

ALPINE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

FOR THE YEAR ENDED
JUNE 30, 2013

ALPINE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2013

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CERTIFICATE OF BOARD

Alpine Independent School District
Name of School District

Brewster
County

022-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended June 30, 2013, at a meeting of the Board of Trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

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



UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY
REQUIRED SUPPLEMENTARY INFORMATION AND OTHER INFORMATION INCLUDING THE
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Independent Auditors' Report

To the Board of Trustees of
Alpine Independent School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alpine Independent School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Alpine Independent School District as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section 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.

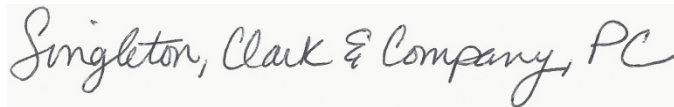
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alpine Independent School District's basic financial statements. The combining schedules, the Texas Education Agency required schedules, and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2013 on our consideration of Alpine 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 Alpine Independent School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC". The signature is written in dark ink on a light-colored background.

Austin, Texas
September 26, 2013

**ALPINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Alpine Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2013. Please read it in conjunction with the independent auditors' report on page 2 and the District's Basic Financial Statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position for governmental activities increased by \$222,470 as a result of this year's operations, to end at \$15,064,857.
- The General Fund of the District reported a fund balance decrease of \$487,089 for the year, to end at \$6,331,299.
- Total Governmental Funds of the District (the General Fund plus all Special Revenue Funds and the Debt Service Fund) reported an overall fund balance decrease of \$441,696, to end at \$6,865,394.

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. 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.

The fund financial statements 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. For the current year the District did not engage in proprietary activities. 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.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Combining Schedules as Supplementary Information section contains even more information about the District's individual nonmajor funds. This information is not required by TEA, but is included for its usefulness. The Other Supplementary Information Section includes TEA Required Schedules and information required by federal monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

ALPINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

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 with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements 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 or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by the State of Texas 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.

The Statement of Net Position and the Statement of Activities report the District's net position and changes in net position. The District's net position (the difference between assets and liabilities) provides one measure of the District's financial health. 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, school district activities can be classified in two separate ways:

- Governmental activities – School districts report basic services here, including the instruction of students, 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.
- Business-type activities – School districts may charge a fee to "customers" to help it cover all or most of the cost of services it provides for child care programs or other activities that closely model a business venture.

Our school district reported governmental activities this year, however, we did not engage in business-type activities.

ALPINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements follow the government-wide statements and provide detailed information about the most significant funds of the District, not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education in order to display separate accountability. The District's administration establishes many other funds to help it control and manage money for particular purposes (such as for campus activities). School districts use two different kinds of funds for operations, governmental and proprietary, which use different accounting approaches.

- A school district will use *governmental funds* to account for basic services. 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.
- A school district will use *proprietary funds* to account for the activities for which it charges users (whether outside customers or other units of the District). Proprietary funds use the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, when a district utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for a District's other programs and activities, such as a District's self-insurance programs.

Our school district reported several governmental funds this year, however, we did not utilize proprietary funds.

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 that follow the governmental fund and proprietary fund financial statements. 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.

ALPINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the net position (Table I below) and changes in net position (Table II below) of the District's governmental activities.

Net assets of the District's governmental activities increased from \$14,481,825 to \$15,064,857. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$7,157,574 at June 30, 2013. The increase in governmental net assets was primarily due to capital asset additions in the current year and a prior period adjustment made in the 588 Special Education Coop Fund. More information regarding the increase is presented in the paragraph following Table II on the next page.

Table I
ALPINE INDEPENDENT SCHOOL DISTRICT
NET POSITION

	Governmental Activities 2013	Governmental Activities 2012	Change
Current & other assets	\$ 8,177,916	\$ 8,920,720	\$ (742,804)
Capital assets	10,430,052	10,125,879	304,173
Total assets	<u>\$ 18,607,968</u>	<u>\$ 19,046,599</u>	<u>\$ (438,631)</u>
Current liabilities	\$ 771,855	\$ 1,454,255	\$ (682,400)
Long-term liabilities	2,771,256	3,110,519	(339,263)
Total liabilities	<u>3,543,111</u>	<u>4,564,774</u>	<u>(1,021,663)</u>
Net Assets:			
Invested in capital assets, net of related debt	7,696,082	7,041,046	655,036
Restricted	211,201	172,998	38,203
Unrestricted	7,157,574	7,267,781	(110,207)
Total net assets	<u>\$ 15,064,857</u>	<u>\$ 14,481,825</u>	<u>\$ 583,032</u>

**ALPINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

**Table II
ALPINE INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION**

	Governmental Activities 2013	Governmental Activities 2012	Change
Revenues:			
Program Revenues:			
Charges for services	\$ 778,062	\$ 686,590	\$ 91,472
Operating grants & contr.	2,070,483	2,330,783	(260,300)
General Revenues:			
Maintenance & operations taxes	4,631,528	4,505,542	125,986
Debt service taxes	341,943	346,315	(4,372)
State aid - formula grants	4,620,194	5,043,315	(423,121)
Grants & contributions not rest.	84,577	-	84,577
Investment earnings	8,671	9,438	(767)
Miscellaneous	21,190	63,745	(42,555)
Total Revenue	12,556,648	12,985,728	(429,080)
Expenses:			
Instruction	6,569,917	6,554,742	15,175
Instructional res. & media svcs.	209,903	240,359	(30,456)
Curriculum and staff dev.	67,198	32,250	34,948
Instructional leadership	229,746	192,037	37,709
School leadership	493,255	451,348	41,907
Guidance/counseling svcs.	539,537	530,260	9,277
Health services	86,803	68,063	18,740
Student transportation	355,194	336,535	18,659
Food services	563,479	588,986	(25,507)
Cocurricular/extracurricular act.	717,600	673,693	43,907
General administration	528,926	534,755	(5,829)
Plant maint. and operations	1,179,505	1,181,228	(1,723)
Security and monitoring svcs.	16,565	16,257	308
Data processing services	291,151	250,678	40,473
Debt service	99,967	98,793	1,174
Payments to fiscal agents	169,848	294,449	(124,601)
Other intergovernmental chgs.	215,584	240,061	(24,477)
Total Expenses	12,334,178	12,284,494	49,684
Change in net assets	222,470	701,234	(478,764)
Net assets at 7/1/12 and 7/1/11	14,481,825	13,780,591	701,234
Prior period adjustment	360,562	-	360,562
Net assets at 6/30/13 and 6/30/12	\$ 15,064,857	\$ 14,481,825	\$ 583,032

**ALPINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

THE DISTRICT'S FUNDS

As the District completed this annual period, the General Fund reported a fund balance of \$6,331,299, which is \$487,089 less than last years' total of \$6,818,388. The decrease in fund balance is mainly attributable to the expenditures needed to complete capital projects related to the construction of new athletic facilities.

The District's 588 Special Education Co-op fund reported a fund balance of \$386,076 which is \$25,514 more than last year's total of \$360,562. The 588 Special Education Co-op Fund balance was more at June 30, 2013, as compared to the prior year end, due to the district electing to not reimburse the full amount of SHARS revenue to the member districts in the current fiscal year.

The District's other governmental funds reported a fund balance of \$148,019 as compared to \$128,140 in 2012, which is \$19,879 more than the previous year. The primary difference between fiscal 2012 and fiscal 2013 governmental funds was that the debt service fund collecting more property tax revenue than was needed to cover debt service expenditures for the year.

