

BALLINGER INDEPENDENT SCHOOL DISTRICT
Annual Financial Report
Year Ended August 31, 2013

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CERTIFICATE OF THE BOARD

BALLINGER INDEPENDENT SCHOOL DISTRICT
Name of School District

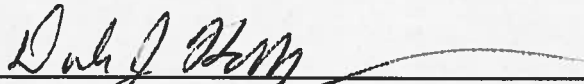
RUNNELS
County

200-901
County -
District
Number

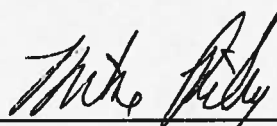
We, the undersigned, certify that the attached annual financial report of the above-named School District was reviewed and

X approved ___ disapproved for the year ended August 31, 2013, at a meeting of the Board of Trustees of such School District
(Check One)

on the 9TH day of DECEMBER, 20 13.



Signature of Board Secretary



Signature of Board President

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

FINANCIAL SECTION



A Limited Liability Partnership

Michael E. Oliphant, CPA
Calvin Featherston, CPA
Wayne Barr, CPA
Cathryn A. Pitcock, CPA

(325) 944-3571
FAX: (325) 942-1093
www.eckertandcompany.com

Members of
American Institute of CPAs
Texas Society of CPAs

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Ballinger Independent School District
P.O. Box 231
Ballinger, TX 76821-0231

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 the Ballinger Independent School District as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ballinger Independent School District as of August 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 4 through 8 and 34, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ballinger Independent School District’s basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information 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 information 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 November 22, 2013, on our consideration of the Ballinger 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 the Ballinger Independent School District’s internal control over financial reporting and compliance.

Eckert & Company, LLP

San Angelo, Texas
November 22, 2013



BALLINGER I.S.D.



"THE TRADITION LIVES ON"

P.O. Box 231
802 Conda Ave.
Ballinger, Texas 76821-0231

Office 325-365-3588
Fax 325-365-5920

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Ballinger Independent School District's financial performance provides an overview of the District's financial activities for the year ended August 31, 2013. It should be read in conjunction with the District's basic financial statements and independent auditors' report.

Financial Highlights

The District's assets exceeded its liabilities at the end of the current year by \$15,693,358 (net position). Of this amount, \$5,812,478 (unrestricted) may be used to meet the District's ongoing obligations.

The District's total net position increased by \$281,528 or 2%. This amount consists of a \$188,610 increase attributable to current year operations and a \$92,918 increase attributable to prior period adjustments described in Note IV., J. to the financial statements. The District's statement of activities shows total revenues of \$10,878,482 and total expenses of \$10,689,872.

The total fund balance of the General Fund is \$5,305,435 which is an increase of \$170,921 or 3% compared to the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

The statement of activities presents information showing how the District's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Overview of the Financial Statements - Continued

The governmental activities of the District include all activities related to public elementary and secondary education within the jurisdiction of the District.

The District has no component units.

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

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the current year.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund and Food Service Special Revenue Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with the budget for each fund.

Proprietary Funds - The District's Internal Service Fund is used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its workers' compensation insurance program. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The Internal Service Fund is presented in the proprietary fund financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis

Net Position - A summary of the District's net position is presented below:

NET POSITION

	Governmental Activities	
	August 31,	
	2013	2012
Current and Other Assets	\$ 6,799,662	\$ 6,536,078
Capital Assets	9,744,663	9,838,163
Total Assets	\$ 16,544,325	\$ 16,374,241
Long-Term Liabilities Outstanding	\$ 0	\$ 177,005
Other Liabilities	850,967	785,406
Total Liabilities	\$ 850,967	\$ 962,411
Net Position		
Net Investment in Capital Assets	\$ 9,744,663	\$ 9,838,163
Restricted	136,217	114,792
Unrestricted	5,812,478	5,458,875
Total Net Position	\$ 15,693,358	\$ 15,411,830

A large portion of the District's net position (\$9,744,663) reflects the District's investment in capital assets. These capital assets are used to provide public elementary and secondary education within the jurisdiction of the District; consequently, these assets are not available for future spending. An additional portion of the District's net position (\$136,217) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$5,812,478) may be used to meet the District's ongoing obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

Government-Wide Financial Analysis - Continued

Governmental Activities - Governmental activities increased the District's net position by \$188,610 and \$749,381 for the fiscal years ended August 31, 2013 and 2012, respectively. Key elements of these increases are as follows:

CHANGES IN NET POSITION

	Governmental Activities	
	Year Ended August 31,	
	2013	2012
Revenues		
Program Revenues		
Charges for Services	\$ 313,124	\$ 285,395
Operating Grants and Contributions	2,145,263	2,868,702
General Revenues		
Maintenance and Operations Taxes	2,838,822	2,815,348
State Aid - Formula Grants	5,418,320	5,545,755
Investment Earnings	36,418	31,627
Other	126,535	104,148
Total Revenues	\$ 10,878,482	\$ 11,650,975
Expenses		
Instruction and Instructional-Related Services	\$ 5,808,957	\$ 5,890,185
Instructional and School Leadership	760,033	742,104
Support Services - Student (Pupil)	1,627,497	1,685,793
Administrative Support Services	518,826	490,878
Support Services - Nonstudent Based	1,253,822	1,314,412
Debt Service	138	3,489
Intergovernmental Charges	720,599	774,733
Total Expenses	\$ 10,689,872	\$ 10,901,594
Change in Net Position	\$ 188,610	\$ 749,381
Net Position - Beginning	15,411,830	14,569,191
Prior Period Adjustments	92,918	93,258
Net Position - Ending	\$ 15,693,358	\$ 15,411,830

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Financial Analysis of the District's Funds - Continued

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

The District's governmental funds reported combined ending fund balances of \$5,791,055, an increase of \$227,179 or 4% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$5,305,435. Of this balance \$2,226,608 is committed for future construction, equipment purchases, and technology.

