ 5,248,731</b>	<b>(14,116,872)</b>

Data  
Control  
Codes

General Revenues:

Taxes:

MT	Property Taxes, Levied for General Purposes	5,758,924
DT	Property Taxes, Levied for Debt Service	859,987
GC	Grants and Contributions not Restricted	7,174,262
IE	Investment Earnings	46,286
FR	Other Miscellaneous	183,759
TR	<b>Total General Revenues &amp; Transfers</b>	<b>14,023,218</b>
CN	Change in Net Position	(93,654)
NB	Net Position - Beginning	19,260,882
NE	Net Position--Ending	\$ 19,167,228

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 6,130,602	\$ 18,811	\$ 1,348,719	\$ 7,498,132
1220 Property Taxes - Delinquent	705,405	64,035	-	769,440
1230 Allowance for Uncollectible Taxes (Credit)	(49,378)	(4,482)	-	(53,860)
1240 Receivables from Other Governments	807,922	46,475	671,075	1,525,472
1260 Due from Other Funds	835,185	-	-	835,185
1290 Other Receivables	-	-	11	11
1300 Inventories	16,805	-	27,074	43,879
1800 Restricted Assets	-	1,083,573	-	1,083,573
1000 Total Assets	<u>\$ 8,446,541</u>	<u>\$ 1,208,412</u>	<u>\$ 2,046,879</u>	<u>\$ 11,701,832</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 181,698	\$ -	\$ 25,434	\$ 207,132
2150 Payroll Deductions and Withholdings Payable	122	-	-	122
2160 Accrued Wages Payable	205,975	-	37,763	243,738
2170 Due to Other Funds	18,697	-	810,331	829,028
2200 Accrued Expenditures	3,319	-	3,153	6,472
2300 Unearned Revenues	-	-	312	312
2400 Payable from Restricted Assets	-	1,078,000	-	1,078,000
2000 Total Liabilities	<u>409,811</u>	<u>1,078,000</u>	<u>876,993</u>	<u>2,364,804</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	621,756	55,099	-	676,855
2600 Total Deferred Inflows of Resources	<u>621,756</u>	<u>55,099</u>	<u>-</u>	<u>676,855</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	16,805	-	27,074	43,879
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	549,747	549,747
3480 Retirement of Long-Term Debt	-	75,313	-	75,313
3490 Other Restricted Fund Balance	4,682,869	-	-	4,682,869
Committed Fund Balance:				
3510 Construction	-	-	400	400
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	592,665	592,665
3600 Unassigned Fund Balance	2,715,300	-	-	2,715,300
3000 Total Fund Balances	<u>7,414,974</u>	<u>75,313</u>	<u>1,169,886</u>	<u>8,660,173</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 8,446,541</u>	<u>\$ 1,208,412</u>	<u>\$ 2,046,879</u>	<u>\$ 11,701,832</u>

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

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

<b>Total Fund Balances - Governmental Funds</b>	\$ 8,660,173
<b>1</b> The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase(decrease) net position.	399
<b>2</b> 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 \$32,051,726 and the accumulated depreciation was \$9,223,910. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.	9,662,397
<b>3</b> Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2013 capital outlays and debt principal payments is to increase (decrease) net position.	1,592,687
<b>4</b> The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,069,101)
<b>5</b> Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	320,673
<b>19 Net Position of Governmental Activities</b>	<u>\$ 19,167,228</u>

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

ATLANTA 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	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 6,235,946	\$ 889,042	\$ 657,495	\$ 7,782,483
5800 State Program Revenues	7,509,870	81,504	98,778	7,690,152
5900 Federal Program Revenues	41,095	-	4,518,629	4,559,724
5020 Total Revenues	<u>13,786,911</u>	<u>970,546</u>	<u>5,274,902</u>	<u>20,032,359</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	7,488,934	-	2,658,972	10,147,906
0012 Instructional Resources and Media Services	364,714	-	-	364,714
0013 Curriculum and Instructional Staff Development	59,100	-	7,308	66,408
0021 Instructional Leadership	82,710	-	495,009	577,719
0023 School Leadership	904,617	-	-	904,617
0031 Guidance, Counseling and Evaluation Services	329,080	-	420,570	749,650
0033 Health Services	170,994	-	-	170,994
0034 Student (Pupil) Transportation	748,134	-	83,160	831,294
0035 Food Services	23,269	-	1,058,103	1,081,372
0036 Extracurricular Activities	993,836	-	83,559	1,077,395
0041 General Administration	621,195	-	145,755	766,950
0051 Facilities Maintenance and Operations	1,489,110	-	1,227	1,490,337
0052 Security and Monitoring Services	70,496	-	-	70,496
0053 Data Processing Services	282,490	-	28,240	310,730
<b>Debt Service:</b>				
0071 Principal on Long Term Debt	326,044	587,000	-	913,044
0072 Interest on Long Term Debt	94	322,911	-	323,005
0073 Bond Issuance Cost and Fees	-	600	-	600
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	7,261	-	609,673	616,934
<b>Intergovernmental:</b>				
0093 Payments to Fiscal Agent/Member Districts of SSA	130,895	-	391,793	522,688
0099 Other Intergovernmental Charges	134,770	-	-	134,770
6030 Total Expenditures	<u>14,227,743</u>	<u>910,511</u>	<u>5,983,369</u>	<u>21,121,623</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(440,832)</u>	<u>60,035</u>	<u>(708,467)</u>	<u>(1,089,264)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	174,520	-	-	174,520
7913 Capital Leases	685,491	-	-	685,491
7915 Transfers In	-	-	610,000	610,000
8911 Transfers Out (Use)	(610,000)	-	-	(610,000)
7080 Total Other Financing Sources (Uses)	<u>250,011</u>	<u>-</u>	<u>610,000</u>	<u>860,011</u>
1200 Net Change in Fund Balances	(190,821)	60,035	(98,467)	(229,253)
0100 Fund Balance - September 1 (Beginning)	<u>7,605,795</u>	<u>15,278</u>	<u>1,268,353</u>	<u>8,889,426</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 7,414,974</u>	<u>\$ 75,313</u>	<u>\$ 1,169,886</u>	<u>\$ 8,660,173</u>

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

ATLANTA 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

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(229,253)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position.		370
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2013 capital outlays and debt principal payments is to increase (decrease) net position.		1,592,687
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.		(1,069,101)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		(388,357)
<b>Change in Net Position of Governmental Activities</b>	\$	(93,654)

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

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

	Governmental Activities -
	Total Internal Service Funds
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 23,301
Total Current Assets	<u>23,301</u>
Noncurrent Assets:	
Capital Assets:	
Leased Property Under Capital Leases	133,871
Depreciation on Capital Leases	<u>(80,323)</u>
Total Noncurrent Assets	<u>53,548</u>
Total Assets	<u>76,849</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	8,342
Capital Leases Payable	35,544
Accrued Wages Payable	<u>116</u>
Total Current Liabilities	<u>44,002</u>
Noncurrent Liabilities:	
Other Long-Term Debt - Due in More than One Year	<u>32,448</u>
Total Noncurrent Liabilities	<u>32,448</u>
Total Liabilities	<u>76,450</u>
<b>NET POSITION</b>	
Unrestricted Net Position	<u>\$ 399</u>
Total Net Position	<u><u>\$ 399</u></u>

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

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

	Governmental Activities -
	Total Internal Service Funds
<b>OPERATING REVENUES:</b>	
Local and Intermediate Sources	\$ 130,468
Total Operating Revenues	<u>130,468</u>
<b>OPERATING EXPENSES:</b>	
Payroll Costs	39,510
Supplies and Materials	24,796
Other Operating Costs	57,224
Debt Service	8,568
Total Operating Expenses	<u>130,098</u>
Operating Income	370
Total Net Position - September 1 (Beginning)	<u>29</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 399</u></u>

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

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

	Governmental Activities -
	Total Internal Service Funds
Net Increase in Cash and Cash Equivalents	1,234
Cash and Cash Equivalents at Beginning of Year	22,067
Cash and Cash Equivalents at End of Year	\$ 23,301
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 370
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	26,775
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	6,266
Increase (decrease) in Other Liabilities	(32,177)
Net Cash Provided by Operating Activities	\$ 1,234

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

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

	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 22,839	\$ 133,535
Total Assets	<u>22,839</u>	<u>\$ 133,535</u>
<b>LIABILITIES</b>		
Accounts Payable	-	\$ 9,727
Due to Other Funds	-	6,156
Due to Student Groups	-	117,652
Total Liabilities	<u>-</u>	<u>\$ 133,535</u>
<b>NET POSITION</b>		
Restricted for Scholarships	<u>22,839</u>	
Total Net Position	<u>\$ 22,839</u>	

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

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

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 351
Total Additions	351
DEDUCTIONS:	
Other Operating Costs	850
Total Deductions	850
Change in Net Position	(499)
Total Net Position - September 1 (Beginning)	23,338
Total Net Position - August 31 (Ending)	\$ 22,839

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

**ATLANTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013**

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**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Atlanta Independent School District (the "District") is a public education agency operating under the applicable laws and regulations of the state of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its financial statements in conformity with generally accepted accounting principles promulgated by Governmental Accounting Standards Board and other authoritative sources identified in *Statements on Auditing Standards No. 69* of the American Institute of Public Accountants and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

**A. REPORTING ENTITY**

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting unit.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Financial Statements** - The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Atlanta Independent School District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

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

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense to each function.