Over the course of the year, the Board of Trustees revised the District's budget several times. These amendments involved moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs. The Board also increased budgeted expenditures in function 81 by \$976,000 to cover the costs of completing the construction of new athletic facilities. This increase was not accompanied by a decrease in any of the other budgeted programs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2013, the District had \$10,430,052 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. A summary of the ending balances of capital assets by major category for both 2013 and 2012 is a follows:

	Governmental Activities 2013	Governmental Activities 2012	Change
Land	\$ 275,907	\$ 275,907	\$ -
Buildings	16,668,158	14,198,247	2,469,911
Furniture and Equipment	2,940,584	2,855,822	84,762
Construction in Progress	-	1,526,042	(1,526,042)
Total	19,884,649	18,856,018	1,028,631
Less Accumulated Depreciation	(9,454,597)	(8,730,139)	(724,458)
Capital assets, net of depreciation	\$ 10,430,052	\$ 10,125,879	\$ 304,173

**ALPINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Debt

At year-end, the District had \$2,771,256 in bonds and other long-term debt outstanding versus \$3,110,519 last year. The decrease is attributable to scheduled payments on debt during fiscal 2013. A summary of the ending balances of long-term debt by type for both 2013 and 2012 is as follows:

	Governmental Activities 2013	Governmental Activities 2012	Change
General Obligation Bonds	\$ 2,060,000	\$ 2,315,000	\$ (255,000)
Notes Payable	673,970	769,833	(95,863)
Accrued State Leave	37,286	25,686	11,600
Total	<u>\$ 2,771,256</u>	<u>\$ 3,110,519</u>	<u>\$ (339,263)</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2013-2014 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. A steadily increasing enrollment population, coupled with a moderate increase in property values, has led to a General Fund budget of \$10.8 million for the 2013-2014 fiscal year. The budget increased from 2012-2013 to 2013-2014 by approximately \$564 thousand, a direct result from increased average daily attendance, which generates more state revenues and increased property tax values, which generates more local revenues.

For the 2013-2014 budget year, the District has held constant its maintenance and operations tax rate at \$1.17 per hundred of taxable value. The District adopted a debt service tax rate of \$.09 for the 2013-2014 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2013-2014 budget year is \$1.26 per hundred of taxable value.

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 Alpine Independent School District, 704 W Sul Ross Avenue, Alpine, Texas 79830, or by calling (432) 837-7700.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ALPINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

Data Control Codes	Primary Government 1 Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,334,335
1120 Current Investments	4,953,138
1225 Property Taxes Receivable (net)	594,796
1240 Due from Other Governments	1,267,039
1267 Due from Fiduciary Funds	460
1290 Other Receivables, net	28,148
Capital Assets:	
1510 Land	275,907
1520 Buildings and Improvements, Net	9,369,150
1530 Furniture and Equipment, Net	784,995
1000 Total Assets	<u>18,607,968</u>
LIABILITIES	
2110 Accounts Payable	30,610
2140 Interest Payable	54,129
2150 Payroll Deductions & Withholdings	967
2177 Due to Fiduciary Funds	15,389
2180 Due to Other Governments	624,069
2300 Deferred Revenue	46,691
Noncurrent Liabilities:	
2501 Bonds, Loans & Other Payable - Due Within One Year	374,543
2502 Bonds Payable - Due in More than One Year	1,795,000
2520 Loans Payable - Due in More than One Year	573,749
2530 Other Long-Term Debt - Due in More than One Year	27,964
2000 Total Liabilities	<u>3,543,111</u>
NET POSITION	
3200 Investments in Capital Assets, Net of Related Debt	7,696,082
Restricted for:	
3820 Federal & State Programs	1,501
3850 Debt Service	209,700
3900 Unrestricted	7,157,574
3000 Total Net Position	<u>\$ 15,064,857</u>

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

ALPINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	1 Expenses	Program Revenues	
		3 Charges for Services	4 Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 6,569,917	\$ 243,598	\$ 1,357,201
12 Instructional Resources & Media Services	209,903	-	10,573
13 Curriculum & Staff Development	67,198	-	13,156
21 Instructional Leadership	229,746	156,600	151,156
23 School Leadership	493,255	-	73,170
31 Guidance/Counseling/Evaluation Services	539,537	145,000	297,971
33 Health Services	86,803	-	4,576
34 Student Transportation	355,194	-	11,985
35 Food Services	563,479	146,582	16,050
36 Extracurricular Activities	717,600	37,082	18,568
41 General Administration	528,926	14,400	21,150
51 Plant Maintenance and Operations	1,179,505	34,800	81,346
52 Security and Monitoring Services	16,565	-	615
53 Data Processing Services	291,151	-	12,966
72 Interest on Long-Term Debt	99,467	-	-
73 Bond Issuance Cost & Fees	500	-	-
93 Payments to Fiscal Agent/Member District of SSA	169,848	-	-
99 Other Intergovernmental Charges	215,584	-	-
TG Total Governmental Activities:	12,334,178	778,062	2,070,483
TP TOTAL PRIMARY GOVERNMENT:	\$ 12,334,178	\$ 778,062	\$ 2,070,483

General Revenues:

Taxes:

MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
GC	Grants and Contributions, not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues, Special Items, and Transfers
CN	Change in Net Position
NB	Net Assets -- Beginning
PA	Prior Period Adjustment
NE	Net Assets -- Ending

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

Net (Expense)
Rev. & Changes
in Net Assets

6

Primary Gov.
Governmental
Activities

\$	(4,969,118)
	(199,330)
	(54,042)
	78,010
	(420,085)
	(96,566)
	(82,227)
	(343,209)
	(400,847)
	(661,950)
	(493,376)
	(1,063,359)
	(15,950)
	(278,185)
	(99,467)
	(500)
	(169,848)
	(215,584)
	<u>(9,485,633)</u>
	<u>(9,485,633)</u>

	4,631,528
	341,943
	4,620,194
	84,577
	8,671
	21,190
	<u>9,708,103</u>
	222,470
	14,481,825
	<u>360,562</u>
\$	<u><u>15,064,857</u></u>

FUND BASIS FINANCIAL STATEMENTS

ALPINE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

Data Control Codes	10				98
	588 Special		Total		
	General Fund	Education Co-op	Other Funds	Governmental Funds	
ASSETS					
1110 Cash and Cash Equivalents	\$ 895,674	\$ 254,569	\$ 184,092	\$ 1,334,335	
1120 Investments - Current	4,928,174	-	24,964	4,953,138	
1220 Property Taxes - Delinquent	664,518	-	78,978	743,496	
1230 Allow. for Uncollectible Taxes (Credit)	(132,904)	-	(15,796)	(148,700)	
1240 Due from Other Governments	1,099,146	-	167,893	1,267,039	
1260 Due from Other Funds	355,103	261,919	23,215	640,237	
1267 Due from Fiduciary Funds	460	-	-	460	
1290 Other Receivables	28,148	-	-	28,148	
1000 Total Assets	<u>\$ 7,838,319</u>	<u>\$ 516,488</u>	<u>\$ 463,346</u>	<u>\$ 8,818,153</u>	
LIABILITIES & FUND BALANCES					
Liabilities:					
2110 Accounts Payable	\$ 30,610	\$ -	\$ -	\$ 30,610	
2150 Payroll Ded. and Withholdings Payable	967	-	-	967	
2170 Due to Other Funds	429,877	-	210,360	640,237	
2177 Due to Fiduciary Funds	15,389	-	-	15,389	
2180 Due to Other Governments	493,657	130,412	-	624,069	
2300 Unearned Revenues	4,906	-	41,785	46,691	
2000 Total Liabilities	<u>975,406</u>	<u>130,412</u>	<u>252,145</u>	<u>1,357,963</u>	
DEFERRED INFLOWS OF RESOURCES					
2600 Deferred Inflows	531,614	-	63,182	594,796	
Total Deferred Inflows of Resources	<u>531,614</u>	<u>-</u>	<u>63,182</u>	<u>594,796</u>	
Fund Balances:					
Restricted for:					
3450 Federal or State Funds Restricted	-	-	1,501	1,501	
3480 Retirement of Long-Term Debt	-	-	146,518	146,518	
Committed for:					
3510 Construction	2,024,000	-	-	2,024,000	
3530 Capital Expenditures for Equipment	600,000	-	-	600,000	
3600 Unassigned Fund Balance	3,707,299	386,076	-	4,093,375	
3000 Total Fund Balances	<u>6,331,299</u>	<u>386,076</u>	<u>148,019</u>	<u>6,865,394</u>	
4000 Total Liabilities, Def. Inflows, and Fund Balances	<u>\$ 7,838,319</u>	<u>\$ 516,488</u>	<u>\$ 463,346</u>	<u>\$ 8,818,153</u>	