Special Revenue Funds \$485,620. This balance consists of the following:

Restricted for:		
Child Nutrition	\$	136,217
Committed for:		
Special Education Cooperative		282,373
Campus Activities		67,030

General Fund Budget

The original budget for the General Fund was \$8,678,392, and the final amended budget was \$9,397,907 which represents a \$719,515 increase in appropriations. Significant variances between the original budget and the final amended budget were caused by increases in Instruction (\$104,459) and Facilities Acquisition and Construction (\$600,000).

The District has adopted a budget for the General Fund in the amount of \$8,207,508 for the fiscal year 2014, which is a decrease of \$1,190,399 from the fiscal year 2013.

Capital Assets and Debt

Capital Assets - Financial statement footnote III., D. discloses the District's capital asset activity for the year ended August 31, 2013.

Long-Term Debt - Financial statement footnote III., H. discloses the District's debt activity for the year ended August 31, 2013.

Requests for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Will Brewer, Superintendent, Ballinger Independent School District, P.O. Box 231, Ballinger, TX 76821-0231.

Basic Financial Statements

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

Data Control Codes	Governmental Activities
<hr/>	
ASSETS	
1110 Cash and Temporary Investments	\$ 6,376,529
1220 Property Taxes Receivable (Delinquent)	161,664
1230 Allowance for Uncollectible Taxes	(38,306)
1240 Due from Other Governments	299,775
Capital Assets:	
1510 Land	298,884
1520 Buildings, Net	8,629,206
1530 Furniture and Equipment, Net	775,734
1580 Construction in Progress	40,839
	<hr/>
1000 Total Assets	16,544,325
	<hr/>
LIABILITIES	
2110 Accounts Payable	1,961
2150 Payroll Deductions and Withholdings	965
2160 Accrued Wages Payable	287,798
2180 Due to Other Governments	8,607
2200 Accrued Expenses	76,699
2300 Unearned Revenue	474,937
	<hr/>
2000 Total Liabilities	850,967
	<hr/>
NET POSITION	
3200 Net Investment in Capital Assets	9,744,663
3820 Restricted for Federal and State Programs	136,217
3900 Unrestricted	5,812,478
	<hr/>
3000 Total Net Position	\$ 15,693,358
	<hr/> <hr/>

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

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

EXHIBIT B-1

Data	Program Revenues			Net (Expense)
Control	1	3	4	Revenue and
Codes	Expenses	Charges for	Operating	Changes in Net
		Services	Grants and	Position
			Contributions	Governmental
				Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 5,604,785	\$ 12,606	\$ 738,128	\$ (4,854,051)
12 Instructional Resources and Media Services	163,239	16,246	14,947	(132,046)
13 Curriculum and Instructional Staff Development	40,933	-	30,874	(10,059)
21 Instructional Leadership	199,173	-	166,304	(32,869)
23 School Leadership	560,860	-	20,995	(539,865)
31 Guidance, Counseling, and Evaluation Services	372,072	-	113,546	(258,526)
33 Health Services	54,350	-	16,261	(38,089)
34 Student (Pupil) Transportation	205,335	-	7,738	(197,597)
35 Food Services	485,314	158,013	338,289	10,988
36 Extracurricular Activities	510,426	122,354	10,271	(377,801)
41 General Administration	518,826	-	29,918	(488,908)
51 Facilities Maintenance and Operations	868,194	3,905	33,081	(831,208)
52 Security and Monitoring Services	2,913	-	-	(2,913)
53 Data Processing Services	382,715	-	90,119	(292,596)
72 Debt Service - Interest on Long-Term Debt	138	-	-	(138)
93 Payments Related to Shared Services Arrangements	644,561	-	534,792	(109,769)
99 Other Intergovernmental Charges	76,038	-	-	(76,038)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 10,689,872	\$ 313,124	\$ 2,145,263	(8,231,485)

Data
Control
Codes

General Revenues:

Taxes:

MT	Property Taxes, Levied for General Purposes	2,838,822
SF	State Aid - Formula Grants	5,418,320
IE	Investment Earnings	36,418
MI	Miscellaneous Local and Intermediate Revenue	126,535
TR	Total General Revenues	8,420,095
CN	Change in Net Position	188,610
NB	Net Position - Beginning	15,411,830
PA	Prior Period Adjustment	92,918
NE	Net Position--Ending	\$ 15,693,358

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Temporary Investments	\$ 5,847,617	\$ 424,877	\$ 6,272,494
1220 Property Taxes - Delinquent	161,664	-	161,664
1230 Allowance for Uncollectible Taxes (Credit)	(38,306)	-	(38,306)
1240 Due from Other Governments	190,865	108,910	299,775
1260 Due from Other Funds	-	9,074	9,074
1000 Total Assets	<u>\$ 6,161,840</u>	<u>\$ 542,861</u>	<u>\$ 6,704,701</u>
LIABILITIES			
2110 Accounts Payable	\$ 1,961	\$ -	\$ 1,961
2150 Payroll Deductions and Withholdings Payable	965	-	965
2160 Accrued Wages Payable	259,879	27,919	287,798
2170 Due to Other Funds	-	9,074	9,074
2180 Due to Other Governments	-	8,607	8,607
2200 Accrued Expenditures	4,612	2,335	6,947
2300 Unearned Revenue	465,631	9,306	474,937
2000 Total Liabilities	<u>733,048</u>	<u>57,241</u>	<u>790,289</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	123,357	-	123,357
2600 Total Deferred Inflows of Resources	<u>123,357</u>	<u>-</u>	<u>123,357</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	136,217	136,217
Committed Fund Balance:			
3510 Construction	1,421,653	-	1,421,653
3530 Capital Expenditures for Equipment	469,955	-	469,955
3545 Other Committed Fund Balance	335,000	349,403	684,403
3600 Unassigned Fund Balance	3,078,827	-	3,078,827
3000 Total Fund Balances	<u>5,305,435</u>	<u>485,620</u>	<u>5,791,055</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,161,840</u>	<u>\$ 542,861</u>	<u>\$ 6,704,701</u>

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

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

Total Fund Balances - Governmental Funds	\$	5,791,055
1 The District uses an internal service fund to charge the costs of self-insurance to appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase (decrease) net position.		34,283
2 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. In addition, long-term liabilities, including notes and capital leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		9,657,933
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase (decrease) net position.		905,041
4 The depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(821,536)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		126,582
19 Net Position of Governmental Activities	\$	15,693,358