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

**ATLANTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013**

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. All assets, liabilities, and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual accounting. With this measurement focus, only current assets, current liabilities, deferred inflows of resources generally, and fund balances are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance report the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanations to better identify the relationship between government-wide statements and the governmental fund statements.

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available. For this purpose, the District considers revenue available if they are collected within 60 days of the end of the current fiscal period. It recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**Revenues – Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the District, the phrase "available for exchange transactions: means expected to be received within 60 days of year-end.

**ATLANTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013**

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**Revenues – Non-exchange Transactions** – Non-transactions in which the District receives value without directly giving equal value in return, includes sales taxes, property taxes, grants, and donations. On the government-wide financial statements revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the District on a reimbursement basis. On modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized in the governmental funds.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept, that is, when they are both measurable and available. The District considers revenue available if they are collected within 60 days of the end of the current fiscal period. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

**Expenditures/Expenses** – On the accrual basis of accounting (government-wide financial statements), expenses are recognized at the time they are incurred. On the modified accrual basis (fund based financial statements), expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

#### **D. FUND ACCOUNTING**

The District reports the following major governmental funds:

**The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

**Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Additionally, the District reports the following fund type(s):

**Governmental Funds:**

**ATLANTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013**

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1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Capital Projects Fund** - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.
3. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Fund include the Print Shop and Worker's Compensation Self-funded Insurance.

**Fiduciary Funds:**

1. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is the Alumni Scholarship Fund.
2. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity Fund.

**E. OTHER ACCOUNTING POLICIES**

**1. Cash Equivalents**

For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

**2. Inventories**

Inventories of supplies on the balance sheet are stated at FIFO cost and they include consumable maintenance, instructional, and office items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and initially recorded as an expense. Inventory and expenditures are adjusted periodically subsequent to inventory counts.

**3. Receivables and Payables**

All trade and property tax receivables are shown at face value. The property tax receivable allowance is shown at 7% of outstanding property taxes receivable as of August 31, 2013.

**4. Long-term Debt**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Amounts recorded as long-term debt represent obligations that will be met by future revenue resources that are not available as of the current balance sheet date.

**ATLANTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013**

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**5. Personal Days (Vacation and Sick Leave)**

Personal time off (“PTO”) 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 general-purpose financial statements. Employees of the District are entitled to PTO based on category/class of employment. PTO - sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused PTO - sick leave has not been recorded in the accompanying general-purpose financial statements.

**6. General Fixed Assets**

Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Buildings	20 - 50 years
Buses	5 - 10 years
Other Vehicles	5 - 8 years
Furniture	5 - 8 years
Computer Equipment	3 - 5 years

The District has no restriction on any fixed assets.

**7. Self-Insured Workers Compensation**

During the year ended August 31, 2013, the District met its statutory workers’ compensation obligation by contracting with Texas Political Subdivisions to provide full coverage for their workers’ compensation insurance. Due to this prior year’s contract change, the District is not self-insured for the current period.

Since the District was partially self-insured during prior periods, anticipated claims made on incidents occurring during the period that they were self-insured are shown as reserves in the General Fund. As of August 31, 2013, the reserves for self-insurance totaled \$-0- since the anticipated amount to reserve was immaterial to the financials.

**8. Due From (To) Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations. See Note IV-D for additional discussion of interfund receivables and payables.

**9. Fund Equity**

*Nonspendable fund balance*—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund). *Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors,

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bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. *Committed fund balance*—amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. *Assigned fund balance*—amounts a government *intends* to use for a specific purpose; intent can be expressed by the governing body.

As of August 31, 2013, Restricted Fund Balance included \$4,682,869 in the General Fund, \$75,313 for Debt Service and \$549,747 for other special revenue funds. Committed Fund Balance includes \$400 for Construction and Assigned Fund Balance included \$592,665 relating to special revenue funds. Nonspendable Fund Balance included \$16,805 in the General Fund and \$27,074 in Child Nutrition Fund.

**Net Position** - Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. Net investments in capital consists of cost of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvements if those assets. This net investments is capital assets amount also is adjusted by any bond issuance deferred amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislature adopted by the district or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported unrestricted.

#### **10. 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 are no settlements exceeding insurance coverage for each of the past three fiscal years.

#### **11. Control Totals**

The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school District's to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.

#### **12. Total Columns on Combined Financial Statements**

These Totals columns do not purport to present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles.

#### **13. Application of FASB Pronouncements**

As to business-type activities and enterprise funds, the District applies all applicable GASB pronouncements as well as FASB, APB and ARB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

#### **14. District's Policy as to Defining Operating and Non-operating Revenues of Proprietary Funds**

Operating revenues are generally defined as those which originate through the ongoing activities of the fund. In contrast, non-operating revenues include, but are not limited to: capital expenditures (purchase of fixed assets), transfers, investing and financing activities (bonds and notes payable).

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**15. Application of Restricted or Unrestricted Resources**

During the budgeting process, allocation of expenses are determined as to whether it originated following specific guidelines related to restricted assets retained in the fund or whether for other purposes (non-restricted). Restricted assets will be used before unrestricted assets when payments are budgeted for an expenditure which meets the specific guidelines set forth by the granting agency.

**16. Grant Fund Accounting**

The Special Revenue Fund includes programs that are financed on a project grant basis. These projects have grant periods that can range from less than twelve months to in excess of two years. Grants are recorded as revenues when earned, which the District considers to be earned to the extent expenditures have been incurred, the District has met all eligibility requirements and funds are available.

**17. Estimates and Assumptions**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

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

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

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

<u>Capital Assets at the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	797,669		797,669	
Buildings	26,209,592	6,012,102	20,197,490	
Furniture & Equipment	4,115,090	2,605,803	1,509,287	
CWIP	-0-	-0-	-0-	
Library Books and Media	913,351	596,391	316,960	
Leased Equip. (Cap. Lease)	149,894	63,162	<u>86,732</u>	
Change in Net Position				<u>22,908,138</u>
<u>Long-term Liabilities At the Beginning of the Year</u>			<u>Payables at the Beginning of the Year</u>	
Bonds Payable			12,879,500	
Unamortized Bond Prem.			260,084	
Capital Leases			<u>106,157</u>	
Change in Net Position				<u>13,245,741</u>
Net Adjustment to Net Position				<u>9,662,397</u>

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**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Exhibit C-4 provides 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 asset balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current Year Capital Outlay</u>			
Land	-0-		
Buildings	591,773		
Furniture and Fixtures	309,071		
Library	40,670		
CWIP	-0-		
Leased Equipment	-0-		
Total Capital Outlay	<u>941,514</u>	941,514	941,514
<u>Principal Payments</u>			
Bond Principal	587,000		
Amort. of Bond Premium	26,008		
Capital Lease – Prin. Pmts	<u>38,165</u>		
Total Principal Payments	<u>651,173</u>	<u>651,173</u>	<u>651,173</u>
Total Adjustment to Net Position		<u>1,592,687</u>	<u>1,592,687</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	201,182	(201,182)	
Uncollected Taxes (assumed collectible) from Current Year Levy	169,007	169,007	169,007
Uncollected Taxes (assumed collectible) from Prior Year Levy	507,848		507,848
Capital Lease (no capital assets included), net of pmts		(343,851)	(343,851)
Other Adjustments		<u>(12,331)</u>	<u>(12,331)</u>
Total		<u>(388,357)</u>	<u>320,673</u>

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**NOTE III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

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

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the Board legally enacts the budget through passage of a resolution. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. There were no significant amendments.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	August 31, 2013 <u>Fund Balance</u>
Restricted Budget Funds – Food Service Special Revenue Fund	\$ 208,901
Restricted Budget Funds – Other Special Revenue Funds	74,514
Restricted Budget Funds –Debt Service Fund	75,313
Restricted Budget Funds – Shared Service Funds	<u>886,471</u>
All Special Revenue Funds	<u>\$1,245,199</u>

5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are presented below:

General Fund	\$-0-
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A reservation of fund balance equal to outstanding encumbrances at year-end is provided for at August 31, 2013.