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

ALPINE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2013

		1
Total Fund Balances - Governmental Funds		\$ 6,865,394
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of recording the beginning of the year value of \$18,856,018 for capital assets and \$8,730,139 for accumulated depreciation to the Statement of Net Position was an increase in net position.	10,125,879
2	Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Position. The effect of capitalizing current expenditures for capital outlays during the year was an increase in net position.	1,028,631
3	Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The effect of recording depreciation expense to the Statement of Net Position is a decrease in net position.	(724,458)
4	Long-term debt issued by governmental activities is not a current financial liability and therefore not reported in governmental funds. The effect of recording the beginning of the year value for all long-term debt outstanding is a decrease in net position.	(3,110,519)
5	Liabilities for employee compensated absences are not recognized in the governmental funds. The effect of recording the current year change in the liability for employee compensated absences to the Statement of Net Position is a decrease in net position.	(11,600)
6	Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Position. The effect of reducing long-term debt is an increase in net position.	350,863
7	Accrued interest related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds. The effect of recording accrued interest is a decrease in net position.	(54,129)
8	Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. The net effect of this difference in property tax revenue recognition is an increase in net position.	594,796
19	Net Position of Governmental Activities	<u><u>\$ 15,064,857</u></u>

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

ALPINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	10	588 Special		98
	General Fund	Education Co-op	Other Funds	Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 4,754,526	\$ 520,528	\$ 491,400	\$ 5,766,454
5800 State Program Revenues	5,055,231	-	30,005	5,085,236
5900 Federal Program Revenues	84,577	25,513	1,579,928	1,690,018
5020 Total Revenues	9,894,334	546,041	2,101,333	12,541,708
EXPENDITURES:				
0011 Instruction	4,987,312	295,385	892,026	6,174,723
0012 Instructional Resources & Media Services	197,556	-	-	197,556
0013 Curriculum & Instructional Staff Development	48,928	-	14,317	63,245
0021 Instructional Leadership	51,721	140,472	24,039	216,232
0023 School Leadership	410,494	-	53,747	464,241
0031 Guidance, Counseling & Evaluation Services	212,178	55,308	260,027	527,513
0033 Health Services	81,697	-	-	81,697
0034 Student (Pupil) Transportation	340,449	-	-	340,449
0035 Food Services	23,715	-	506,619	530,334
0036 Cocurricular/Extracurricular Activities	675,389	-	-	675,389
0041 General Administration	496,722	-	-	496,722
0051 Plant Maintenance and Operations	1,065,745	29,362	33,420	1,128,527
0052 Security and Monitoring Services	15,591	-	-	15,591
0053 Data Processing Services	308,445	-	-	308,445
0071 Debt Service - Principal	95,863	-	255,000	350,863
0072 Debt Service - Interest	34,982	-	70,275	105,257
0073 Debt Service - Bond Issuance Costs	-	-	500	500
0081 Facilities Acquisition and Construction	943,869	-	-	943,869
0093 Payments to Fiscal Agent/Member Dist. of SSA	159,348	-	-	159,348
0099 Other Intergovernmental Charges	202,903	-	-	202,903
6030 Total Expenditures	10,352,907	520,527	2,109,970	12,983,404
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(458,573)	25,514	(8,637)	(441,696)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	28,516	28,516
8911 Transfers Out	(28,516)	-	-	(28,516)
7080 Total Other Financing Sources (Uses)	(28,516)	-	28,516	-
1200 Net Change in Fund Balance	(487,089)	25,514	19,879	(441,696)
0100 Fund Balance - Beginning	6,818,388	-	128,140	6,946,528
1300 Prior Period Adjustment	-	360,562	-	360,562
3000 Fund Balance - Ending	\$ 6,331,299	\$ 386,076	\$ 148,019	\$ 6,865,394

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

ALPINE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2013

Total Net Change in Fund Balances – Governmental Funds		\$ (441,696)
1	Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Position. The net effect of capitalizing current expenditures for capital outlays during the year was an increase in the change in net position.	1,028,631
2	Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The net effect of recording depreciation expense to the Statement of Net Position is a decrease in the change in net position.	(724,458)
3	Liabilities for employee compensated absences are not recognized in the governmental funds. The effect of recording the current year change in the liability for employee compensated absences to the Statement of Net Position is a decrease in net position.	(11,600)
4	Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Position. The net effect of reducing long-term debt is an increase in the change in net position.	350,863
5	Accrued interest related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds. The effect of recording accrued interest is an increase in the change in net position.	5,790
6	Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. The net effect of this difference in property tax revenue recognition is an increase in the change in net position.	14,940
19	Change in Net Position of Governmental Activities	\$ 222,470

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

ALPINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(GAAP BASIS)	Final Budget
REVENUES:				
5700 Local & Intermediate Sources	\$ 4,576,122	\$ 4,576,122	\$ 4,754,526	\$ 178,404
5800 State Program Revenues	5,041,533	5,041,533	5,055,231	13,698
5900 Federal Program Revenues	40,000	40,000	84,577	44,577
5020 Total Revenues	9,657,655	9,657,655	9,894,334	236,679
EXPENDITURES:				
Current:				
0011 Instruction	5,327,889	5,285,889	4,987,312	298,577
0012 Instructional Resources & Media Services	208,985	208,985	197,556	11,429
0013 Curriculum and Staff Development	55,350	55,350	48,928	6,422
0021 Instructional Leadership	54,046	54,046	51,721	2,325
0023 School Leadership	487,411	487,411	410,494	76,917
0031 Guidance/Counseling/Evaluation Services	226,182	226,182	212,178	14,004
0033 Health Services	97,744	97,744	81,697	16,047
0034 Student Transportation	383,450	383,450	340,449	43,001
0035 Food Services	33,800	33,800	23,715	10,085
0036 Extracurricular Activities	778,263	778,263	675,389	102,874
0041 General Administration	636,918	636,918	496,722	140,196
0051 Facilities Maintenance & Operations	1,088,020	1,088,020	1,065,745	22,275
0052 Security and Monitoring Services	18,550	18,550	15,591	2,959
0053 Data Processing Services	314,797	356,797	308,445	48,352
Debt Service:				
0071 Principal on Long Term Debt	96,000	96,000	95,863	137
0072 Interest on Long Term Debt	36,000	36,000	34,982	1,018
Capital Outlay:				
0081 Facilities Acquisition & Construction	-	976,000	943,869	32,131
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Dist. of SSA	168,000	168,000	159,348	8,652
0099 Other Intergovernmental Charges	223,700	223,700	202,903	20,797
6030 Total Expenditures	10,235,105	11,211,105	10,352,907	858,198
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(577,450)	(1,553,450)	(458,573)	1,094,877
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out	(76,000)	(76,000)	(28,516)	47,484
7080 Total Other Financing Sources (Uses)	(76,000)	(76,000)	(28,516)	47,484
1200 Net Change in Fund Balances	(653,450)	(1,629,450)	(487,089)	1,142,361
0100 Fund Balance-July 1 (Beginning)	6,818,388	6,818,388	6,818,388	-
3000 Fund Balance-June 30 (Ending)	\$ 6,164,938	\$ 5,188,938	\$ 6,331,299	\$ 1,142,361

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

ALPINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

Data Control Codes	Student Activity Fund	Tax Clearing Fund	Total Agency Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 232,732	\$ -	\$ 232,732
1260 Due from Other Funds	10,100	5,289	15,389
1000 Total Assets	<u>\$ 242,832</u>	<u>\$ 5,289</u>	<u>\$ 248,121</u>
LIABILITIES			
Current Liabilities:			
2110 Accounts Payable	\$ -	\$ 5,289	\$ 5,289
2170 Due to Other Funds	460	-	460
2190 Due to Student Groups	242,372	-	242,372
2000 Total Liabilities	<u>\$ 242,832</u>	<u>\$ 5,289</u>	<u>\$ 248,121</u>

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

NOTES TO THE FINANCIAL STATEMENTS

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Alpine Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified 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 entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Alpine Independent School District 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. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

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.