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 3,102,016	\$ 223,446	\$ 3,325,462
5800 State Program Revenues	5,770,169	282,799	6,052,968
5900 Federal Program Revenues	19,344	1,491,271	1,510,615
5020 Total Revenues	<u>8,891,529</u>	<u>1,997,516</u>	<u>10,889,045</u>
EXPENDITURES:			
Current:			
0011 Instruction	4,568,070	508,264	5,076,334
0012 Instructional Resources and Media Services	142,866	4,944	147,810
0013 Curriculum and Instructional Staff Development	9,808	30,650	40,458
0021 Instructional Leadership	-	199,173	199,173
0023 School Leadership	457,011	50,428	507,439
0031 Guidance, Counseling, and Evaluation Services	239,611	101,981	341,592
0033 Health Services	46,009	2,505	48,514
0034 Student (Pupil) Transportation	187,177	319	187,496
0035 Food Services	-	475,198	475,198
0036 Extracurricular Activities	480,423	-	480,423
0041 General Administration	463,255	12,605	475,860
0051 Facilities Maintenance and Operations	894,983	14,279	909,262
0052 Security and Monitoring Services	2,905	-	2,905
0053 Data Processing Services	279,651	69,758	349,409
Debt Service:			
0071 Principal on Long-Term Debt	177,005	-	177,005
0072 Interest on Long-Term Debt	3,363	-	3,363
Capital Outlay:			
0081 Facilities Acquisition and Construction	612,146	-	612,146
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	109,769	534,792	644,561
0099 Other Intergovernmental Charges	76,038	-	76,038
6030 Total Expenditures	<u>8,750,090</u>	<u>2,004,896</u>	<u>10,754,986</u>
1200 Net Change in Fund Balances	141,439	(7,380)	134,059
0100 Fund Balance - September 1 (Beginning)	5,134,514	429,362	5,563,876
1300 Increase (Decrease) in Fund Balance	29,482	63,638	93,120
3000 Fund Balance - August 31 (Ending)	<u>\$ 5,305,435</u>	<u>\$ 485,620</u>	<u>\$ 5,791,055</u>

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

BALLINGER INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2013

Total Net Change in Fund Balances - Governmental Funds	\$	134,059
 The District uses an internal service fund to charge the costs of self-insurance to appropriate functions in other funds. The net income (loss) of the internal service fund is reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position.		 (21,615)
 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the capital outlays and debt principal payments is to increase (decrease) net position.		 905,041
 Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		 (821,536)
 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		 (7,339)
 Change in Net Position of Governmental Activities	 \$	 <u>188,610</u>

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

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

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Temporary Investments	\$ 104,035
Total Assets	<u>104,035</u>
LIABILITIES	
Current Liabilities:	
Accrued Expenses	<u>69,752</u>
Total Liabilities	<u>69,752</u>
NET POSITION	
Unrestricted Net Position	<u>34,283</u>
Total Net Position	<u><u>\$ 34,283</u></u>

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

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

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING EXPENSES:	
Other Operating Costs	\$ 22,118
Total Operating Expenses	<u>22,118</u>
Operating Income (Loss)	<u>(22,118)</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits and Investments	<u>503</u>
Total Nonoperating Revenues (Expenses)	<u>503</u>
Change in Net Position	(21,615)
Total Net Position - September 1 (Beginning)	56,100
Prior Period Adjustment	<u>(202)</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 34,283</u></u>

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

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

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Payments for Insurance Claims	\$ (12,445)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	503
Net Decrease in Cash and Cash Equivalents	(11,942)
Cash and Cash Equivalents at Beginning of Year	115,977
Cash and Cash Equivalents at End of Year	\$ 104,035
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (22,118)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	9,875
Prior Period Adjustment	(202)
Net Cash Used for Operating Activities	\$ (12,445)

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

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

EXHIBIT E-1

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Temporary Investments	\$ -	\$ 94,694
Restricted Assets	31,286	-
Total Assets	31,286	\$ 94,694
LIABILITIES		
Due to Student Groups	-	\$ 94,694
Total Liabilities	-	\$ 94,694
NET POSITION		
Restricted for Scholarships	31,286	
Total Net Position	\$ 31,286	

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

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

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 16,998
Total Additions	<u>16,998</u>
DEDUCTIONS:	
Professional and Contracted Services	<u>18,000</u>
Total Deductions	<u>18,000</u>
Change in Net Position	(1,002)
Total Net Position - September 1 (Beginning)	<u>32,288</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 31,286</u></u>

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

BALLINGER INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
August 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ballinger Independent School District is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America applicable to state and local governments. Additionally the District complies with the requirements of the Texas Education Agency's *Financial Accountability System Resource Guide* (the *Resource Guide*) and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The District is governed by the Board of Trustees, a seven-member group, which is elected by the public and has governance responsibilities, including fiscal accountability, over all activities related to public elementary and secondary education within the jurisdiction of the Ballinger Independent School District (the primary government). There are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the District and (2) grants and contributions - payments from organizations outside the District that are restricted to meeting the operational or capital requirements of a particular function or segment of the District. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Interfund activities between governmental funds and proprietary funds appear as due to/due froms on the governmental funds balance sheet and on the proprietary funds statement of net position and as other resources and other uses on the governmental funds statement of revenues, expenditures, and changes in fund balance and on the proprietary funds 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 in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide statement of net position.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally result from providing services in connection with a proprietary fund's ongoing operations. Operating expenses include the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

BALLINGER INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included in the balance sheet. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, revenues received from the state, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 revenue until related and authorized expenditures have been made.

The proprietary funds 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 period in which they are incurred and become measurable.

The government reports the following major governmental fund:

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

Additionally, the government reports the following fund types:

The Internal Service Fund accounts for the operations of a workers' compensation insurance program.

The Private Purpose Trust Fund accounts for resources used to provide scholarships for former students. These scholarships are provided from donations.

Agency Funds account for the activities of funds which are the property of student groups.