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NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. DEPOSITORY CONTRACT LAW**

The funds of the District must be deposited and invested under terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agency bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At August 31, 2013, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$7,178,110 and the bank balance was \$7,444,907. The District's combined deposits were fully insured at all times by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent. The TEA maintains copies of all safekeeping receipts in the name of the District.

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

- a. Depository: (1) Wells Fargo Bank, Atlanta, Texas and (2) Guaranty Bond Bank (non-depository)
- b. The fair market value of irrevocable lines of credit and collateral held by a 3<sup>rd</sup> party bank in the pledging bank's name and specifically noted by the 3<sup>rd</sup> party bank as pledged to the District, as of the date of the highest combined balance on deposit, were: (1) \$6,994,861 and (2) \$4,821,486
- c. The largest combined balances of cash, savings, and time deposit accounts' aggregate balance were (1) \$6,255,829 (February 2013) and (2) \$6,994,861 (July 2013).
- d. The total amount of FDIC coverage at the time of the largest combined balance was (1) \$250,000 and (2) \$250,000
- e. The amount of unsecured deposits was \$-0- at both institutions.

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The district does not invest in securities relating to foreign currencies.

District Policies and Legal and Contractual Provisions Governing Deposits

The **Public Funds Investments Act** (Government Code Chapter 2256) contains specific provisions in the area of investment practice, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy addresses the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments (4) acceptable risk levels, (5) expected rate of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity date for the portfolio, (8) investment staff quality and capability, (9) and bid solicitation preferences for certificate of deposits. Statutes authorize the District to invest in (1) obligation of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificate of deposits, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptance, (7)

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Mutual Funds, (8) Investments pools, (9) guaranteed investment contracts, (10) and common trust funds. Temporary investments are reported at cost, which approximates market, and are secured, when necessary, by the Federal Deposit Insurance Corporation (FDIC) or obligations of items 1-4 above at 102% of the investment's market value. 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.

Both cash deposits and investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

Category 1 - Cash or investments that are insured, registered, or held by the District or its agent in the District's name.

Category 2 - Cash or investments that are uninsured and unregistered held by the counter-party's trust department or agency in the District's name.

Category 3 - Uninsured and unregistered held by the counter-party, its trust department, or its agency, but not in the District's name.

Based on these three levels of risk, the following table categorizes the District's investments at August 31, 2013.

	Category 1	Category 2	Category 3	Carrying Amount	Market Value
General Fund					
Lone Star Pool-Liquidity Plus			\$436,037	\$436,037	\$436,037
TEXSTAR			63,660	63,660	63,660
Wells Fargo MMK Govt. Fd	3,292,036			3,292,036	3,292,036
Special Revenue Funds					
Lone Star Pool – Liquidity Plus			1,083,573	1,083,573	1,083,573
Totals	\$3,292,036	\$ -0-	\$1,583,270	\$4,875,306	\$4,875,306

Summary of maturities of the District's various investments are:

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>			
	Less than 1	1-5	6-10	More Than 10
General Fund				
Lone Star Pool-Liquidity Plus	\$436,037			
TexStar	63,660			
Wells Fargo	3,292,036			
Special Revenue Funds				
Lone Star Pool – Liquidity Plus.	1,083,573			
Totals	\$4,875,306	\$0-	\$ -0-	\$ -0-

**Credit Risk** To limit the risk that an issuer or other counter party to an investment will not fulfill its obligations the District limits investments in U.S. Government, Texas or its agencies and instrumentalities, Certificates of deposit and share certificates, fully collateralized repurchase agreements, banker's acceptances, commercial paper, mutual funds (only money market mutual funds and no load mutual funds with an AAA rating), public funds investment pools and, guaranteed investment contracts. As of December 31, the district's investment in the state investment pool was as follows: TexStar and the Lone Star Investment Pool was rated AAA/S1+ by Standard & Poor's.

**Custodial Credit Risk for Investments** To limit the risk that, in the event of the failure of the counter party to a transaction, a government will not be able to recover the value of investment or collateral

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securities that are in possession of an outside party the District requires counter parties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

*Concentration of Credit Risk* To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District requires its investments to be diversified so as to reduce risk of loss resulting from over concentration of assets in one class/type.

*Interest Rate Risk* To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires that the market rates be monitored monthly and more often as economic conditions warrant. If economic conditions indicate trends that rates are rising and market value of rate based investments fall, the board will be notified so as to minimize any loss.

*Foreign Currency Risk for Investments* The District does not invest in securities that pose a foreign currency risk.

**B. PROPERTY TAXES**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for real and personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent and subject to interest if not paid by February 1 of the year following the October 1 levy date. On June 30 of each year, a tax lien attaches to the property to secure payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

The tax rates assessed for the year ended August 31, 2013, to finance General Fund operations and Debt Service was \$1.040000 and \$0.160000 respectively, per \$ 100 valuation. The assessed value of the property tax roll on August 1, 2012, upon which the levy for the 2012-13 fiscal year was based, was \$556,614,821. The roll was subsequently decreased to a year-end assessed value of \$544,188,258.

Current tax collections for the year ended August 31, 2013 were 99.85% of the year-end adjusted tax levy. As of August 31, 2013, property taxes receivable, net of estimated uncollectible taxes, totaled \$656,027 for the General Fund and \$59,553 for Debt Service.

**C. DELINQUENT TAXES RECEIVABLE**

Delinquent taxes are prorated between maintenance and debt service based on rates for the year of the levy. Allowance for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**D. INTERFUND PAYABLES AND RECEIVABLES**

Interfund balances at August 31, 2013, consisted of the following individual fund receivables and payables:

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	Due to Other Funds	Due from Other Funds
General Fund		
General Funds	18,697	18,697
Special Revenue Funds		810,332
Agency Funds		
Special Revenue Funds	6,156	
Special Revenue:		
General Fund	810,332	
Student Agency Fund		6,156
Total	<u>\$835,185</u>	<u>\$835,185</u>

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at August 31, 2013:	Other Governments	Due From Other Funds	Other	Total Receivables
<b>Governmental Activities:</b>				
General Fund	\$807,922	\$835,185	\$-0-	\$1,643,107
Debt Service	46,475	-0-	-0-	46,475
Nonmajor Gov. Funds	<u>671,075</u>	<u>-0-</u>	<u>11</u>	<u>671,086</u>
Total - Governmental Activities	<u>\$1,525,472</u>	<u>\$835,185</u>	<u>\$11</u>	<u>\$2,360,668</u>
Amounts not scheduled for collection during the subsequent year	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>
<b>Proprietary Fund - Internal Services</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

Payables at August 31, 2013:	Accounts and Accr. Wages	Due To Other Funds	Due to Other Governments	Other	Total Payables
<b>Governmental Activities:</b>					
General Fund	\$387,795	\$ 18,697	\$-0-	\$3,319	\$409,811
Debt Service	-0-	-0-	-0-	-0-	-0-
Nonmajor Gov. Funds	<u>63,197</u>	<u>810,331</u>	<u>-0-</u>	<u>3,153</u>	<u>876,681</u>
Total - Gov. Activities	<u>\$450,992</u>	<u>\$829,028</u>	<u>\$-0-</u>	<u>\$6,472</u>	<u>\$1,286,492</u>
Amounts not scheduled for payment during the subsequent year	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>
<b>Proprietary Fund - Internal Services</b>	<u>\$8,458</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$8,458</u>

**F. CAPITAL ASSET ACTIVITY**

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

	Primary Government				Balance 8/31
	Balance 9/1	Adjustments	Addition	Deletions	
Land	\$ 797,669	\$ -0-	\$ -0-	\$-0-	\$ 797,669
Buildings and Impr.	26,209,592	-0-	591,773	-0-	26,801,365
Furniture & Equipment	4,115,090	-0-	309,071	-0-	4,424,161
Library Books and Media	913,351	-0-	40,670	-0-	954,021
Construction In Progress	-0-	-0-	-0-	-0-	-0-
Leased Equipment – Capital Leases	16,024	-0-	-0-	-0-	16,024
Total at Historical Cost	<u>\$32,051,726</u>	<u>-0-</u>	<u>\$941,514</u>	<u>\$-0-</u>	<u>\$32,993,240</u>
Internal Service Fund – Leased Eq	<u>\$133,871</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$133,871</u>