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

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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 and enterprise 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 the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Revenues from local sources consist primarily of property taxes. 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 them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

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.

588 Special Education Co-op Fund – The 588 Special Education Shared Service Arrangement Cooperative is a special revenue fund that is considered to be a major fund. This fund operates from contributions of member districts and provides special education services for those districts.

Additionally, the District reports the following fund types:

Governmental Funds:

Special Revenue Funds - The District accounts for resources restricted, committed, or assigned 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.

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

Fiduciary Funds:

Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. Student activity funds are accounted for using agency funds.

Tax Clearing Account Fund - The District accounts for resources received from property tax payments in a tax clearing account fund.

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

E. OTHER ACCOUNTING POLICIES

1. Cash Equivalents

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

2. Inventories

The District does not report inventories of supplies for consumable maintenance, instructional, office, athletic, or transportation items do to the unused amount of these items being on hand at any given time being deemed immaterial.

3. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, unless the straight-line method is not materially different, in which case the straight-line method is used. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense in the year of issuance of the debt.

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

4. Vacation and Sick Leave

It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the district. Vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements if determined to be material at year end. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

5. Capital 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	30
Building Improvements	10-20
Vehicles	5-10
Office Equipment	5-10
Computer Equipment	4-10

6. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Assigned Fund Balance represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

7. 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. Employees of the District were covered during the year by a workers' compensation insurance plan, which is described within Section III of the Notes to the Financial Statements. There were no significant reductions in coverage in the past fiscal year, and no settlements exceeding insurance coverage for each of the past three fiscal years.

8. Data Control Codes

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

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Child Nutrition Fund and the Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears as Exhibit C-5 and the other two reports are Exhibits J-4 and J-5, respectively.

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

1. Prior to the end of each fiscal year, the District prepares a budget for the next succeeding fiscal year. 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 the first day of the fiscal year, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The following amendments were significant:

The Board increased budgeted expenditures in function 81 by \$976,000 to cover the costs of completing the construction in progress of new athletic facilities. This increase was not accompanied by a decrease in any other budgeted program.

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 non-appropriated budget special revenue funds is as follows:

Fund Balance - Special Revenue Funds	
Appropriated Budget Funds - Child Nutrition	\$ 1,501
Appropriated Budget Funds - 588 Special Education Coop	386,076
All Special Revenue Funds	<u><u>\$ 387,577</u></u>

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no expenditures reported in excess of appropriations during the year in relation to any of the District's legally adopted budgets.

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

C. DEFICIT FUND EQUITY

The District had no funds with deficit fund equity at year end.

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Deposits

The funds of the District must be deposited and invested under terms of a contract, contents of which are set out in 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 June 30, 2013, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$1,567,065 and the bank balance was \$1,752,968. 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.

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

- a. Depository: West Texas National Bank.
- b. The fair market value of collateral pledged to the District, as of the date of the highest combined balance on deposit was \$3,500,000.
- c. The largest combined balances of cash, savings, and time deposit accounts amounted to \$3,624,596. These balances occurred during the month of February 2013.
- d. The total amount of FDIC coverage at the time of the largest combined balance was \$500,000.
- e. The amount of unsecured deposits was \$-0-.

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 for Deposits

The District does not invest in securities relating to foreign currencies and therefore has no foreign currency risk.

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

District Policies and Legal and Contractual Provisions Governing Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Alpine Independent School District is in substantial compliance with the requirements of the Act and with local policies.

As of June 30, 2013, Alpine Independent School District had the following investments.

Investment Name	Investment Type	Less than				More Than 10	Recording Fund
		1	1-5	6-10			
TexPool	Investment Pool	\$4,411,099	\$ -	\$ -	\$ -		General Fund
TexPool	Investment Pool	517,075	-	-	-		Debt Service Fund
Lone Star	Investment Pool	24,964	-	-	-		General Fund
Total Investments		<u>\$4,953,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

Additional policies and contractual provisions governing investments for Alpine Independent School District are specified below:

Credit Risk

To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in the U.S. Government or the State of Texas or its agencies and instrumentalities, commercial paper, corporate bonds, and mutual bond funds to only ones with quality ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2013, the district's investments in TexPool were rated AAAm by Standard & Poor's.

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Custodial Credit Risk for Investments

To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. 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 limits investments to less than 5% of its total investments. However, investments in local government investment pools are excluded from this 5% requirement due to the low-risk nature of the underlying investments within government investment pools.

Interest Rate Risk

To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires that at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for Investments

The District does not invest in securities relating to foreign currencies and therefore has no foreign currency risk relating to investments.

B. PROPERTY TAXES

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

C. DELINQUENT TAXES RECEIVABLE

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

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2013, consisted of the following amounts:

	Due From Other Funds	Due To Other Funds
General Fund:		
General Fund	\$ 144,744	\$ 144,744
Special Revenue Funds	210,359	262,484
Debt Service Fund	-	22,650
Trust & Agency Funds	460	15,389
Total General Fund	<u>355,563</u>	<u>445,267</u>
Special Revenue Funds:		
General Fund	565	210,359
Total Special Revenue Funds	<u>565</u>	<u>210,359</u>
Debt Service Fund:		
General Fund	22,650	-
Total Debt Service Fund	<u>22,650</u>	<u>-</u>
588 Special Education Coop Fund		
General Fund	261,919	-
Total 588 Special Education Coop Fund	<u>261,919</u>	<u>-</u>
Trust & Agency Funds		
General Fund	15,389	460
Total Trust & Agency Funds	<u>15,389</u>	<u>460</u>
Grand Total	<u><u>\$ 656,086</u></u>	<u><u>\$ 656,086</u></u>

Interfund transfers for the year ended June 30, 2013, consisted of the following individual amounts:

The General Fund transferred \$28,516 to the Child Nutrition Fund to provide for supplemental financing needs.

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2013, were as follows:

	Property Taxes (net)	Other Governments	Other Receivables	Total Receivables
Governmental Activities:				
General Fund	\$ 531,614	\$ 1,099,146	\$ 383,711	\$ 2,014,471
588 Special Education Coop Fund	-	-	261,919	261,919
Other Governmental Funds	63,182	167,893	23,215	254,290
Total-Governmental Activities	<u>\$ 594,796</u>	<u>\$ 1,267,039</u>	<u>\$ 668,845</u>	<u>\$ 2,530,680</u>

Payables at June 30, 2013, were as follows:

	Accounts Payable	Due to Other Funds	Salaries/ Benefits	Due to Other Govs.	Total Payables
Governmental Activities:					
General Fund	\$ 30,610	\$ 429,877	\$ 967	\$ 493,657	\$ 955,111
588 Special Education Coop Fund	-	-	-	130,412	130,412
Other Governmental Funds	-	210,360	-	-	210,360
Total-Governmental Activities	<u>\$ 30,609</u>	<u>\$ 640,237</u>	<u>\$ 967</u>	<u>\$ 595,798</u>	<u>\$1,267,611</u>

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2013, was as follows:

	Beginning Balance 7/1/12	Additions	Retirements	Adjustments	Ending Balance 6/30/13
Governmental Activities:					
Land	\$ 275,907	\$ -	\$ -	\$ -	\$ 275,907
Buildings and Improvements	14,198,247	-	-	2,469,911	16,668,158
Furniture and Equipment	2,855,822	84,762	-	-	2,940,584
Construction in Progress	1,526,042	943,869	-	(2,469,911)	-
Totals at Historical Cost	18,856,018	1,028,631	-	-	19,884,649
Less Accumulated Depreciation for:					
Buildings and Improvements	(6,779,908)	(519,100)	-	-	(7,299,008)
Furniture and Equipment	(1,950,231)	(205,358)	-	-	(2,155,589)
Total Accumulated Depreciation	(8,730,139)	(724,458)	-	-	(9,454,597)
Governmental Activities Capital Assets, Net	\$10,125,879	\$ 304,173	\$ -	\$ -	\$10,430,052