D. Cash and Cash Equivalents - Proprietary Funds

For purposes of the statement of cash flows for proprietary fund types, the District considers cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents.

BALLINGER INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Interfund Receivables and Payables

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net position.

F. Receivables and Payables

Receivables are stated at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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

There are no significant receivables which are not scheduled for collection within one year.

G. Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the government 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20-50
Vehicles	2-15
Furniture and Equipment	3-15

H. Restricted Assets

Restricted assets consist of donations held to fund student scholarships.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

J. Compensated Absences

The District's policy does not permit employees to accumulate unused vacation and sick leave to be paid to the employees upon separation from service.

BALLINGER INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. Net Position on the Statement of Net Position

Net position on the statement of net position includes the following:

Net Investment in Capital Assets - This component of net position represents capital assets net of accumulated depreciation.

Restricted for Federal and State Programs - This component of net position represents the balance of the Child Nutrition Program.

Unrestricted - This is the difference between assets and liabilities that is not reported as Net Investment in Capital Assets or Restricted for Federal and State Programs.

L. Fund Balances/Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted - Amounts that can be spent only for specific purposes because usage restraints have been imposed by external sources such as creditors (through a debt covenant), grantors, contributors, or laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through formal action by the Board of Trustees.

Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

The details of the fund balances are included in the governmental funds balance sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are 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, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Unrestricted net position for proprietary funds represents the net position available for future operations.

M. Property Tax Revenues

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The District recognizes as tax revenues those taxes that are measurable and available. Measurable means the amount can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within the current period.

BALLINGER INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. Property Tax Revenues - Continued

Allowances for uncollectibles are based upon historical experience. 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.

N. Interfund Transfers

Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget

Formal budgetary accounting is employed for all required governmental fund types and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles.

The official school budget is prepared for adoption for required governmental fund types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Food Service Special Revenue Fund. The remaining Special Revenue Funds adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget was amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and 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 the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain

BALLINGER INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2013

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

A. Deposits and Investments - Continued

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, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

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

Custodial Credit Risk - Deposits and Investments: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits and investments in certificates of deposit may not be returned to it. The District's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The District is not exposed to custodial credit risk for its deposits and investments in certificates of deposit since they are covered by depository insurance and pledged securities held by a third party in the District's name.

Concentration of Credit Risk: The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At August 31, 2013, all of the District's investments are in external investment pools or certificates of deposit with its depository bank. The District is not exposed to this risk as described in the preceding paragraph.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At August 31, 2013, the District was not significantly exposed to credit risk.

Interest Rate Risk: The District's investment policy limits its exposure to fair value losses arising from fluctuating interest rates by using final and weighted-average-maturity limits and diversification.

Foreign Currency Risk: Not applicable

The carrying amount of the District's cash and temporary investments at August 31, 2013, approximates fair value and consisted of the following:

Cash in Bank	\$ 1,789,536
Certificates of Deposit	4,600,501
Lone Star Investment Pool	42,169
TexPool	38,372
TexSTAR	<u>31,931</u>
Total Cash and Temporary Investments	<u>\$ 6,502,509</u>

BALLINGER INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2013

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

B. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from other governments are summarized as follows:

	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 168,037	\$ 0	\$ 22,828	\$ 190,865
Special Revenue Funds	<u>83,333</u>	<u>25,577</u>	<u>0</u>	<u>108,910</u>
Totals	<u>\$ 251,370</u>	<u>\$ 25,577</u>	<u>\$ 22,828</u>	<u>\$ 299,775</u>

C. Interfund Balances

The following is a summary of amounts due from and due to other funds:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
Nonmajor Governmental Funds			
Special Revenue Fund	<u>\$ 9,074</u>	<u>\$ 9,074</u>	Reimbursement

All amounts due are expected to be repaid within one year.

D. Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets				
Land	\$ 298,884	\$ 0	\$ 0	\$ 298,884
Buildings and Improvements	18,630,805	585,611	724,480	18,491,936
Furniture and Equipment	2,737,216	101,586	131,515	2,707,287
Construction in Progress	<u>0</u>	<u>40,839</u>	<u>0</u>	<u>40,839</u>
Total Capital Assets	<u>\$ 21,666,905</u>	<u>\$ 728,036</u>	<u>\$ 855,995</u>	<u>\$ 21,538,946</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ (9,956,193)	\$ (631,017)	\$ (724,480)	\$ (9,862,730)
Furniture and Equipment	<u>(1,872,549)</u>	<u>(190,519)</u>	<u>(131,515)</u>	<u>(1,931,553)</u>
Total Accumulated Depreciation	<u>\$ (11,828,742)</u>	<u>\$ (821,536)</u>	<u>\$ (855,995)</u>	<u>\$ (11,794,283)</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,838,163</u>	<u>\$ (93,500)</u>	<u>\$ 0</u>	<u>\$ 9,744,663</u>

BALLINGER INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2013

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

D. Capital Assets - Continued

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 531,834
Instructional Resources and Media Services	15,032
Curriculum and Instructional Staff Development	448
School Leadership	52,149
Guidance, Counseling, and Evaluation Services	29,814
Health Services	5,708
Student (Pupil) Transportation	17,318
Food Services	23,606
Extracurricular Activities	28,667
General Administration	41,678
Facilities Maintenance and Operations	42,754
Data Processing Services	<u>32,528</u>
Total	<u><u>\$ 821,536</u></u>

E. Deferred Inflows of Resources

The balance sheet reports a separate section for deferred inflows of resources. This financial statement element represents an acquisition of fund balance that applies to a future period and so will not be recognized as inflows of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category, the difference between property taxes receivable and the allowance for uncollectible taxes of \$123,357 which is unavailable for expenditure.

F. Unearned Revenue

Unearned revenue at year end consisted of the following:

	General Fund	Special Revenue Funds	Total
State Grants	\$ 457,080	\$ 0	\$ 457,080
Other	<u>8,551</u>	<u>9,306</u>	<u>17,857</u>
Totals	<u><u>\$ 465,631</u></u>	<u><u>\$ 9,306</u></u>	<u><u>\$ 474,937</u></u>

BALLINGER INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2013

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

G. Commitments Under Noncapitalized Leases

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

Year Ending <u>August 31,</u>	
2014	\$ 61,000
2015	59,214
2016	4,023
2017	4,023
2018	<u>1,676</u>
Total Minimum Rentals	<u>\$ 129,936</u>

Rental expenditures during the year ended August 31, 2013, were \$64,973.

H. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended August 31, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital Lease	<u>\$ 177,005</u>	<u>\$ 0</u>	<u>\$ 177,005</u>	<u>\$ 0</u>	<u>\$ 0</u>

I. Outstanding Encumbrances

There were no outstanding encumbrances that were provided for in the subsequent year's budget.

J. Revenues from Local and Intermediate Sources

Local and intermediate source revenues consists of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Property Taxes	\$ 2,897,391	\$ 0	\$ 2,897,391
Tuition and Fees	1,200	0	1,200
Other Local Sources	138,924	65,434	204,358
Cocurricular, Enterprising Services, or Activities	59,935	158,012	217,947
Intermediate Sources	<u>4,566</u>	<u>0</u>	<u>4,566</u>
Totals	<u>\$ 3,102,016</u>	<u>\$ 223,446</u>	<u>\$ 3,325,462</u>

BALLINGER INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2013

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS – Continued

K. General Fund Federal Source Revenues

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>
E-Rate School and Library Program	--	\$ 8,270
School Health and Related Services (SHARS)	--	<u>11,074</u>
Total		<u>\$ 19,344</u>

IV. OTHER INFORMATION

A. Pension Plan

Plan Description - The Ballinger 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, Section 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. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. 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 downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

Funding Policy - Contribution requirements are not actuarially determined but are established and amended 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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year; and (2) A state statute prohibits benefit improvements if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Contribution rates and contribution amounts for fiscal years 2013-2011 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceeded the statutory minimum and on salaries paid from federal grants.

<u>Fiscal Year</u>	<u>Member</u>		<u>State On-Behalf</u>		<u>District</u>
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Amount</u>
2013	6.4%	\$ 383,404	6.400%	\$ 337,206	\$ 46,198
2012	6.4%	382,580	6.000%	358,669	50,061
2011	6.4%	394,655	6.644%	427,894	59,613

BALLINGER INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2013

IV. OTHER INFORMATION - Continued

B. Retiree Health Plan

Plan Description - The Ballinger Independent School 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). TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

Funding Policy - Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and contribution amounts for fiscal years 2013-2011 are shown in the table below:

Fiscal Year	Active Member		State On-Behalf		District	
	Rate	Amount	Rate	Amount	Rate	Amount
2013	0.65%	\$ 38,635	0.5%	\$ 29,719	0.55%	\$ 32,691
2012	0.65%	38,856	1.0%	59,779	0.55%	32,879
2011	0.65%	40,083	1.0%	61,666	0.55%	33,916

The Medicare 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 Texas Public School Retired Employee Group Insurance Program (TRS-Care), administered by TRS, to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Medicare Part D payments made on behalf of the District for fiscal years 2013-2011 are shown in the table below:

Fiscal Year	Medicare Part D
2013	\$ 15,146
2012	15,937
2011	14,324

C. Health Care Coverage

During the year ended August 31, 2013, employees of the District were covered by a health insurance plan (the Plan) through the TRS - Active Care Program administered by the Teacher Retirement System. The District contributed \$180 of the employee-only premium per month, and employees, at their option, authorized payroll withholdings to pay contributions for dependents. Under the Plan, the District is not liable for costs incurred beyond the premiums paid.

BALLINGER INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2013

IV. OTHER INFORMATION - Continued

D. 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, for which the District participated in a public entity risk pool. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding coverage for each of the past three fiscal years.

E. Property and Liability Coverage

During the year ended August 31, 2013, the District met its property and liability obligations through participation in the Texas Association of Public Schools Property and Liability Fund (the Fund) which was created effective September 1, 2001, as a public entity risk-sharing pool for Texas public schools, junior or community colleges, and education service centers. The Fund was created in accordance with the Interlocal Cooperation Act, Chapters 791 and 2259 of the Texas Government Code and operates within the appropriate rules, regulations, and laws of the State of Texas. Most coverage is on an occurrence basis, with the exception of errors and omissions, which is on a claims-made basis.

The Fund was formed for the purpose of providing competitive costs for coverage, loss control, and administrative services for members. Members join the Fund by executing Interlocal Participation Agreements.

In the normal course of business, the Fund seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with other insurance enterprises or reinsurers. Reinsurance agreements permit recovery of a portion of losses from reinsurers although it does not discharge the primary liability of the Fund as direct insurer of the risks reinsured. Amounts recoverable from reinsurers are estimated in a manner consistent with the reinsured policy.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees. The Fund's audited financial statements as of August 31, 2012, are available at the Fund's offices.

F. Unemployment Compensation Coverage

During the year ended August 31, 2013, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the Unemployment Compensation pool.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2012, are available on the TASB Risk Management Fund website.

BALLINGER INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2013

IV. OTHER INFORMATION - Continued

G. Workers' Compensation Insurance

The District is partially uninsured with respect to workers' compensation insurance. The District participates in a shared risk pool, the "West Texas Educational Insurance Association," administered by Claims Administrative Services, Inc. Individual claims that exceed the loss fund maximum, stated at \$66,710 at August 31, 2013, are paid by the Association through a reinsurance program. The District is responsible for all claims up to the loss fund maximum. Cumulative unpaid claims (including "incurred but not reported" claims) the District is responsible for paying totaled \$69,752 at August 31, 2013. Contributions to this pool for the current year were \$22,118.

Changes in the balances of claims liabilities are as follows:

	Year Ended August 31,	
	2013	2012
Unpaid Claims - Beginning	\$ 59,877	\$ 65,572
Prior Period Adjustment	202	0
Incurred Claims	22,118	14,709
Claim Payments	<u>(12,445)</u>	<u>(20,404)</u>
Unpaid Claims - Ending	<u><u>\$ 69,752</u></u>	<u><u>\$ 59,877</u></u>

H. Contingencies

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability 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 combined financial statements for such contingencies.