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<u>Less Accumulated Depreciation for:</u>					
Buildings	\$6,012,102	\$-0-	\$596,205	\$-0-	\$6,608,307
Library Books and Media	596,391	-0-	130,479	-0-	726,870
Furniture and Equipment	2,605,803	-0-	339,212	-0-	2,945,015
Leased Equipment – Capital Leases	9,614	-0-	3,205	-0-	12,819
	<hr/>				
Total Accumulated Depreciation	<u>\$9,223,910</u>	<u>\$-0-</u>	<u>\$1,069,101</u>	<u>\$-0-</u>	<u>\$10,293,011</u>
	<hr/>				
Internal Service Fund – Leased Eq	<u>\$53,548</u>	<u>\$-0-</u>	<u>\$26,774</u>	<u>\$-0-</u>	<u>\$80,322</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$528,769
Health Services	1,113
Instructional Leadership	1,882
School Leadership	8,523
Curriculum Development	18,698
Student Transportation	153,950
Co-curricular	99,492
Food Services	57,709
Data Processing	2,824
General Administration	17,930
Plant Maintenance and Operations	42,926
Security	590
Instructional Resources and Media	132,891
Guidance, Counseling and Evaluation Services	1,804
Total Depreciation Expense	<u>\$1,069,101</u>

**G. LOANS PAYABLE**

No loans were entered into during the year, nor were any balances outstanding at the beginning of the year.

**H. COMMITMENTS UNDER LEASES**

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of August 31, 2013, as follows:

Year Ended	Total
<u>August 31</u>	<u>Requirements</u>
2014	\$13,052
2015	8,857
2016	7,028
2017	2,153
2018	<u>1,269</u>
Total	<u>\$32,359</u>

**Capital Leases**

**Governmental Funds -**

During the fiscal year ended August 31, 2013, the District entered into a long-term (capital lease) pertaining to purchase of technical related learning devices (which do not meet the individual criteria for being included as a fixed asset). The capitalized cost for these items totaled \$663,905, combined annual payment is \$122,980, interest rates is imputed at 3.5% and lease will be fully paid during 2016. Required lease payments are:

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NOTES TO THE FINANCIAL STATEMENTS  
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Year Ended <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2014	\$110,582	\$12,398	\$122,980
2015	114,569	8,411	122,980
2016	118,700	4,280	122,980
2017	-0-	-0-	-0-
2018	-0-	-0-	-0-
Subsequent	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$343,851</u>	<u>\$25,089</u>	<u>\$368,940</u>

**Internal Service Funds -**

During the fiscal year ended August 31, 2013, the District entered into several long-term (capital leases) pertaining to copiers of various models. The capitalized cost for these items totaled \$133,871, combined monthly payments for these assets are \$3,395.31. Required lease payments are:

Year Ended <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2014	\$35,544	\$5,199	\$40,743
2015	32,448	1,506	33,954
2016	-0-	-0-	-0-
2017	-0-	-0-	-0-
2018	-0-	-0-	-0-
Subsequent	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$67,992</u>	<u>\$6,705</u>	<u>\$74,697</u>

**I. BONDS PAYABLE**

Long-term debt includes general obligation serial bonds. Bond premiums and discounts are amortized using the effective interest method. At August 31, 2013, the District's debt limitation under local policies, which represents 10% of the District's total assessed property value for school tax purposes, is \$54,188,258.

**Unlimited Tax School Building Bonds, Series 2010A (OSCB)**

During the year ending August 31, 2010, the District issued AISD Unlimited Tax School Building Bonds, Series 2010 (QSCB). These bonds have a face value of \$5,735,500 and has an issue close of \$114,710. The effective yield per bond was calculated to be 1.047286%, with an average coupon rate of 1.05%. Final maturity of this series of bonds will be in 2025.

Tax Note and bonded indebtedness' current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Proceeds of long-term issues are reflected as "Other Resources" in the operating statement of the recipient fund.

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

**ATLANTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013**

Required bond payments, including interest, are:

Year Ended			Total
<u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2014	366,000	60,223	426,222
2015	370,000	60,222	430,223
2016	374,000	60,223	434,223
2017	378,000	60,223	438,223
2018	382,000	60,223	442,223
2019-2023	1,970,500	301,114	2,271,614
2024-2025	817,000	120,445	937,445
Total	<u>\$4,657,500</u>	<u>\$722,673</u>	<u>\$5,380,173</u>

**U/L Tax School Building Bond, Taxable Series 2010B**

During the year ending August 31, 2011, the District issued AISD Unlimited Tax School Building Bonds, Taxable Series 2010B. These bonds have a face value of \$2,595,000. The coupon yield per bond was stated as 3.315% (2011-2017 maturity), and 4.00% (2018-2021 maturity). Final maturity of this series of bonds will be in 2021.

Required bond payments, including interest, are:

Year Ended			Total
<u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2014	230,000	76,100	306,100
2015	250,000	69,200	319,200
2016	250,000	61,700	311,700
2017	260,000	54,200	314,200
2018	275,000	46,420	321,420
2019-2021	885,000	71,600	956,600
Total	<u>\$2,150,000</u>	<u>\$379,220</u>	<u>\$2,529,220</u>

**U/L Tax School Building Bond, Taxable Series 2010C (Build America Bonds, Direct Subsidy)**

During the year ending August 31, 2011, the District issued AISD Unlimited Tax School Building Bonds, Taxable Series 2010C. These bonds have a face value of \$5,485,000. The initial yield per bond was calculated to be 4.315% (8/15/2025 maturity), 5.044% (8/15/2030 maturity) and 5.194% (8/15/2035 maturity). Final maturity of this series of bonds will be in 2035.

Required bond payments, including interest, are:

Year Ended			Total
<u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2014	-0-	270,343	270,343
2015	-0-	270,343	270,343
2016	-0-	270,342	270,342
2017	-0-	270,343	270,343
2018	-0-	270,343	270,343
2019-2023	650,000	1,337,905	1,987,905
2024-2028	1,785,000	1,054,520	2,839,520
2029-2033	2,105,000	578,882	2,683,882
2034-2035	945,000	74,015	1,019,015
Total	<u>\$5,485,000</u>	<u>\$4,397,036</u>	<u>\$9,882,036</u>

**ATLANTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013**

**Aggregate requirements for bonds**

Required bond payments (all bonded indebtedness), including interest, are:

Year Ended			Total
<u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2014	596,000	406,666	1,002,666
2015	620,000	399,765	1,019,765
2016	624,000	392,266	1,016,266
2017	638,000	384,765	1,022,765
2018	657,000	376,986	1,033,986
2019-2023	3,505,500	1,710,619	5,216,119
2024-2028	2,602,000	1,174,965	3,776,965
2029-2033	2,105,000	578,882	2,683,882
2034-2035	<u>945,000</u>	<u>74,015</u>	<u>1,019,015</u>
Total	<u>\$12,292,500</u>	<u>\$5,498,929</u>	<u>\$17,791,429</u>

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

**J. CHANGES IN LONG-TERM LIABILITIES**

Long-term activity for the year ended August 31, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activity:</b>					
Bonds and Notes Payable:					
QSCB, Series 2010A	\$5,019,500	\$ -0-	\$ 362,000	\$4,657,500	\$ 366,000
Building Bonds, Series 2010B	2,375,000	-0-	225,000	2,150,000	230,000
Building Bonds, Series 2010C (BAB)	5,485,000	-0-	-0-	5,485,000	-0-
Capital Leases – Govt Funds	5,990	663,905	326,044	343,851	110,582
Total Governmental Funds	<u>12,885,490</u>	<u>663,905</u>	<u>913,044</u>	<u>12,636,351</u>	<u>706,582</u>
<b>Proprietary Funds:</b>					
Capital Leases	<u>100,167</u>	<u>-0-</u>	<u>32,175</u>	<u>67,992</u>	<u>35,544</u>
<b>Total Governmental Activities</b>	<u>\$12,985,657</u>	<u>\$663,905</u>	<u>\$945,219</u>	<u>\$12,704,343</u>	<u>\$742,126</u>
Premium on Bonds	<u>\$260,084</u>	<u>\$-0-</u>	<u>\$26,008</u>	<u>\$234,076</u>	<u>\$-0-</u>

NOTE: QSCB, Series 2010A Bonds – a set amount is required to be deposited into a restricted account for future payment of debt principal. In the table above, this amount is shown as decrease in principal since it is held for future payment. See exhibit A-1 and C-1 “payable from restricted assets” for total amounts deposited to date.

**K. DEFEASED DEBT**

The District does not have any defeased debt.