Depreciation expense was charged to governmental functions as follows:

	Function	Depreciation Allocation
11	Instruction	\$ 385,914
12	Instructional Resources & Media	12,347
13	Curriculum & Staff Development	3,953
21	Instructional Leadership	13,514
23	School Leadership	29,014
31	Guidance/Counseling/Evaluation Services	32,969
33	Health Services	5,106
34	Student Transportation	21,278
35	Food Services	33,145
36	Cocurricular/Extracurricular Activities	42,211
41	General Administration	31,044
51	Plant Maintenance and Operations	70,531
52	Security and Monitoring Services	974
53	Data Processing Services	19,277
93	Payments related to SSAs	10,500
99	Other Intergovernmental Charges	12,681
	Totals	\$ 724,458

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

G. BONDS, NOTES, AND CAPITAL LEASES PAYABLE

Bonded indebtedness of the District is reflected in the government-wide financial statements. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended June 30, 2013 is as follows:

Description	Interest Rate	Original Issue	Current Year Interest	Outstanding 7/1/12	Additions	Deletions	Outstanding 6/30/13	Due in One Year
Bonds Payable - Principal								
U/L Tax Ref. Bonds, Series 2010	2-3.25%	\$2,805,000	\$ 70,275	\$2,315,000	\$ -	\$ (255,000)	\$2,060,000	\$ 265,000
Total Bonds Payable			70,275	2,315,000	-	(255,000)	2,060,000	265,000
Notes Payable								
Maintenance Tax Notes	4.55%	1,441,499	35,004	769,833	-	(95,863)	673,970	100,221
Total Notes Payable			35,004	769,833	-	(95,863)	673,970	100,221
Other								
Accrued State Leave Days	n/a	n/a	-	25,686	21,188	(9,588)	37,286	9,322
Total Capital Leases Payable			-	25,686	21,188	(9,588)	37,286	9,322
Grand Total Long-Term Debt			\$ 105,279	\$3,110,519	\$ 21,188	\$ (360,451)	\$2,771,256	\$ 374,543

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2013.

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

H. DEBT SERVICE REQUIREMENTS – BONDS, NOTES, AND CAPITAL LEASES PAYABLE

Debt service requirements for bonds are as follows:

Year Ended June 30,	General Obligations		Total Requirements
	Principal	Interest	
2014	\$ 265,000	\$ 62,625	\$ 327,625
2015	270,000	54,675	324,675
2016	285,000	46,575	331,575
2017	290,000	38,025	328,025
2018	305,000	29,325	334,325
2019-2020	645,000	25,538	670,538
Totals	<u>\$ 2,060,000</u>	<u>\$ 256,763</u>	<u>\$ 2,316,763</u>

Debt service requirements for notes payable and capital leases are as follows:

Year Ended June 30,			Total Requirements
	Principal	Interest	
2014	\$ 100,221	\$ 30,645	\$ 130,866
2015	104,778	26,088	130,866
2016	109,543	21,324	130,867
2017	114,523	16,343	130,866
2018	119,731	11,136	130,867
2019-2023	125,174	5,690	130,864
	<u>\$ 673,970</u>	<u>\$ 111,226</u>	<u>\$ 785,196</u>

I. DEFINED BENEFIT PENSION PLAN

Plan Description

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

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Funding Policy

State law provides for fiscal years 2011, 2012 and 2013 a state contribution rate of 6.644%, 6.0%, and 6.4%, respectively, and a member contribution rate of 6.4%. In certain instances the reporting district is required to make all or a portion of the state's contribution percentage. 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 the 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.

A summary of contributions made to the plan for the last three fiscal years is as follows:

Fiscal Year	Employee Contributions	State Contributions	District
		Made to TRS On-Behalf of Employees	Contributions Related to Above Statutory Minimum Salaries
2013	\$ 348,240	\$ 435,873	\$ 23,721
2012	351,610	418,580	23,336
2011	356,908	454,378	40,691

J. EMPLOYEE HEALTH CARE COVERAGE

For the year ended June 30, 2013, employees of the District were covered by a state-wide plan, TRS Active Care. The District paid premiums of \$225 per month per employee to the Plan with the State providing an additional \$75. Employees, at their option may authorize payroll withholdings to pay premiums for dependent coverage. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The Plan is administered by Blue Cross and Blue Shield of Texas while Medco Health was assigned the prescription drug plan.

K. RETIREE HEALTH CARE PLANS

1. TRS-Care

Plan Description

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

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of the public school payroll, respectively, with school districts contributing a percentage of payrolls set at 0.55% for fiscal years 2013, 2012, and 2011.

2. Medicare Part-D Subsidies

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.

A summary of the subsidy payments received by TRS-Care on behalf of the District for the last three fiscal years is as follows:

Fiscal Year	Medicare Part-D State On-Behalf Payments	
2013	\$	29,580
2012		20,132
2011		17,246

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

3. Early Retiree Reinsurance Program (ERRP)

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependants regardless of age. An "early retiree" is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor. This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program.

Fiscal Year	Early Retiree Reinsurance Program State On-Behalf Payments	
2013	\$	-
2012		19,038
2011		-

L. UNEARNED REVENUE

Unearned revenue at June 30, 2013 consisted of the following amounts:

Fund	State Grants	Federal Grants	Total
General Fund	\$ 4,906	\$ -	\$ 4,906
Non-Major Governmental Funds	21,915	19,870	41,785
Total	<u>\$ 26,821</u>	<u>\$ 19,870</u>	<u>\$ 46,691</u>

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

M. DUE FROM STATE AGENCIES

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 June 30, 2013, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies.

Fund	State Entitlements	Federal Grants	Other Governments	Total
General Fund	\$ 1,062,010	\$ -	\$ 37,136	\$ 1,099,146
Non-Major Governmental Funds	4,818	163,075	-	167,893
Total	<u>\$ 1,066,828</u>	<u>\$ 163,075</u>	<u>\$ 37,136</u>	<u>\$ 1,267,039</u>

N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Type	General Fund	588 Special Education Coop Fund	Non-Major Governmental Funds	Total
Property Taxes	\$ 4,613,889	\$ -	\$ 344,642	\$ 4,958,531
Investment Income	8,495	-	176	8,671
Rent	14,400	-	-	14,400
Gifts	16,000	-	-	16,000
Insurance Recovery	5,190	-	-	5,190
Food Sales	-	-	146,582	146,582
Athletics	37,082	-	-	37,082
Miscellaneous Local Revenue	59,470	520,528	-	579,998
Total	<u>\$ 4,754,526</u>	<u>\$ 520,528</u>	<u>\$ 491,400</u>	<u>\$ 5,766,454</u>

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

O. LITIGATION

As of year end, there was either no litigation pending against or no litigation meeting the requirements of disclosure.

P. SUBSEQUENT EVENTS

There were no subsequent events that occurred after year end meeting the requirements for disclosure.

Q. COMMITMENTS AND CONTINGENCIES

The District participates in 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, refunds of any money received may be required and the collectibility of any related receivable 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 basic financial statements for such contingencies.