I. Shared Services Arrangements

The Ballinger Independent School District participates in a shared services arrangement for IDEA - Part B, Formula, Discretionary, and Preschool with two other school districts. The Ballinger Independent School District is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement. All of the financial activities of the shared services arrangement are accounted for and included in the financial statements of the Ballinger Independent School District in Special Revenue Fund Number 437. Expenditures of the shared services arrangement are summarized as follows:

Ballinger Independent School District	\$ 61,416
Coleman Independent School District	60,317
Winters Independent School District	<u>61,251</u>
Total	<u><u>\$ 182,984</u></u>

BALLINGER INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2013

IV. OTHER INFORMATION – Continued

J. Adjustments to Fund Balances/Net Position

The fund balance of the General Fund was increased by \$29,482 to record a settle up for the prior year's state foundation funding. The fund balance of Fund 437 Special Education Cooperative was increased by \$63,638 to record a SHARS settle up due from the state.

In addition to the adjustments above, net position in the government-wide statements is decreased by \$202 to adjust for the prior year's provision for incurred insurance claims. The net adjustment to net position in the government-wide statements is an increase of \$92,918.

K. Subsequent Events

The District's management has evaluated subsequent events through November 22, 2013, the date which the financial statements were available for issue.

Required Supplementary Information

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 2,848,536	\$ 2,940,527	\$ 3,102,016	\$ 161,489
5800	State Program Revenues	5,739,810	5,739,810	5,770,169	30,359
5900	Federal Program Revenues	-	11,000	19,344	8,344
5020	Total Revenues	8,588,346	8,691,337	8,891,529	200,192
EXPENDITURES:					
Current:					
0011	Instruction	4,567,758	4,672,217	4,568,070	104,147
0012	Instructional Resources and Media Services	146,922	147,322	142,866	4,456
0013	Curriculum and Instructional Staff Development	20,602	21,652	9,808	11,844
0023	School Leadership	454,492	460,075	457,011	3,064
0031	Guidance, Counseling, and Evaluation Services	244,393	244,393	239,611	4,782
0033	Health Services	47,694	47,694	46,009	1,685
0034	Student (Pupil) Transportation	274,013	244,013	187,177	56,836
0036	Extracurricular Activities	499,792	503,292	480,423	22,869
0041	General Administration	482,773	484,090	463,255	20,835
0051	Facilities Maintenance and Operations	943,736	1,009,542	894,983	114,559
0052	Security and Monitoring Services	6,400	6,400	2,905	3,495
0053	Data Processing Services	319,067	289,467	279,651	9,816
Debt Service:					
0071	Principal on Long-Term Debt	177,035	177,035	177,005	30
0072	Interest on Long-Term Debt	3,365	3,365	3,363	2
Capital Outlay:					
0081	Facilities Acquisition and Construction	300,000	900,000	612,146	287,854
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of	110,350	110,350	109,769	581
0099	Other Intergovernmental Charges	80,000	77,000	76,038	962
6030	Total Expenditures	8,678,392	9,397,907	8,750,090	647,817
1200	Net Change in Fund Balances	(90,046)	(706,570)	141,439	848,009
0100	Fund Balance - September 1 (Beginning)	5,134,514	5,134,514	5,134,514	-
1300	Increase (Decrease) in Fund Balance	-	29,482	29,482	-
3000	Fund Balance - August 31 (Ending)	\$ 5,044,468	\$ 4,457,426	\$ 5,305,435	\$ 848,009

Other Supplementary Information

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

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program
ASSETS				
1110 Cash and Temporary Investments	\$ -	\$ (186)	\$ -	\$ 141,052
1240 Due from Other Governments	13,939	186	-	8,787
1260 Due from Other Funds	-	-	9,074	-
1000 Total Assets	<u>\$ 13,939</u>	<u>\$ -</u>	<u>\$ 9,074</u>	<u>\$ 149,839</u>
LIABILITIES				
2160 Accrued Wages Payable	\$ 12,712	\$ -	\$ 8,288	\$ 4,489
2170 Due to Other Funds	-	-	-	-
2180 Due to Other Governments	-	-	-	-
2200 Accrued Expenditures	1,227	-	786	86
2300 Unearned Revenue	-	-	-	9,047
2000 Total Liabilities	<u>13,939</u>	<u>-</u>	<u>9,074</u>	<u>13,622</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	136,217
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,217</u>
4000 Total Liabilities and Fund Balances	<u>\$ 13,939</u>	<u>\$ -</u>	<u>\$ 9,074</u>	<u>\$ 149,839</u>

242 Summer Feeding Program	255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	392 Non-Ed. Community Based Support	404 Student Success Initiative	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ (1,207)	\$ (300)	\$ (506)	\$ 259
-	2,666	-	16,382	2,506	300	506	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,666</u>	<u>\$ -</u>	<u>\$ 16,382</u>	<u>\$ 1,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259</u>
\$ -	\$ 2,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	9,074	-	-	-	-
-	-	-	7,308	1,299	-	-	-
-	236	-	-	-	-	-	-
-	-	-	-	-	-	-	259
<u>-</u>	<u>2,666</u>	<u>-</u>	<u>16,382</u>	<u>1,299</u>	<u>-</u>	<u>-</u>	<u>259</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,666</u>	<u>\$ -</u>	<u>\$ 16,382</u>	<u>\$ 1,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259</u>