**L. DEFINED BENEFIT PENSION 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 the employees of the

**ATLANTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013**

public school systems of Texas. The System operates primarily under the provisions of the Texas Constitution, Article XVI, Sec 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 806, respectively. TRS issues a public available financial report that includes financial statements and required supplementary information for the defined benefits pension plan. That report may be obtained by writing to the TRS Communication Department, 1000 Red River, Austin, Texas 78701-2600 or by calling (800) 223-8778 or by downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under TRS Publication heading.

Funding Policy State law provides for fiscal years 2011, 2012 and 2013 a state contribution rate of 7.00% and a member contribution rate of 6.4%. In certain instances the reporting district (I.S.D., college, university, or state agency) is required to make all or a portion of the state's 7.0% 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 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a 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 Atlanta Independent School District's employees for the years ended August 31, 2011, 2012 and 2013 were \$728,094, \$617,027, and \$541,514, respectively. Other contributions made from federal and private grants and from the District for salaries above the state minimum for the years ended August 31, 2011, 2012, and 2013 in the amount of \$139,480, \$199,517, and \$209,860, respectively.

**M. HEALTH CARE COVERAGE**

During the year ended August 31, 2013, employees of the Atlanta Independent School District were covered by a health insurance plan (the "plan"). The District's contributions as of year-end, were \$225.00 per month. Employees, at their option, authorize payroll withholdings to pay contributions or premiums for dependents. All contributions were paid to a licensed insurer. The plan was authorized by Texas Education Code, Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable September 1, 2013 and terms of coverage and premium costs are included in the contractual provisions.

**N. DEFERRED REVENUE and INFLOWS OF RESOURCES**

Deferred revenue and deferred inflows of resources at year-end consisted of the following:

	General Fund	Special Revenue	Debt Service	Total
Net Property Taxes	\$621,756	\$-0-	\$55,099	\$676,855
Deferred Revenues	-0-	312	-0-	312
Totals	<u>\$621,756</u>	<u>\$312</u>	<u>\$55,099</u>	<u>\$677,167</u>

**O. 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. Amounts due from federal and state governments as of August 31, 2013, are summarized below. All federal grants shown below are

**ATLANTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013**

passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

Fund	Other	State Entitlements	Grants	Total
General	\$ -0-	\$807,922	\$ -0-	\$807,922
Special Revenue	-0-	-0-	717,550	717,550
<b>Total</b>	<b>\$ -0-</b>	<b>\$807,922</b>	<b>\$717,550</b>	<b>\$1,525,472</b>

**P. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES**

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

	General Fund	Special Revenue Fund	DebtSvc Cap. Pjt. Funds	Enterprise, Internal, Trust Funds	Total
Property Taxes	\$5,757,756	\$ -0-	\$877,805	\$-0-	\$6,635,561
Food Sales	-0-	250,664	-0-	-0-	250,664
Investment Income	44,158	2,055	73	26	46,312
Penalties, interest and other tax related income	103,997	-0-	11,237	-0-	115,234
Co-curricular student activities	64,045	-0-	-0-	-0-	64,045
Special Education SSA	-0-	312,658	-0-	-0-	312,658
Insurance Recoveries	47,265	-0-	-0-	-0-	47,265
Other	218,725	92,045	-0-	130,793	441,563
<b>Total</b>	<b>\$6,235,946</b>	<b>\$657,422</b>	<b>\$889,115</b>	<b>\$130,819</b>	<b>\$7,913,302</b>

**Q. LITIGATION AND CONTINGENCIES**

1. As of the report date, the District was not involved in any litigation.
2. The District participates in numerous state and federal grant programs which 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 combined financial statements for such contingencies.

**R. JOINT VENTURE – SHARED SERVICE ARRANGEMENTS**

The District is the fiscal agent for a Shared Services Arrangement (“SSA”) which provides special education services to member districts. In addition to Atlanta ISD, which contributed 49% of the total member contributions, other member districts include Bloomburg ISD, Hughes Springs ISD, McLeod ISD, Avinger ISD, and Linden-Kildare CISD. All services are provided by the fiscal agent. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in the following Special Revenue Funds:

**ATLANTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013**

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Fund 313 – IDEA – Part B, Formula  
Fund 314 – IDEA – Part B, Preschool  
Fund 434 – Visually Impaired (Flow through from Region VIII ESC)  
Fund 437 – Shared Service Arrangement – Special Education  
Fund 459 – Medicaid (SHARS)

These are accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

Atlanta ISD	\$ 776,533	Avinger ISD	\$ 72,348
Bloomburg ISD	\$ 120,765	Hughes Springs ISD	\$ 317,959
Linden-Kildare ISD	\$ 394,388	McLeod ISD	\$ 173,078

**S. SUBSEQUENT EVENTS**

None Noted.

**T. MEDICARE ON-BEHALF PAYMENTS**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the 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. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. For the year ended August 31, 2013, Atlanta ISD recognized amounts for Medicare Part D on-behalf payments totaling \$38,883.

**U. RESTRICTED ASSETS**

Restricted assets of the District include funds deposited into a trust account to pay off future bond liabilities. These assets are accounted for in fund 599 (Debt Service) and are stated at cost basis. Presented below are the market values of the investments held by the trust:

Description	Cost Basis	Market Value	Unrealized Gain (Loss)
US Treasury Note 1.875% 17	\$356,718	\$384,024	\$27,306
US Treasury Note 1.375% 17	\$355,470	\$340,256	(\$15,214)
US Treasury Note 1.375% 19	\$361,508	\$346,035	(\$15,473)
Cash – MMK	\$9,877	\$9,877	\$0-

**V. IMPLEMENTATION OF GASB STATEMENTS NOS. 63 AND 65**

The District implemented GASB Statements No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, in the fiscal year ended August 31, 2013. These statements required changes in account captions in the statements of net position.

*OTHER REQUIRED  
SUPPLEMENTARY INFORMATION*



ATLANTA 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		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 6,046,723	\$ 6,170,585	\$ 6,235,946	\$ 65,361
5800 State Program Revenues	6,943,346	8,093,070	7,509,870	(583,200)
5900 Federal Program Revenues	39,000	39,000	41,095	2,095
5020 Total Revenues	13,029,069	14,302,655	13,786,911	(515,744)
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	6,585,294	7,514,509	7,488,934	25,575
0012 Instructional Resources and Media Services	359,965	368,413	364,714	3,699
0013 Curriculum and Instructional Staff Development	46,942	75,638	59,100	16,538
0021 Instructional Leadership	73,903	88,220	82,710	5,510
0023 School Leadership	914,842	919,824	904,617	15,207
0031 Guidance, Counseling and Evaluation Services	343,075	343,841	329,080	14,761
0033 Health Services	178,056	178,056	170,994	7,062
0034 Student (Pupil) Transportation	780,494	751,867	748,134	3,733
0035 Food Services	-	23,269	23,269	-
0036 Extracurricular Activities	946,265	1,013,825	993,836	19,989
0041 General Administration	606,775	622,330	621,195	1,135
0051 Facilities Maintenance and Operations	1,594,771	1,676,530	1,489,110	187,420
0052 Security and Monitoring Services	41,490	76,881	70,496	6,385
0053 Data Processing Services	280,116	315,620	282,490	33,130
<b>Debt Service:</b>				
0071 Principal on Long Term Debt	-	365,490	326,044	39,446
0072 Interest on Long Term Debt	-	95	94	1
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	20,000	20,000	7,261	12,739
<b>Intergovernmental:</b>				
0093 Payments to Fiscal Agent/Member Districts of	130,895	130,895	130,895	-
0099 Other Intergovernmental Charges	133,978	134,770	134,770	-
6030 Total Expenditures	13,036,861	14,620,073	14,227,743	392,330
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,792)	(317,418)	(440,832)	(123,414)
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	5,000	240,605	174,520	(66,085)
7913 Capital Leases	-	724,021	685,491	(38,530)
8911 Transfers Out (Use)	-	(610,000)	(610,000)	-
7080 Total Other Financing Sources (Uses)	5,000	354,626	250,011	(104,615)
1200 Net Change in Fund Balances	(2,792)	37,208	(190,821)	(228,029)
0100 Fund Balance - September 1 (Beginning)	7,605,795	7,605,795	7,605,795	-
3000 Fund Balance - August 31 (Ending)	\$ 7,603,003	\$ 7,643,003	\$ 7,414,974	\$ (228,029)