R. SHARED SERVICES ARRANGEMENT – FISCAL AGENT

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides special education and Medicaid reimbursement services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to 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 Special Education and Medicaid Coop funds and will be accounted for using Model 1 for the Vocational Education Basic Grant and Title III – English Language Acquisition program, Model 2 for IDEA, Part B – Formula and IDEA, Part B – Preschool and Model 3 for the Special Education Cooperative in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

Member Districts	Vocational Education	IDEA, B	IDEA, B	Title III, Part-A	Special Education
	Basic Grant	Formula	Preschool	Eng. Lang.	Cooperative
Alpine ISD	\$ 12,934	\$ 334,157	\$ 6,419	\$ 19,099	\$ 159,345
Balmorhea ISD	-	20,867	1,864	-	13,658
Culberson/Allamore ISI	-	59,153	1,995	-	54,633
Fort Davis ISD	-	56,867	1,020	-	74,361
Marathon ISD	-	8,005	24	-	10,623
Marfa ISD	4,300	37,382	4,663	-	68,291
Presidio ISD	-	141,625	3,776	-	103,195
San Vicente ISD	-	2,220	7	-	1,518
Terlingua ISD	-	10,170	45	7,792	15,176
Terrell County ISD	-	20,024	4,110	-	19,728
Valentine ISD	-	6,597	921	-	-
Totals	<u>\$ 17,234</u>	<u>\$ 697,067</u>	<u>\$ 24,844</u>	<u>\$ 26,891</u>	<u>\$ 520,528</u>

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

S. PRIOR PERIOD ADJUSTMENT

The District had recorded as an opening balance in the 588 Special Education Coop Fund a deferred revenue balance of \$360,562. This amount represents revenues earned in previous fiscal years and therefore should have been recorded as an opening fund balance rather than deferred revenue. To correct the beginning of the year effect of this condition, a prior period adjustment decreasing deferred revenue and increasing fund balance in the 588 Special Education Coop Fund in the amount of \$360,562 was recorded.

The adjustment to fund balance amounts reported as of June 30, 2012 in the 588 Special Education Coop Fund is summarized as follows:

Fund Balance as Previously Stated at June 30, 2012	\$ -
Effect of recording revenues earned in previous years as fund balance rather than deferred revenue	<u>360,562</u>
Fund Balance as Restated at June 30, 2012	<u><u>\$ 360,562</u></u>

COMBINING SCHEDULES

ALPINE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	211	222	240	244	255
Data		National and	National		
Control	ESEA, Title I,	Community	Breakfast and	Career and	ESEA, Title
Codes	Part A	Service Trust	Lunch	Technical-	II, Part A
		Act	Program	Basic Grant	
ASSETS					
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ 3,266	\$ -	\$ -
1120 Investments - Current	-	-	-	-	-
1220 Property Taxes - Delinquent	-	-	-	-	-
1230 Allow. for Uncollectible Taxes (Credit)	-	-	-	-	-
1240 Due from Other Governments	28,822	2,339	-	-	11,560
1260 Due from Other Funds	-	-	565	-	-
1000 Total Assets	28,822	2,339	3,831	-	11,560
LIABILITIES & FUND BALANCES					
Liabilities:					
2170 Due to Other Funds	\$ 28,822	\$ 2,339	\$ 2,330	\$ -	\$ 11,560
2300 Unearned Revenues	-	-	-	-	-
2000 Total Liabilities	28,822	2,339	2,330	-	11,560
DEFERRED INFLOWS OF RESOURCES					
2600 Unavailable Revenue	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances:					
Restricted for:					
3450 Federal or State Funds Restricted	-	-	1,501	-	-
3480 Retirement of Long-Term Debt	-	-	-	-	-
3000 Total Fund Balances	-	-	1,501	-	-
4000 Total Liabilities and Fund Balance	\$ 28,822	\$ 2,339	\$ 3,831	\$ -	\$ 11,560

263	271	283	287	289	313	314	331
Title III, Part A	Workforce Investment Act Youth Activities	IDEA-Part B, Formula- ARRA	Education Jobs Fund	Federally Funded Spec. Rev. Fund	Services Arrangements- IDEA-Part B, Formula	Services Arrangements- IDEA-Part B, Preschool	Services Arrangements- Career and Technical-
\$ -	\$ 9,752	\$ -	\$ -	\$ 3,215	\$ -	\$ -	\$ 11,355
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	6,903	37,746	-	-	52,555	2,070	3,450
-	-	-	-	-	-	-	-
-	16,655	37,746	-	3,215	52,555	2,070	14,805
\$ -	\$ -	\$ 37,746	\$ -	\$ -	\$ 52,555	\$ 2,070	\$ 14,805
-	16,655	-	-	3,215	-	-	-
-	16,655	37,746	-	3,215	52,555	2,070	14,805
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ 16,655	\$ 37,746	\$ -	\$ 3,215	\$ 52,555	\$ 2,070	\$ 14,805

ALPINE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes		350	365	397	401	404
		Services	Services			
		Arrangements- Title III, Part A	Arrangements- IDEA-Part B, Preschool-	Advanced Placement Incentives	American History Grant	Student Success Initiative
ASSETS						
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 4,567	\$ 5,355	\$ 17,760
1120	Investments - Current	-	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-	-
1230	Allow. for Uncollectible Taxes (Credit)	-	-	-	-	-
1240	Due from Other Governments	17,079	552	-	-	2,585
1260	Due from Other Funds	-	-	-	-	-
1000	Total Assets	<u>17,079</u>	<u>552</u>	<u>4,567</u>	<u>5,355</u>	<u>20,345</u>
LIABILITIES & FUND BALANCES						
Liabilities:						
2170	Due to Other Funds	\$ 17,079	\$ 552	\$ -	\$ -	\$ 20,345
2300	Unearned Revenues	-	-	4,567	5,355	-
2000	Total Liabilities	<u>17,079</u>	<u>552</u>	<u>4,567</u>	<u>5,355</u>	<u>20,345</u>
DEFERRED INFLOWS OF RESOURCES						
2600	Unavailable Revenue	-	-	-	-	-
	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Restricted for:						
3450	Federal or State Funds Restricted	-	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balance	<u>\$ 17,079</u>	<u>\$ 552</u>	<u>\$ 4,567</u>	<u>\$ 5,355</u>	<u>\$ 20,345</u>

EXHIBIT H-1 (CONTINUED)

410	411	415	425	427	429	511	Total
State Textbook Fund	Technology Allotment	Kindergarten and Pre-K Grants	Teacher Induction and Mentoring Program	Rio Grande Solid Waste Grant	Rural Tech Grant	Debt Service Fund	Non-Major Governmental Funds
\$ 9,786	\$ 2,145	\$ 12,475	\$ 5,450	\$ -	\$ 62	\$ 98,904	\$ 184,092
-	-	-	-	-	-	24,964	24,964
-	-	-	-	-	-	78,978	78,978
-	-	-	-	-	-	(15,796)	(15,796)
-	-	1,698	-	534	-	-	167,893
-	-	-	-	-	-	22,650	23,215
9,786	2,145	14,173	5,450	534	62	209,700	463,346
\$ -	\$ -	\$ 14,173	\$ 5,450	\$ 534	\$ -	\$ -	\$ 210,360
9,786	2,145	-	-	-	62	-	41,785
9,786	2,145	14,173	5,450	534	62	-	252,145
-	-	-	-	-	-	63,182	63,182
-	-	-	-	-	-	63,182	63,182
-	-	-	-	-	-	-	1,501
-	-	-	-	-	-	146,518	146,518
-	-	-	-	-	-	146,518	148,019
\$ 9,786	\$ 2,145	\$ 14,173	\$ 5,450	\$ 534	\$ 62	\$ 209,700	\$ 463,346

ALPINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	211 ESEA, Title I, Part A	222 Community Service Trust Act	240 Breakfast and Lunch Program	244 Career and Technical- Basic Grant	255 ESEA, Title II, Part A
REVENUES:					
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 146,582	\$ -	\$ -
5800 State Program Revenues	-	-	3,975	-	-
5900 Federal Program Revenues	213,414	-	328,382	12,934	59,119
5020 Total Revenues	213,414	-	478,939	12,934	59,119
EXPENDITURES:					
0011 Instruction	213,414	-	-	12,934	59,119
0013 Curriculum & Instructional Staff Dev.	-	-	-	-	-
0021 Instructional Leadership	-	-	-	-	-
0023 School Leadership	-	-	-	-	-
0031 Guidance, Counseling & Evaluation Svcs.	-	-	-	-	-
0035 Food Services	-	-	506,619	-	-
0051 Plant Maintenance and Operations	-	-	-	-	-
0071 Debt Service - Principal	-	-	-	-	-
0072 Debt Service - Interest	-	-	-	-	-
0073 Debt Service - Bond Issuance Costs	-	-	-	-	-
6030 Total Expenditures	213,414	-	506,619	12,934	59,119
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(27,680)	-	-
OTHER FINANCING SOURCES (USES):					
7915 Transfers In	-	-	28,516	-	-
7080 Total Other Financing Sources (Uses)	-	-	28,516	-	-
1200 Net Change in Fund Balance	-	-	836	-	-
0100 Fund Balance - Beginning	-	-	665	-	-
3000 Fund Balance - Ending	\$ -	\$ -	\$ 1,501	\$ -	\$ -