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

Data Control Codes	437 SSA Special Education	461 Campus Activity Funds	Total Nonmajor Governmental Funds	
ASSETS				
1110	Cash and Temporary Investments	\$ 218,735	\$ 67,030	\$ 424,877
1240	Due from Other Governments	63,638	-	108,910
1260	Due from Other Funds	-	-	9,074
1000	Total Assets	<u>\$ 282,373</u>	<u>\$ 67,030</u>	<u>\$ 542,861</u>
LIABILITIES				
2160	Accrued Wages Payable	\$ -	\$ -	\$ 27,919
2170	Due to Other Funds	-	-	9,074
2180	Due to Other Governments	-	-	8,607
2200	Accrued Expenditures	-	-	2,335
2300	Unearned Revenue	-	-	9,306
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>57,241</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	136,217
Committed Fund Balance:				
3545	Other Committed Fund Balance	282,373	67,030	349,403
3000	Total Fund Balances	<u>282,373</u>	<u>67,030</u>	<u>485,620</u>
4000	Total Liabilities and Fund Balances	<u>\$ 282,373</u>	<u>\$ 67,030</u>	<u>\$ 542,861</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 158,207
5800 State Program Revenues	-	-	-	12,400
5900 Federal Program Revenues	252,939	8,334	180,415	325,054
5020 Total Revenues	<u>252,939</u>	<u>8,334</u>	<u>180,415</u>	<u>495,661</u>
EXPENDITURES:				
Current:				
0011 Instruction	216,168	8,334	117,921	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	30,650	-	-	-
0021 Instructional Leadership	6,121	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	62,494	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	319
0035 Food Services	-	-	-	472,892
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	571
0053 Data Processing Services	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>252,939</u>	<u>8,334</u>	<u>180,415</u>	<u>473,782</u>
1200 Net Change in Fund Balance	-	-	-	21,879
0100 Fund Balance - September 1 (Beginning)	-	-	-	114,338
1300 Increase (Decrease) in Fund Balance	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,217</u>

242 Summer Feeding Program	255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	392 Non-Ed. Community Based Support	404 Student Success Initiative	410 State Textbook Fund
\$ 127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	1,415	5,065	76,643
1,725	52,613	20,084	568,641	15,877	-	-	-
1,852	52,613	20,084	568,641	15,877	1,415	5,065	76,643
-	43,442	-	54,574	99	-	5,065	26,969
-	-	-	-	-	-	-	-
-	9,171	-	4,824	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	34,847	-	-	-	-
-	-	-	-	-	1,415	-	-
-	-	-	-	-	-	-	-
2,306	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	20,084	-	-	-	-	49,674
-	-	-	474,396	15,778	-	-	-
2,306	52,613	20,084	568,641	15,877	1,415	5,065	76,643
(454)	-	-	-	-	-	-	-
454	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	437 SSA Special Education	461 Campus Activity Funds	Total Nonmajor Governmental Funds	
REVENUES:				
5700	Total Local and Intermediate Sources	\$ 817	\$ 64,295	\$ 223,446
5800	State Program Revenues	187,276	-	282,799
5900	Federal Program Revenues	65,589	-	1,491,271
5020	Total Revenues	<u>253,682</u>	<u>64,295</u>	<u>1,997,516</u>
EXPENDITURES:				
Current:				
0011	Instruction	31,628	4,064	508,264
0012	Instructional Resources and Media Services	-	4,944	4,944
0013	Curriculum and Instructional Staff Development	-	-	30,650
0021	Instructional Leadership	179,057	-	199,173
0023	School Leadership	-	50,428	50,428
0031	Guidance, Counseling, and Evaluation Services	3,845	795	101,981
0033	Health Services	1,090	-	2,505
0034	Student (Pupil) Transportation	-	-	319
0035	Food Services	-	-	475,198
0041	General Administration	12,605	-	12,605
0051	Facilities Maintenance and Operations	13,708	-	14,279
0053	Data Processing Services	-	-	69,758
Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	44,618	-	534,792
6030	Total Expenditures	<u>286,551</u>	<u>60,231</u>	<u>2,004,896</u>
1200	Net Change in Fund Balance	(32,869)	4,064	(7,380)
0100	Fund Balance - September 1 (Beginning)	251,604	62,966	429,362
1300	Increase (Decrease) in Fund Balance	63,638	-	63,638
3000	Fund Balance - August 31 (Ending)	<u>\$ 282,373</u>	<u>\$ 67,030</u>	<u>\$ 485,620</u>

Required TEA Schedules

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2004 and prior years	Various	Various	\$ Various
2005	1.500000	0.070000	163,629,597
2006	1.500000	0.070000	163,644,073
2007	1.370000	0.000000	174,416,463
2008	1.170000	0.000000	189,401,662
2009	1.170000	0.000000	217,292,206
2010	1.170000	0.000000	228,785,992
2011	1.170000	0.000000	243,697,532
2012	1.170000	0.000000	242,226,603
2013 (School year under audit)	1.170000	0.000000	243,237,286
1000 TOTALS			

(10) Beginning Balance 9/1/2012	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2013
\$ 14,523	\$ -	\$ 1,009	\$ 82	\$ (5,999)	\$ 7,433
3,846	-	183	9	(77)	3,577
2,457	-	216	10	(145)	2,086
5,368	-	486	-	(182)	4,700
5,930	-	1,317	-	(114)	4,499
12,722	-	5,096	-	(707)	6,919
20,047	-	7,319	-	(934)	11,794
36,379	-	13,366	-	(966)	22,047
75,423	-	40,057	-	(2,398)	32,968
-	2,845,876	2,780,235	-	-	65,641
<u>\$ 176,695</u>	<u>\$ 2,845,876</u>	<u>\$ 2,849,284</u>	<u>\$ 101</u>	<u>\$ (11,522)</u>	<u>\$ 161,664</u>

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

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

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 127,571	\$ 201,613	\$ -	\$ -	\$ 329,184
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	16,026	-	1,000	-	17,026
6212	Audit Services	-	-	-	26,216	-	-	26,216
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	79,339	-	-	-	-	79,339
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	6,321	174	-	-	6,495
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	2,670	16,303	-	-	18,973
6240	Contr. Maint. and Repair	-	-	-	-	165	-	165
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	5,675	2,687	-	-	8,362
6290	Miscellaneous Contr.	-	-	-	-	-	-	-
6320	Textbooks and Reading	-	-	111	111	-	-	222
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	209	173	4,410	7,155	-	-	11,947
6410	Travel, Subsistence, Stipends	6,447	-	3,055	3,271	-	-	12,773
6420	Ins. and Bonding Costs	4,272	-	1,383	-	-	-	5,655
6430	Election Costs	1,749	-	-	-	-	-	1,749
6490	Miscellaneous Operating	15,245	-	8,857	729	-	-	24,831
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 27,922	\$ 79,512	\$ 176,079	\$ 258,259	\$ 1,165	\$ -	\$ 542,937