ATLANTA 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		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 867,367	\$ 884,017	\$ 889,042	\$ 5,025
5800 State Program Revenues	40,429	35,029	81,504	46,475
5020 Total Revenues	907,796	919,046	970,546	51,500
<b>EXPENDITURES:</b>				
Debt Service:				
0071 Principal on Long Term Debt	907,796	587,000	587,000	-
0072 Interest on Long Term Debt	-	323,521	322,911	610
0073 Bond Issuance Cost and Fees	-	2,000	600	1,400
6030 Total Expenditures	907,796	912,521	910,511	2,010
1200 Net Change in Fund Balances	-	6,525	60,035	53,510
0100 Fund Balance - September 1 (Beginning)	15,278	15,278	15,278	-
3000 Fund Balance - August 31 (Ending)	\$ 15,278	\$ 21,803	\$ 75,313	\$ 53,510

*COMBINING SCHEDULES*



ATLANTA INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR 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	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 177,108
1240	Receivables from Other Governments	110,700	-	688	22,901
1290	Other Receivables	-	-	-	11
1300	Inventories	-	-	-	27,074
1000	Total Assets	<u>\$ 110,700</u>	<u>\$ -</u>	<u>\$ 688</u>	<u>\$ 227,094</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 17,909
2160	Accrued Wages Payable	15,384	-	630	284
2170	Due to Other Funds	93,866	-	-	-
2200	Accrued Expenditures	1,450	-	58	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>110,700</u>	<u>-</u>	<u>688</u>	<u>18,193</u>
<b>FUNDBALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	27,074
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	181,827
Committed Fund Balance:					
3510	Construction	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,901</u>
4000	Total Liabilities and Fund Balances	<u>\$ 110,700</u>	<u>\$ -</u>	<u>\$ 688</u>	<u>\$ 227,094</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	265 Title IV, B Community Learning	270 ESEA VI, Pt B Rural & Low Income	276 Title I - SIP Academy Grant	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,017	18,204	-	160,222	10,988	122,717	193,059	21,309
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 4,017</u>	<u>\$ 18,204</u>	<u>\$ -</u>	<u>\$ 160,222</u>	<u>\$ 10,988</u>	<u>\$ 122,717</u>	<u>\$ 193,059</u>	<u>\$ 21,309</u>
\$ -	\$ -	\$ -	\$ 726	\$ -	\$ 172	\$ 3,770	\$ -
-	119	-	723	-	14,648	3,048	-
4,017	18,085	-	158,773	10,988	106,556	185,958	21,309
-	-	-	-	-	1,341	283	-
-	-	-	-	-	-	-	-
<u>4,017</u>	<u>18,204</u>	<u>-</u>	<u>160,222</u>	<u>10,988</u>	<u>122,717</u>	<u>193,059</u>	<u>21,309</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 4,017</u>	<u>\$ 18,204</u>	<u>\$ -</u>	<u>\$ 160,222</u>	<u>\$ 10,988</u>	<u>\$ 122,717</u>	<u>\$ 193,059</u>	<u>\$ 21,309</u>

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

Data Control Codes	404 Student Success Initiative	410 State Textbook Fund	434 SSA - SSVI Visually Impaired	437 SSA Special Education	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ 7,598	\$ -	\$ 594,572
1240	Receivables from Other Governments	6,270	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 6,270</u>	<u>\$ 7,598</u>	<u>\$ -</u>	<u>\$ 594,572</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 83	\$ -	\$ 489
2160	Accrued Wages Payable	-	-	-	1,401
2170	Due to Other Funds	6,270	-	-	-
2200	Accrued Expenditures	-	-	-	17
2300	Unearned Revenues	-	312	-	-
2000	<b>Total Liabilities</b>	<u>6,270</u>	<u>395</u>	<u>-</u>	<u>1,907</u>
<b>FUNDBALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	7,203	-	-
Committed Fund Balance:					
3510	Construction	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	592,665
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>7,203</u>	<u>-</u>	<u>592,665</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,270</u>	<u>\$ 7,598</u>	<u>\$ -</u>	<u>\$ 594,572</u>

459 CC SSA Medicaid	461 Campus Activity Funds	499 Foundation Grants	Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 500,000	\$ 66,053	\$ 2,988	\$ 1,348,319	\$ 400	\$ 1,348,719
-	-	-	671,075	-	671,075
-	-	-	11	-	11
-	-	-	27,074	-	27,074
<u>\$ 500,000</u>	<u>\$ 66,053</u>	<u>\$ 2,988</u>	<u>\$ 2,046,479</u>	<u>\$ 400</u>	<u>\$ 2,046,879</u>
\$ 155	\$ 153	\$ 1,977	\$ 25,434	\$ -	\$ 25,434
1,526	-	-	37,763	-	37,763
204,509	-	-	810,331	-	810,331
4	-	-	3,153	-	3,153
-	-	-	312	-	312
<u>206,194</u>	<u>153</u>	<u>1,977</u>	<u>876,993</u>	<u>-</u>	<u>876,993</u>
-	-	-	27,074	-	27,074
293,806	65,900	1,011	549,747	-	549,747
-	-	-	-	400	400
-	-	-	592,665	-	592,665
<u>293,806</u>	<u>65,900</u>	<u>1,011</u>	<u>1,169,486</u>	<u>400</u>	<u>1,169,886</u>
<u>\$ 500,000</u>	<u>\$ 66,053</u>	<u>\$ 2,988</u>	<u>\$ 2,046,479</u>	<u>\$ 400</u>	<u>\$ 2,046,879</u>

ATLANTA 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	
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 251,644
5800	State Program Revenues	-	-	-	5,408
5900	Federal Program Revenues	521,032	58,289	16,738	837,436
5020	Total Revenues	<u>521,032</u>	<u>58,289</u>	<u>16,738</u>	<u>1,094,488</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	515,182	58,289	16,738	-
0013	Curriculum and Instructional Staff Development	5,850	-	-	-
0021	Instructional Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	1,058,103
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0053	Data Processing Services	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030	Total Expenditures	<u>521,032</u>	<u>58,289</u>	<u>16,738</u>	<u>1,058,103</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,385</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	36,385
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,516</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,901</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	265 Title IV, B Community Learning	270 ESEA VI, Pt B Rural & Low Income	276 Title I - SIP Academy Grant	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
28,804	109,733	10,572	741,722	35,289	760,227	983,085	35,315
<u>28,804</u>	<u>109,733</u>	<u>10,572</u>	<u>741,722</u>	<u>35,289</u>	<u>760,227</u>	<u>983,085</u>	<u>35,315</u>
28,804	109,733	-	306,839	35,289	697,250	390,637	7,760
-	-	772	-	-	686	-	-
-	-	9,800	215,817	-	34,051	55,323	-
-	-	-	-	-	-	408,570	-
-	-	-	80,391	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	138,675	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	28,240	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	128,555	27,555
<u>28,804</u>	<u>109,733</u>	<u>10,572</u>	<u>741,722</u>	<u>35,289</u>	<u>760,227</u>	<u>983,085</u>	<u>35,315</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ATLANTA 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	404 Student Success Initiative	410 State Textbook Fund	434 SSA - SSVI Visually Impaired	437 SSA Special Education
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 315,945
5800 State Program Revenues	6,270	80,413	6,687	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>6,270</u>	<u>80,413</u>	<u>6,687</u>	<u>315,945</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	6,270	73,210	6,687	131,302
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	147,662
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	7,080
0051 Facilities Maintenance and Operations	-	-	-	1,227
0053 Data Processing Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>6,270</u>	<u>73,210</u>	<u>6,687</u>	<u>287,271</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>7,203</u>	<u>-</u>	<u>28,674</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	7,203	-	28,674
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>563,991</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 7,203</u>	<u>\$ -</u>	<u>\$ 592,665</u>

459 CC SSA Medicaide	461 Campus Activity Funds	499 Foundation Grants	Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 74,296	\$ 15,537	\$ 657,422	\$ 73	\$ 657,495
-	-	-	98,778	-	98,778
380,387	-	-	4,518,629	-	4,518,629
<u>380,387</u>	<u>74,296</u>	<u>15,537</u>	<u>5,274,829</u>	<u>73</u>	<u>5,274,902</u>
260,456	-	14,526	2,658,972	-	2,658,972
-	-	-	7,308	-	7,308
32,356	-	-	495,009	-	495,009
12,000	-	-	420,570	-	420,570
2,769	-	-	83,160	-	83,160
-	-	-	1,058,103	-	1,058,103
-	83,559	-	83,559	-	83,559
-	-	-	145,755	-	145,755
-	-	-	1,227	-	1,227
-	-	-	28,240	-	28,240
-	-	-	-	609,673	609,673
235,683	-	-	391,793	-	391,793
<u>543,264</u>	<u>83,559</u>	<u>14,526</u>	<u>5,373,696</u>	<u>609,673</u>	<u>5,983,369</u>
<u>(162,877)</u>	<u>(9,263)</u>	<u>1,011</u>	<u>(98,867)</u>	<u>(609,600)</u>	<u>(708,467)</u>
-	-	-	-	610,000	610,000
-	-	-	-	610,000	610,000
(162,877)	(9,263)	1,011	(98,867)	400	(98,467)
<u>456,683</u>	<u>75,163</u>	<u>-</u>	<u>1,268,353</u>	<u>-</u>	<u>1,268,353</u>
<u>\$ 293,806</u>	<u>\$ 65,900</u>	<u>\$ 1,011</u>	<u>\$ 1,169,486</u>	<u>\$ 400</u>	<u>\$ 1,169,886</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 AUGUST 31, 2013