263	271	283	287	289	313	314	331
Title III, Part A	Investment Act Youth Activities	IDEA-Part B, Formula- ARRA	Education Jobs Fund	Federally Funded Spec. Rev. Fund	Services Arrangements- IDEA-Part B,	Services Arrangements- IDEA-Part B,	Services Arrangements- Career and
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
19,099	76,992	-	103,952	-	697,067	24,844	17,234
19,099	76,992	-	103,952	-	697,067	24,844	17,234
19,099	76,992	-	16,785	-	423,528	-	17,234
-	-	-	-	-	14,317	-	-
-	-	-	-	-	24,039	-	-
-	-	-	53,747	-	-	-	-
-	-	-	-	-	235,183	24,844	-
-	-	-	-	-	-	-	-
-	-	-	33,420	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
19,099	76,992	-	103,952	-	697,067	24,844	17,234
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ALPINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	350 Services Arrangements- Title III, Part	365 Services Arrangements- IDEA-Part B,	397 Advanced Placement Incentives	401 American History Grant	404 Student Success Initiative
REVENUES:					
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-	5,498
5900 Federal Program Revenues	26,891	-	-	-	-
5020 Total Revenues	26,891	-	-	-	5,498
EXPENDITURES:					
0011 Instruction	26,891	-	-	-	5,498
0013 Curriculum & Instructional Staff Dev.	-	-	-	-	-
0021 Instructional Leadership	-	-	-	-	-
0023 School Leadership	-	-	-	-	-
0031 Guidance, Counseling & Evaluation Svcs.	-	-	-	-	-
0035 Food Services	-	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	-	-
0071 Debt Service - Principal	-	-	-	-	-
0072 Debt Service - Interest	-	-	-	-	-
0073 Debt Service - Bond Issuance Costs	-	-	-	-	-
6030 Total Expenditures	26,891	-	-	-	5,498
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES):					
7915 Transfers In	-	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-	-
0100 Fund Balance - Beginning	-	-	-	-	-
3000 Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -

EXHIBIT H-2 (CONTINUED)

410 State Textbook Fund	411 Technology Allotment	415 Kindergarten and Pre-K Grants	425 Induction and Mentoring Program	427 Rio Grande Solid Waste Grant	429 Rural Tech Grant	511 Debt Service Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 344,818	\$ 491,400
20,532	-	-	-	-	-	-	30,005
-	-	-	-	-	-	-	1,579,928
20,532	-	-	-	-	-	344,818	2,101,333
20,532	-	-	-	-	-	-	892,026
-	-	-	-	-	-	-	14,317
-	-	-	-	-	-	-	24,039
-	-	-	-	-	-	-	53,747
-	-	-	-	-	-	-	260,027
-	-	-	-	-	-	-	506,619
-	-	-	-	-	-	-	33,420
-	-	-	-	-	-	255,000	255,000
-	-	-	-	-	-	70,275	70,275
-	-	-	-	-	-	500	500
20,532	-	-	-	-	-	325,775	2,109,970
-	-	-	-	-	-	19,043	(8,637)
-	-	-	-	-	-	-	28,516
-	-	-	-	-	-	-	28,516
-	-	-	-	-	-	19,043	19,879
-	-	-	-	-	-	127,475	128,140
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,518	148,019

TEA REQUIRED SCHEDULES

ALPINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2013

		1	2	3
Last 10 Years Ended		Tax Rates		Assessed/Appraised
June 30,		Maintenance	Debt Service	Value for School
				Tax Purposes
2004	and prior years	Various	Various	\$ Various
2005		1.50000	0.10000	264,354,292
2006		1.50000	0.11820	265,416,698
2007		1.37000	0.11200	280,110,549
2008		1.04000	0.11720	301,986,783
2009		1.17000	0.10900	332,284,715
2010		1.17000	0.04000	356,042,441
2011		1.17000	0.09200	368,396,185
2012		1.17000	0.09000	382,299,722
2013	(School year under audit)	1.17000	0.08700	390,388,462
TOTALS				

10	20	31	32	40	50
Beginning Balance 7/1/12	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 6/30/13
\$ 216,695	\$ -	\$ 5,840	\$ 389	\$ (1,602)	\$ 208,864
28,071	-	1,838	123	(41)	26,069
30,963	-	1,864	147	(39)	28,913
31,265	-	3,548	290	(34)	27,393
33,886	-	4,267	481	17	29,155
46,861	-	5,688	530	11	40,654
68,351	-	14,644	501	(204)	53,002
88,965	-	18,180	1,430	(1,166)	68,189
179,764	-	95,239	7,325	(162)	77,038
-	4,907,183	4,375,118	325,329	(22,517)	184,219
<u>\$ 724,821</u>	<u>\$ 4,907,183</u>	<u>\$ 4,526,226</u>	<u>\$ 336,545</u>	<u>\$ (25,737)</u>	<u>\$ 743,496</u>

ALPINE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015
 GENERAL AND SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Misc.	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$185,802	\$243,579	\$ 41,858	\$ -	\$ 471,239
6149	Leave for Separating Employees in Fn 41 & 53				80			80
6149	Leave for Separating Emp. not in Fn 41 & 53				-			-
6211	Legal Services	-	-	-		5,525		5,525
6212	Audit Services				32,400			32,400
6213	Tax Appraisal/Collection - Appraisal in Fn 99		202,903					202,903
6214	Lobbying				-			-
621X	Other Professional Services	-	-	-	352	6,055	14,250	20,657
6220	Tuition & Transfer Pymts						-	-
6230	Education Service Centers	-	-	-	3,119	4,406	-	7,525
6240	Contr. Maint. And Repair					-		-
6250	Utilities					-		-
6260	Rentals	-	-	-	16,230	-	-	16,230
6290	Miscellaneous Contr.	-	-	-	389	-	-	389
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	106	-	4,085	9,040	55	-	13,286
6410	Travel, Subsist., Stipends	3,825	-	6,365	8,142	-	-	18,332
6420	Ins. And Bonding Costs	3,864	-	-	-	-	-	3,864
6430	Election Costs	4,586						4,586
6490	Miscellaneous Operating	-	-	3,630	3,684	2,739	-	10,053
6500	Debt Service						-	-
6600	Capital Outlay						-	-
6000	TOTAL	\$ 12,381	\$202,903	\$199,882	\$317,015	\$ 60,638	\$ 14,250	\$ 807,069
Total expenditures/expenses for General and Special Revenue Funds:							9	\$ 12,657,629
LESS: Deductions of Unallowable Costs								
FISCAL YEAR								
	Total Capital Outlay (6600)					10	\$1,028,631	
	Total Debt & Lease (6500)					11	130,845	
	Plant Maintenance (Function 51, 6100-6400)					12	1,107,814	
	Food (Function 35, 6341 and 6499)					13	176,240	
	Stipends (6413)					14	-	
	Column 4 (above) - Total Indirect Cost						317,015	
	Subtotal:							2,760,545
	Net Allowed Direct Cost							\$ 9,897,084
CUMULATIVE								
	Total Cost of Buildings before Depreciation (1520)						15	\$ 16,668,158
	Historical Cost of Building over 50 years old						16	70,699
	Amount of Federal Money in Building Cost (Net of #16)						17	-
	Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)						18	2,940,584
	Historical Cost of Furniture & Equipment over 16 years old						19	534,599
	Amount of Federal Money in Furniture & Equipment (Net of #19)						20	-

Note-1 \$ 107,444 Fn 53 expenditures are included in this report on Administrative costs.