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 10,754,986

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$	728,036
Total Debt & Lease(6500)	(11)	180,368
Plant Maintenance (Function 51, 6100-6400)	(12)	822,951
Food (Function 35, 6341 and 6499)	(13)	194,632
Stipends (6413)	(14)	1,124
Column 4 (above) - Total Indirect Cost		258,259

SubTotal: 2,185,370

Net Allowed Direct Cost \$ 8,569,616

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$	18,491,936
Historical Cost of Building over 50 years old	(16) \$	436,500
Amount of Federal Money in Building Cost (Net of #16)	(17) \$	-
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18) \$	2,707,287
Historical Cost of Furniture & Equipment over 16 years old	(19) \$	263,363
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20) \$	-

(8) NOTE A: No Function 53 expenditures are included in this report on administrative costs.
 \$76,038 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 150,100	\$ 150,100	\$ 158,207	\$ 8,107
5800 State Program Revenues	11,915	11,915	12,400	485
5900 Federal Program Revenues	325,000	333,000	325,054	(7,946)
5020 Total Revenues	487,015	495,015	495,661	646
EXPENDITURES:				
0034 Student (Pupil) Transportation	320	320	319	1
0035 Food Services	482,045	490,045	472,892	17,153
0041 General Administration	3,450	3,450	-	3,450
0051 Facilities Maintenance and Operations	1,200	1,200	571	629
6030 Total Expenditures	487,015	495,015	473,782	21,233
1200 Net Change in Fund Balances	-	-	21,879	21,879
0100 Fund Balance - September 1 (Beginning)	114,338	114,338	114,338	-
3000 Fund Balance - August 31 (Ending)	\$ 114,338	\$ 114,338	\$ 136,217	\$ 21,879

COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

Michael E. Oliphant, CPA
Calvin Featherston, CPA
Wayne Barr, CPA
Cathryn A. Pitcock, CPA

(325) 944-3571
FAX: (325) 942-1093
www.eckertandcompany.com

Members of
American Institute of CPAs
Texas Society of CPAs

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

Board of Trustees
Ballinger Independent School District
P.O. Box 231
Ballinger, TX 76821-0231

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 the Ballinger Independent School District as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 22, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ballinger Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ballinger Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ballinger 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eckert & Company, LLP

San Angelo, Texas
November 22, 2013



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

Board of Trustees
Ballinger Independent School District
P.O. Box 231
Ballinger, TX 76821-0231

Report on Compliance for Each Major Federal Program

We have audited the Ballinger 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 the Ballinger Independent School District's major federal programs for the year ended August 31, 2013. The Ballinger Independent School District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Ballinger 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 the Ballinger 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 the Ballinger Independent School District's compliance.

Opinion of Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Ballinger 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 the Ballinger 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 our 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 the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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.

Purpose of This Report

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.

Eckert & Company, LLP

San Angelo, Texas
November 22, 2013

BALLINGER INDEPENDENT SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended August 31, 2013

A. Summary of Audit Results

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Ballinger Independent School District.
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the 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*.
3. No instances of noncompliance material to the basic financial statements of the Ballinger Independent School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Ballinger Independent School District expresses an unmodified opinion on all major federal programs.
6. There are no audit findings relative to the major federal award programs for the Ballinger Independent School District.
7. The programs tested as major programs included:

Special Education Cluster	
CFDA Number 84.027	IDEA - Part B, Formula
CFDA Number 84.173	IDEA - Part B, Preschool
Child Nutrition Cluster	
CFDA Number 10.553	School Breakfast Program
CFDA Number 10.555	National School Lunch Program - Cash Assistance
CFDA Number 10.555	National School Lunch Program - Non-Cash Assistance
CFDA Number 10.559	Summer Feeding Program - Cash Assistance

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Ballinger Independent School District was determined to be a low-risk auditee.
10. Pass-Through Entity: Texas Education Agency

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

BALLINGER INDEPENDENT SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Continued
Year Ended August 31, 2013

D. Findings - State Compliance

None

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	13 - 610101200901	\$ 238,999
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	14 - 610101200901	13,939
Total CFDA Number 84.010A			252,938
Total Title I, Part A Cluster			252,938
ESEA, Title I, Part C - Migratory Children	84.011	13 - 615001200901	8,334
*IDEA - Part B, Formula	84.027	13 - 660012009016600	180,415
*SSA - IDEA - Part B, Formula	84.027	13 - 6600012009016600	568,641
Total CFDA Number 84.027			749,056
*SSA - IDEA - Part B, Preschool	84.173	13 - 6610012009016610	15,877
Total Special Education Cluster (IDEA)			764,933
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	13 - 696001200901	20,084
ESEA, Title II, Part A - Teacher/Principal Training	84.367A	13 - 694501200901	49,948
ESEA, Title II, Part A - Teacher/Principal Training	84.367A	14 - 694501200901	2,666
Total CFDA Number 84.367A			52,614
Total Passed Through State Department of Education			\$ 1,098,903
TOTAL DEPARTMENT OF EDUCATION			\$ 1,098,903
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	13-200901	\$ 68,185
*National School Lunch Program - Cash Assistance	10.555	13-200901	230,258
*National School Lunch Prog. - Non-Cash Assistance	10.555	13-200901	26,610
Total CFDA Number 10.555			256,868
*Summer Feeding Program - Cash Assistance	10.559	13-200901	1,725
Total Child Nutrition Cluster			326,778
Total Passed Through the State Department of Agriculture			\$ 326,778
TOTAL DEPARTMENT OF AGRICULTURE			\$ 326,778
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,425,681

*Clustered Programs

E-Rate School and Library Program expenditures of \$8,270 and School Health and Related Services (SHARS) Program expenditures of \$76,664 are not included in the above figures.

BALLINGER INDEPENDENT SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
August 31, 2013

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Ballinger Independent School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SCHOOLS FIRST QUESTIONNAIRE

BALLINGER INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2013

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	0