	750 Internal Service	752 Print Shop	Total Internal Service Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 399	\$ 22,902	\$ 23,301
Total Current Assets	<u>399</u>	<u>22,902</u>	<u>23,301</u>
Noncurrent Assets:			
Capital Assets:			
Leased Property Under Capital Leases	-	133,871	133,871
Depreciation on Capital Leases	-	(80,323)	(80,323)
Total Noncurrent Assets	<u>-</u>	<u>53,548</u>	<u>53,548</u>
Total Assets	<u>399</u>	<u>76,450</u>	<u>76,849</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	-	8,342	8,342
Capital Leases Payable	-	35,544	35,544
Accrued Wages Payable	-	116	116
Total Current Liabilities	<u>-</u>	<u>44,002</u>	<u>44,002</u>
NonCurrent Liabilities:			
Other Long-Term Debt - Due in More than One Year	-	32,448	32,448
Total Noncurrent Liabilities	<u>-</u>	<u>32,448</u>	<u>32,448</u>
Total Liabilities	<u>-</u>	<u>76,450</u>	<u>76,450</u>
<b>NET POSITION</b>			
Unrestricted Net Position	399	-	399
Total Net Position	<u>\$ 399</u>	<u>\$ -</u>	<u>\$ 399</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2013

	750 Internal Service	752 Print Shop	Total Internal Service Funds
<b>OPERATING REVENUES:</b>			
Local and Intermediate Sources	\$ 501	\$ 129,967	\$ 130,468
Total Operating Revenues	<u>501</u>	<u>129,967</u>	<u>130,468</u>
<b>OPERATING EXPENSES:</b>			
Payroll Costs	131	39,379	39,510
Supplies and Materials	-	24,796	24,796
Other Operating Costs	-	57,224	57,224
Debt Service	-	8,568	8,568
Total Operating Expenses	<u>131</u>	<u>129,967</u>	<u>130,098</u>
Operating Income	370	-	370
Total Net Position - September 1 (Beginning)	<u>29</u>	<u>-</u>	<u>29</u>
Total Net Position August 31 (Ending)	<u>\$ 399</u>	<u>\$ -</u>	<u>\$ 399</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2013

	750 Internal Service	752 Print Shop	Total Internal Service Funds
Net Increase in Cash and Cash Equivalents	370	864	1,234
Cash and Cash Equivalents at Beginning of Year	29	22,038	22,067
Cash and Cash Equivalents at End of Year	<u>\$ 399</u>	<u>\$ 22,902</u>	<u>\$ 23,301</u>
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income:	\$ 370	\$ -	\$ 370
Adjustments to Reconcile Operating Income			
to Net Cash Provided by Operating Activities:			
Depreciation	-	26,775	26,775
Effect of Increases and Decreases in Current			
Assets and Liabilities:			
Increase (decrease) in Accounts Payable	-	6,266	6,266
Increase (decrease) in Other Liabilities	-	(32,177)	(32,177)
Net Cash Provided by Operating	<u>\$ 370</u>	<u>\$ 864</u>	<u>\$ 1,234</u>
Activities			

ATLANTA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED AUGUST 31, 2013

	BALANCE SEPTEMBER 1 2012	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2013
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 72,242	\$ 231,976	\$ 170,683	\$ 133,535
Liabilities:				
Accounts Payable	\$ -	\$ 180,410	\$ 170,683	\$ 9,727
Due to Other Funds	499	29	-	528
Due to Student Groups	71,743	231,455	179,918	123,280
Total Liabilities	<u>\$ 72,242</u>	<u>\$ 411,894</u>	<u>\$ 350,601</u>	<u>\$ 133,535</u>
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 72,242	\$ 231,976	\$ 170,683	\$ 133,535
Liabilities:				
Accounts Payable	\$ -	\$ 180,410	\$ 170,683	\$ 9,727
Due to Other Funds	499	29	-	528
Due to Student Groups	71,743	231,455	179,918	123,280
Total Liabilities	<u>\$ 72,242</u>	<u>\$ 411,894</u>	<u>\$ 350,601</u>	<u>\$ 133,535</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 AUGUST 31, 2013

	806 Grumbles Trust	807 Garrison Trust	808 Campus Trust	Total Private Purpose Trust Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,740	\$ 9,119	\$ 8,980	\$ 22,839
Total Assets	<u>4,740</u>	<u>9,119</u>	<u>8,980</u>	<u>22,839</u>
<b>NET POSITION</b>				
Restricted for Scholarships	<u>4,740</u>	<u>9,119</u>	<u>8,980</u>	<u>22,839</u>
Total Net Position	<u>\$ 4,740</u>	<u>\$ 9,119</u>	<u>\$ 8,980</u>	<u>\$ 22,839</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2013

	806 Grumbles Trust	807 Garrison Trust	808 Campus Trust	Total Private Purpose Trust Funds
<b>ADDITIONS:</b>				
Local and Intermediate Sources	\$ -	\$ 26	\$ 325	\$ 351
Total Additions	<u>-</u>	<u>26</u>	<u>325</u>	<u>351</u>
<b>DEDUCTIONS:</b>				
Other Operating Costs	<u>100</u>	<u>-</u>	<u>750</u>	<u>850</u>
Total Deductions	<u>100</u>	<u>-</u>	<u>750</u>	<u>850</u>
Change in Net Position	(100)	26	(425)	(499)
Total Net Position - September 1 (Beginning)	<u>4,840</u>	<u>9,093</u>	<u>9,405</u>	<u>23,338</u>
Total Net Position - August 31 (Ending)	<u>\$ 4,740</u>	<u>\$ 9,119</u>	<u>\$ 8,980</u>	<u>\$ 22,839</u>

*REQUIRED TEA SCHEDULES*



ATLANTA 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	1.476000	0.052000	301,944,472
2006	1.476000	0.056349	321,688,829
2007	1.348760	0.052350	364,638,138
2008	1.040000	0.052496	381,225,561
2009	1.040000	0.058914	424,098,428
2010	1.040000	0.000000	460,781,084
2011	1.040000	0.151806	534,421,553
2012	1.040000	0.147440	524,313,228
2013 (School year under audit)	1.040000	0.160000	544,188,258
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
\$ 164,231	\$ -	\$ 8,403	\$ 308	\$ (16,533)	\$ 138,987
28,384	-	1,079	39	(1,401)	25,865
34,529	-	1,188	45	(1,419)	31,877
43,189	-	5,627	218	(1,879)	35,465
41,289	-	5,248	265	(1,923)	33,853
62,802	-	8,327	472	(2,497)	51,506
79,998	-	23,287	-	(2,504)	54,207
125,223	-	36,983	5,398	(2,543)	80,299
212,171	-	82,056	11,633	(1,456)	117,026
-	6,650,259	5,589,917	859,987	-	200,355
<u>\$ 791,816</u>	<u>\$ 6,650,259</u>	<u>\$ 5,762,115</u>	<u>\$ 878,365</u>	<u>\$ (32,155)</u>	<u>\$ 769,440</u>

ATLANTA 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	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ 17,519	\$ -	\$ 234,164	\$ 430,979	\$ -	\$ -	\$ 682,662
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	16,764	-	-	-	-	-	16,764
6212	Audit Services	-	-	-	14,000	-	-	14,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	135,993	-	-	-	-	135,993
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	-	-	-	-	-
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	11,050	-	-	11,050
6240	Contr. Maint. and Repair	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	1,314	-	1,314
6260	Rentals	-	-	-	37,029	-	-	37,029
6290	Miscellaneous Contr.	-	-	6,792	14,473	-	-	21,265
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	1,081	-	-	40,332	-	-	41,413
6410	Travel, Subsistence, Stipends	6,653	-	4,264	15,327	-	-	26,244
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	7,984	-	-	-	-	-	7,984
6490	Miscellaneous Operating	11,399	-	19,735	20,395	12,927	-	64,456
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	<b>TOTAL</b>	<b>\$ 61,400</b>	<b>\$ 135,993</b>	<b>\$ 264,955</b>	<b>\$ 583,585</b>	<b>\$ 14,241</b>	<b>\$ -</b>	<b>\$ 1,060,174</b>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 19,601,438

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 499,202
Total Debt & Lease(6500)	(11)	326,138
Plant Maintenance (Function 51, 6100-6400)	(12)	1,448,596
Food (Function 35, 6341 and 6499)	(13)	480,031
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		583,585

SubTotal: 3,337,553

Net Allowed Direct Cost \$ 16,263,886

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 26,801,365
Historical Cost of Building over 50 years old	(16)	-
Amount of Federal Money in Building Cost (Net of #16)	(17)	-
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 4,424,161
Historical Cost of Furniture & Equipment over 16 years old	(19)	-
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	-

(8) NOTE A: \$158,452 in Function 53 expenditures are included in this report on administrative costs.  
 \$134,770 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

ATLANTA 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		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 292,236	\$ 241,571	\$ 251,644	\$ 10,073
5800 State Program Revenues	5,600	5,792	5,408	(384)
5900 Federal Program Revenues	716,907	817,980	837,436	19,456
5020 Total Revenues	<u>1,014,743</u>	<u>1,065,343</u>	<u>1,094,488</u>	<u>29,145</u>
<b>EXPENDITURES:</b>				
0035 Food Services	<u>1,010,743</u>	<u>1,065,064</u>	<u>1,058,103</u>	<u>6,961</u>
6030 Total Expenditures	<u>1,010,743</u>	<u>1,065,064</u>	<u>1,058,103</u>	<u>6,961</u>
1200 Net Change in Fund Balances	4,000	279	36,385	36,106
0100 Fund Balance - September 1 (Beginning)	<u>172,516</u>	<u>172,516</u>	<u>172,516</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 176,516</u>	<u>\$ 172,795</u>	<u>\$ 208,901</u>	<u>\$ 36,106</u>

*INTERNAL CONTROL,  
COMPLIANCE SECTION  
and FEDERAL AWARDS*



Judy C. Moore, CPA  
N. Preston Caver, CPA

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

Independent Auditor's Report

Board of Trustees  
Atlanta Independent School District  
106 West Main Street  
Atlanta, Texas 75551

Members of the Board:

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 Atlanta 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 November 22, 2013.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are considered to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Atlanta Independent School District's financial statements are free from 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 instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

### **Purpose of this report**

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

This report is intended for the information of the district's trustees, the audit committee, the administration, Texas Education Agency, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

*Moore and Caver, Inc.*

MOORE and CAVER, Inc.  
Certified Public Accountants

November 22, 2013

Judy C. Moore, CPA  
N. Preston Caver, CPA

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

Independent Auditor's Report

Board of Trustees  
Atlanta Independent School District  
106 West Main Street  
Atlanta, Texas 75551

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Atlanta Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Atlanta Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

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

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

Management of Atlanta Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered Atlanta Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of Atlanta Independent School District's internal control over compliance.

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

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

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

This report is intended for the information and use of the District's trustees, the audit committee, the administration, Texas Education Agency, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of Atlanta Independent School District as of and for the year ended August 31, 2013, and have issued our report thereon dated November 22, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Moore and Caver, Inc.*

*MOORE and CAVER, Inc.*  
Certified Public Accountants

November 22, 2013

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

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**I. Summary of Auditor's Results**

1. Type of auditor's report issued on the financial statements: Unmodified.

2. Internal control over Financial Reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified that are not considered to be material weakness(es)  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

3. Federal Awards:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified that are not considered to be material weakness(es)  Yes  None reported

Type of auditor's report on compliance for major programs: Unqualified.

Did the audit disclose findings which are required to be reported under Sec. 5 I 0(a):  Yes  No

6. Major programs include:

<u>Prog. #</u>	<u>Program</u>
10.553	School Breakfast Program
10.555	National School Lunch Program
84.287	Title IV, Pt. B - 21st Century Community Learning Cent.

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

6. Low risk auditee:  Yes  No

**II. Findings Related to the Financial Statements**

The audit disclosed no findings required to be reported.

**III. Findings and Questioned Costs Related to the Federal Awards AA-1**

The audit disclosed no finding required to be reported.

ATLANTA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2013

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**PRIOR YEAR'S FINDING/NONCOMPLIANCE**

No findings in prior audit

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

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**CORRECTIVE ACTION PLAN**

N/A – no audit finding in current year.

ATLANTA 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
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	13610101034901	\$ 504,198
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	14610101034901	16,834
Total CFDA Number 84.010A			521,032
Total Title I, Part A Cluster			521,032
*IDEA - Part B, Formula	84.027	136600010349016600	58,289
*SSA - IDEA - Part B, Formula	84.027	136600013049016600	976,116
*SSA - IDEA - Part B, Formula	84.027	146600013049016600	6,969
Total CFDA Number 84.027			1,041,374
*IDEA - Part B, Preschool	84.173	136610010349016610	16,049
*IDEA - Part B, Preschool	84.173	146610010349016610	689
*SSA - IDEA - Part B, Preschool	84.173	136610010349016610	35,315
Total CFDA Number 84.173			52,053
Total Special Education Cluster (IDEA)			1,093,427
Career and Technical - Basic Grant	84.048	13420006034901	24,787
Career and Technical - Basic Grant	84.048	14420006034901	4,017
Total CFDA Number 84.048			28,804
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	136950167110002	703,940
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	146950167110002	37,782
Total CFDA Number 84.287			741,722
*Title II, Part D - Enhance Ed. Through Technology	84.318	136300078711001	10,572
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	1369001034901	35,289
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	13694501034901	109,614
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	1494501034901	119
Total CFDA Number 84.367A			109,733
Title I SIP Academy Grant	84.377A	136107047110001	732,496
Title I SIP Academy Grant	84.377A	146107047110001	27,731
Total CFDA Number 84.377A			760,227
Total Passed Through State Department of Education			\$ 3,300,806
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<b>\$ 3,300,806</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401201	\$ 210,574
*National School Lunch Program - Cash Assistance	10.555	71401201	537,729
*National School Lunch Prog. - Non-Cash Assistance	10.555	71401201	70,312
Total CFDA Number 10.555			608,041
*Non Cash Assistance - Summer Feeding Program	10.559	71301201	18,821
Total Child Nutrition Cluster			837,436
Total Passed Through the State Department of Agriculture			\$ 837,436

ATLANTA 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
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			\$ 837,436
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 4,138,242</u>

\*Clustered Programs

ATLANTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE SUPPLEMENTARY SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2013

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1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund, which 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 net current assets.

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

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

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 in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.

SCHOOLS FIRST QUESTIONNAIRE

ATLANTA INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2013

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

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REPORT TO MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE  
INDICATING THAT NO MATERIAL WEAKNESSES IN INTERNAL CONTROLS  
OVER FINANCIAL REPORTING WERE IDENTIFIED IN THE AUDIT

Board of Trustees  
Atlanta Independent School District

Members of the Board:

We have audited the financial statements of the Atlanta Independent School District for the year ended August 31, 2013 and have issued our report thereon dated November 22, 2013. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under Auditing Standards Generally Accepted in the United States of America**

In planning and performing our audit of the financial statements of Atlanta Independent School District as of and for the year ended August 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered The District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identified any deficiencies in internal control that we consider to be material weaknesses, as defined above.

**Significant Accounting Policies**

We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

**Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

**Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the District's financial reporting process (that is, cause future financial statements to be materially misstated). Our journal entries mainly related to adjustments necessary to year end accounting. Most of these journal entries are typically considered the responsibility of the District. For the current audit period, management and the audit team agreed on the appropriateness of all entries made.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

**Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Issues Discussed Prior to Contracting Audit**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to contracting or retention as the District auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our contractual agreement or future retention.

**Difficulties Encountered in Performing the Audit**

We encountered no difficulties in dealing with management in performing our audit. All information needs were met in a complete and expedient manner. I wish to commend the Superintendent and Business Manager as well as the other administration staff for the quality in which they perform these duties. In addition, I wish to commend the directors of each department for the efficient manner that they assisted our team during the audit and the receptiveness to comments and suggestions we may have made.

This communication is intended solely for the information and use of management, the Board of Trustees, others within the organization, the School Financial Audits Division of Texas Education Agency, and is not intended to be and should not be used by anyone other than these specified parties.



*Moore and Caver, Inc.*

Certified Public Accountants

November 22, 2013