Note-2 \$ 202,903 Fn 99 expenditures for appraisal district costs are included in this report on administrative costs.

ALPINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes		Budgeted Amounts		Actual	Variance With
		Original	Final	Amounts	Final Budget
				(GAAP BASIS)	
REVENUES:					
5700	Local & Intermediate Sources	\$ 162,000	\$ 162,000	\$ 146,582	\$ (15,418)
5800	State Program Revenues	3,500	3,500	3,975	475
5900	Federal Program Revenues	325,500	325,500	328,382	2,882
5020	Total Revenues	491,000	491,000	478,939	(12,061)
EXPENDITURES:					
0035	Food Services	567,000	567,000	506,619	60,381
6030	Total Expenditures	567,000	567,000	506,619	60,381
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(76,000)	(76,000)	(27,680)	48,320
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	76,000	76,000	28,516	(47,484)
7080	Total Other Financing Sources (Uses)	76,000	76,000	28,516	(47,484)
1200	Net Change in Fund Balances	-	-	836	836
0100	Fund Balance-July 1 (Beginning)	665	665	665	-
3000	Fund Balance-June 30 (Ending)	\$ 665	\$ 665	\$ 1,501	\$ 836

ALPINE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(GAAP BASIS)	Final Budget
REVENUES:				
5700 Local & Intermediate Sources	\$ 326,565	\$ 326,565	\$ 344,818	\$ 18,253
5020 Total Revenues	326,565	326,565	344,818	18,253
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	255,000	255,000	255,000	-
0072 Interest on Long Term Debt	70,275	70,275	70,275	-
0073 Bond Issuance Cost and Fees	1,290	1,290	500	790
6030 Total Expenditures	326,565	326,565	325,775	790
1200 Net Change in Fund Balances	-	-	19,043	19,043
0100 Fund Balance-July 1 (Beginning)	127,475	127,475	127,475	-
3000 Fund Balance-June 30 (Ending)	\$ 127,475	\$ 127,475	\$ 146,518	\$ 19,043

FEDERAL AWARDS SECTION



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

To the Board of Trustees of
Alpine Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alpine Independent School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Alpine Independent School District's basic financial statements, and have issued our report thereon dated September 26, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alpine 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 Alpine Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Alpine Independent School District's internal control.

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

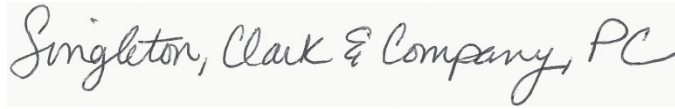
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alpine 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC". The signature is written in dark ink on a light-colored background.

Austin, Texas
September 26, 2013



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

To the Board of Trustees of
Alpine Independent School District

Report on Compliance for Each Major Federal Program

We have audited Alpine 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 Alpine Independent School District's major federal programs for the year ended June 30, 2013. Alpine Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alpine 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 Alpine Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Alpine Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

We have audited the financial statements of Alpine Independent School District as of and for the year ended June 30, 2013, and have issued our report thereon dated September 26, 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC". The signature is written in dark ink on a light-colored background.

Austin, Texas
September 26, 2013

ALPINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

1	2	2a	3
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education:</u>			
ESEA-Title I, Part A	84.010A	13-610101022901	\$ 213,414
Career and Technical-Basic Grant	84.048A	13-420006022901	12,934
Title II, Part A, Improving Teacher Quality	84.367A	13-694501022901	59,119
Title III, Part A, Language	84.365A	12-371001022901	19,099
Education Jobs Fund	84.410A	11-550101022901	103,952
Shared Services Arrangement - IDEA-Part B, Formula	84.027A	13-6600010229016000	697,067
Shared Services Arrangement - IDEA-Part B, Preschool	84.173A	13-6610010229016000	24,844
Shared Services Arrangement - Career and Tech-Basic Grant	84.084A	13-420006022901	17,234
Shared Services Arrangement - Title III, Part A-English Lang.	84.365A	13-671001022901	26,891
Total Passed Through State Dept of Education			<u>1,174,554</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,174,554</u>
U.S. DEPARTMENT OF LABOR			
Workforce Investment Act Youth Activities	17.259	13-022901	<u>76,992</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>76,992</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through Texas Education Agency:</u>			
School Breakfast Program*	10.553	71401301	67,882
National School Lunch Program - Cash Assistance*	10.555	71401301	231,732
<u>Passed Through the Texas Department of Human Services:</u>			
Non-Cash Assistance - Food Distribution Program	10.555	71401301	<u>28,768</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>328,382</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission:</u>			
Medical Assistance Program	93.778	13-022901	4,205
School Health & Related Services	93.778	13-022901	<u>105,885</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>110,090</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,690,018</u></u>

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

General – The accompanying schedule of expenditures of federal awards presents all federal expenditures of the Alpine Independent School District (the “District”).

Basis of Accounting – The expenditures on the accompanying schedule of expenditures of federal awards are presented using the modified accrual basis of accounting, with the exception of the National School Lunch Program, School Breakfast Program, and the Food Distribution Program. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Expenditures in the National School Lunch Program, School Breakfast Program, and the Food Distribution Program are not specifically attributable to this revenue source and are shown on the accompanying schedule of expenditures of federal awards in an amount equal to revenue for balancing purposes only.

Relationship to the Basic Financial Statements – Expenditures of federal awards are reported in the District’s basic financial statements in special revenue funds.

Relationship to Federal Financial Reports – Amounts reported in the accompanying schedule of expenditures of federal awards agree with the amounts reported in the related federal financial reports in all significant respects.

Valuation of Non-cash Programs – The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received.

ALPINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs:

Education Jobs Fund – ARRA	Unmodified
Special Education Cluster	Unmodified

Any audit findings disclosed that are required to be Reported with section 510(a) of Circular A-133?

☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.410	Education Jobs Fund – ARRA
84.027	IDEA – Part B, Formula
84.173	IDEA – Part B, Preschool

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

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

ALPINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the year ended June 30, 2013.

Prior year financial statement findings as required to be restated with current status:

2012-1 Negative Student Activity Fund Account Balances

Criteria:	The District must monitor student activity accounts to ensure that no student activity account balance is less than zero as this is the spending of other student activity accounts' funds.
Condition Found:	The District has several student activity accounts with negative account balances as of year-end.
Cause:	The District approves purchases that cause activity account balances to become negative.
Effect:	The student activity accounts that have negative account balances as of year-end have effectively spent other student activity group's funds.
Recommendation:	We recommend that the District closely monitor student activity account balances to ensure that no activity account spends more than the club has in its account. We also recommend that the District does not approve purchases that would cause activity account balances to become negative.
Current Status:	We found that the condition had been improved upon in the current year but not completely remedied. The amount of the negative balance has decreased significantly and the District intends to eliminate the negative student activity balances within the next fiscal year.

ALPINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2013

2012-2 Budgetary Overages

Criteria:	The District must limit expenditures to the final approved budgeted amount for each line item.
Condition Found:	As of year-end, function 72 in the General Fund and function 72 in the Debt Service Fund appropriations budgets exceeded the final amended budgets by \$5,249 and \$3,000, respectively.
Cause:	The District did not make appropriate budget amendments to ensure that the District did not exceed the legally adopted appropriations budget for these line items.
Effect:	The effect is noncompliance with the legally adopted appropriations budget.
Recommendation:	We recommend that the District closely monitor actual expenditures and make the appropriate budget amendments to ensure that the District does not exceed the legally adopted appropriations budget for each line item.
Current Status:	The District did not experience expenditures in excess of budgeted amounts in the current year.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which are Required to be Reported in Accordance with Section 510(c) of OMB Circular A-133:

No findings or questioned costs required to be reported in accordance with Section 510(c) of OMB Circular A-133 for the years ended June 30, 2013 and 2012.

ALPINE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes		1 Responses
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	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ -