

**FLOUR BLUFF
INDEPENDENT
SCHOOL DISTRICT**

Annual Financial Report

For the Year Ended August 31, 2013

Gowland, Strealy, Morales & Company

A Professional Limited Liability Company

Certified Public Accountants

5934 S. Staples, Suite 201

Corpus Christi, Texas 78413

Flour Bluff Independent School District
Annual Financial Report
For The Year Ended August 31, 2013

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Introductory Section

CERTIFICATE OF BOARD

Flour Bluff Independent School District
Name of School District

Nueces
County

178-914
Co.-Dist. Number

We, the undersigned, certify that the attached ✓ annual financial reports of the above named school district were reviewed and (check one) ✓ approved disapproved for the year ended August 31, 2013, at a meeting of the board of trustees of such school district on the 5th day of December, 2013.


Signature of Board Secretary


Signature of Board President

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

Financial Section

Gowland, Streatly, Morales & Company

A Professional Limited Liability Company
Certified Public Accountants

Tommy Streatly, CPA
David Morales, CPA
Jerry D. Spence, CPA

Professional Associates & Senior Advisors:
Peggy Sidler, CPA
Betty Morales, CPA
Wren Malvino
Erika M. Post
Greg Morales
Dudley Gowland, CPA

Independent Auditor's Report

To the Board of Trustees
Flour Bluff Independent School District
2505 Waldron Road
Corpus Christi, Texas 78418

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Flour Bluff 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

As described in Note A to the financial statements, Flour Bluff Independent School District adopted the provisions of Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred outflows of Resources, Deferred Inflows of Resources, and Net Position* for the fiscal year ended August 31, 2013.

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 identified as Required Supplementary Information in the table of contents 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 Flour Bluff Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts 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 accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and 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 combining and individual nonmajor fund financial statements and other supplementary 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013 on our consideration of Flour Bluff 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 Flour Bluff Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gowland, Strealy, Morales & Company, PLLC". The signature is stylized and cursive.

Gowland, Strealy, Morales & Company, PLLC

Corpus Christi, Texas
November 21, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Flour Bluff Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2013. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$58,719,214 at August 31, 2013.
- During the year, the District's expenses were \$561,622 more than the \$45,605,613 generated in taxes and other revenues for governmental activities.
- Based on Board of Trustees' approval, the District invested \$1,171,489 in capital assets. This was comprised of several improvements to district buildings, athletic improvements and technology improvements. The district also purchased three new buses in 2012-2013.
- The general fund reported a fund balance this year of \$17,645,876.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as food service.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1P, Required Components of the District's Annual Financial Report

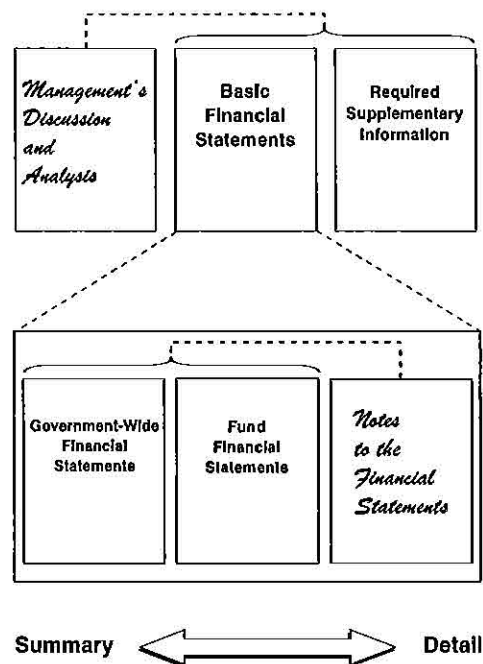


Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	* Statement of net assets	* Balance sheet	* Statement of net assets	* Statement of fiduciary net assets
	* Statement of activities	* Statement of revenues, expenditures & changes in fund balances	* Statement of revenues, expenses and changes in fund net assets * Statement of cash flows	* Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has three kinds of funds:

- **Governmental funds**—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- **Proprietary funds**—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.

- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position were \$58,719,214 August 31, 2013. (See Table A-1)

Table A-1
The District's Net Position

	Governmental Activities		Change
	2013	2012	2013-2012
Current and Other Assets	\$ 23,485,507	\$ 24,085,139	(599,632)
Capital and Non-Current	41,259,460	41,787,645	(528,185)
Total Assets	64,744,967	65,872,784	(1,127,817)
Current Liabilities	1,948,062	2,020,275	(72,213)
Noncurrent Liabilities	4,077,691	4,522,269	(444,578)
Total Liabilities	6,025,753	6,542,544	(516,791)
Net Assets Invested in Capital			
Assets net of related debt	37,379,460	37,447,645	(68,185)
Restricted	2,866,952	3,005,145	(138,193)
Unrestricted	18,472,802	18,877,450	(404,648)
Total Net Position	\$ 58,719,214	\$ 59,330,240	(611,026)

Net position – Investment in Capital Assets net of related debt is \$37,379,460. The District's restricted net position include state and federal programs, debt service, capital projects and campus activities. The \$18,472,802 of unrestricted net position represents resources available for investments, capital projects or programs.

Changes in net position. The District's total revenues were \$45.6 million. A significant portion, 52%, of the District's revenue comes from taxes, 15% comes from grants and contributions not restricted to specific programs.

The total cost of all programs and services was \$46.2 million; 64% of these costs are for direct student services, which include: instruction; instructional resources; guidance and counseling; social services; health services and co-curricular activities.

Governmental Activities

- The District's maintenance & operations tax rate remained at \$1.04. The total tax rate of 1.0709 allowed for total tax revenue including taxes collected for the payment of voter-approved bonded indebtedness of \$23,561,577 up from \$22,844,317 in the prior year. The increase was primarily attributed to the increase in net appraised values. The district's tax collection rate held steady at 97%
- Total Net Appraised Value totaled \$2,247,594,635 increasing from \$2,181,819,924 the prior year.

Table A-2
Changes In the District's Net Assets

	Governmental Activities		Total Change 2013-2012	Total Percentage Change
	2013	2012		
Program Revenues:				
Charges for Services	\$ 1,705,178	\$ 1,873,754	\$ (168,576)	
Operating Grants and Contributions	6,799,930	7,178,584	(378,654)	
General Revenues			-	
Property Taxes	23,561,577	22,844,317	717,260	
State Aid - Formula	12,903,936	14,311,661	(1,407,725)	
Investment Earnings	56,097	60,239	(4,142)	
Other	578,895	677,976	(99,081)	
Total Revenues	<u>45,605,613</u>	<u>46,946,531</u>	<u>(1,340,918)</u>	<u>-2.9%</u>
Instruction	25,135,718	23,955,760	1,179,958	
Instructional Resources and Media Services	593,636	561,522	32,114	
Curriculum Dev. And Instructional Staff Dev.	369,894	201,716	168,178	
Instructional Leadership	1,077,176	1,072,022	5,154	
School Leadership	2,275,884	2,067,812	208,072	
Guidance, Counseling and Evaluation Services	1,441,844	1,378,407	63,437	
Social Work Services	96,639	97,201	(562)	
Health Services	343,854	354,649	(10,795)	
Student (Pupil) Transportation	1,771,043	1,773,091	(2,048)	
Food Services	2,695,338	2,551,480	143,858	
Curricular/Extracurricular Activities	2,036,656	1,820,312	216,344	
General Administration	1,735,179	1,750,875	(15,696)	
Plant Maintenance & Oper.	4,916,970	5,194,392	(277,422)	
Security & Monitoring Svcs.	506,857	424,867	81,990	
Data Processing Services	709,544	763,523	(53,979)	
Community Services	36,124	49,081	(12,957)	
Debt Service	168,875	184,450	(15,575)	
Bond Issuance Costs and Fees	400	7,458	(7,058)	
Facilities Acquisition and Construction	-	23,734	(23,734)	
Payments Related to Shared Service Arrangements	73,819	92,772	(18,953)	
Payments to Juvenile Justice Alternative Ed. Program	181,785	171,849	9,936	
Total Expenses	<u>46,167,235</u>	<u>44,496,973</u>	<u>1,670,262</u>	<u>3.8%</u>
Change in Net Position	(561,622)	2,449,558	(3,011,180)	
Net Position Beginning	59,330,245	56,880,687	2,449,558	
Adjustment to Initially apply GASB Statement 65	(49,409)	-		
Net Position Beginning as Restated	59,280,836	56,880,687	2,400,149	
Net Position Ending	<u>\$ 58,719,214</u>	<u>\$ 59,330,245</u>	<u>\$ (611,031)</u>	<u>-1.0%</u>

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$46,167,235.
- However, the amount that our taxpayers paid for these activities through property taxes was \$23,561,577.
- Some of the cost was paid by those who directly benefited from the programs; \$1,705,178, or by grants and contributions \$6,799,930.

Table A-3
Net Cost of Selected District Functions

	Total Cost of Services			% Change	Net Cost of Services			% Change
	2013	2012			2013	2012		
Instruction	\$ 25,135,718	\$ 23,955,760		4.9%	\$ 21,649,494	\$ 19,743,076		9.7%
School Leadership	2,275,884	2,067,812		10.1%	2,063,098	1,909,419		8.0%
General Administration	1,735,179	1,750,875		-0.9%	1,571,327	1,620,970		-3.1%
Plant Maintenance & Operations	4,916,970	5,194,392		-5.3%	4,416,115	4,730,850		-6.7%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Total revenues from governmental fund types decreased approximately \$1,412,360 over last year. Local revenues decreased by \$374,019 over the preceding year, and state revenues decreased by \$1,028,624. The state implemented drastic funding cuts for school districts in 2011-2012 and these cuts were continued in 2012-2013. This is the main reason for the decline in revenue. Once again as in recent years, local taxpayer effort continues to exceed state funding in paying for the education of our students.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget on a monthly basis as needed when funds were transferred across funds and/or functions. Even with these adjustments, actual expenditures were \$1,041,183 or 3% below final budget amounts. After all transfers and adjustments were made and capital projects funded, the result was a decrease to fund balance in the amount of \$570,910 at fiscal year-end.

Total Revenue was \$21,354 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the District had invested \$59 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents an increase before depreciation (including additions and adjustments) of \$1 million or 1.8% over last year.

Table A-4
District's Capital Assets

	Governmental Activities		Total Change
	2013	2012	2013-2012
Land	\$ 1,762,987	\$ 1,762,987	\$ -
Buildings and improvements	49,833,078	49,626,510	206,568
Construction in Progress	355,314	-	355,314
Furniture and Equipment	7,545,186	7,078,745	466,441
Totals at historical cost	<u>59,496,565</u>	<u>58,468,242</u>	<u>1,028,323</u>
Total accumulated depreciation	<u>18,272,032</u>	<u>16,724,268</u>	<u>1,547,764</u>
Net capital assets	\$ <u><u>41,224,533</u></u>	\$ <u><u>41,743,974</u></u>	\$ <u><u>(519,441)</u></u>

More detailed information about the District's capital assets is presented in the Notes to the financial statements.

Long Term Debt

At year-end the District had \$4.1 million in bonds and other debt outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the Notes to the Financial Statements.

	Governmental Activities	
	2013	2012
Compensated Absences	<u>197,691</u>	<u>182,268</u>
Bonds payable	\$ <u>3,880,000</u>	\$ <u>4,340,000</u>
	4,077,691	4,522,268
Less current portion	<u>485,000</u>	<u>460,000</u>
Total Long-Term Debt	\$ <u><u>3,592,691</u></u>	\$ <u><u>4,062,268</u></u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

These indicators were taken into account when adopting the general fund budget for 2014:

- Appraisal property values were up \$147.7 million or 6.5% from prior year.
- The projected general fund spending per student is \$7,105.
- The ADA was budgeted at 5,250.
- The tax rate is 1.178499 per \$100 valuation.
- The district passed a bond election in May of 2013 for \$48,040,000.

Projected revenue in the general fund is expected to be \$41,204,796.

Factors that contributed to the 2013-2014 revenue budget are as follows:

- General Fund state revenue increased over the prior year as a result of legislative changes to the funding formula.
- Tax revenue from local property values is expected to be more than last year due to an increase in values.

Expenditures were budgeted at \$41.2 million, which is \$2.6 million dollars more than last year. Factors that contributed to the 2013-2014 expenditure budget are as follows:

- The District budgeted a 3% raise which increased payroll by \$975,000.
- The teacher hiring scale was adjusted for a starting salary of \$42,125.
- The district is filling vacant positions that were left unfilled in previous years due to budget cuts.
- The district has budgeted for the purchase of 3 buses in 2013-2014.
- The self-funded dental insurance plan will continue.

If these estimates are realized, the District's budgetary general fund balance is expected to change only by Board approved capital and special projects funding at the close of 2014.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Assistant Superintendent for Business Management.

Basic Financial Statements

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION****AUGUST 31, 2013**

1

Data Control Codes		Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 13,988,342
1120	Current Investments	5,013,282
1225	Property Taxes Receivable (Net)	533,428
1240	Due from Other Governments	3,302,211
1250	Accrued Interest	10,979
1290	Other Receivables (Net)	83,697
1300	Inventories	47,500
1410	Unrealized Expenses	506,068
Capital Assets:		
1510	Land	1,762,987
1520	Buildings and Improvements, Net	36,459,670
1530	Furniture and Equipment, Net	2,681,489
1580	Construction in Progress	355,314
1000	Total Assets	<u>64,744,967</u>
LIABILITIES:		
2110	Accounts Payable	339,211
2165	Accrued Liabilities	1,500,910
2180	Due to Other Governments	272
2300	Unearned Revenue	107,669
Noncurrent Liabilities:		
2501	Due Within One Year	485,000
2502	Due in More Than One Year	3,592,691
2000	Total Liabilities	<u>6,025,753</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred Revenue		--
2600	Total Deferred Inflows of Resources	<u>--</u>
NET POSITION		
3200	Net Investment in Capital Assets	37,379,460
Restricted For:		
3820	State and Federal Programs	883,520
3850	Debt Service	1,204,193
3870	Campus Activities	779,239
3900	Unrestricted	18,472,802
3000	Total Net Position	<u>\$ 58,719,214</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 25,135,718	\$ 175,357	\$ 3,310,867	\$ (21,649,494)
12	Instructional Resources and Media Services	593,636	9,497	113,396	(470,743)
13	Curriculum and Staff Development	369,894	661	224,600	(144,633)
21	Instructional Leadership	1,077,176	6,407	110,181	(960,588)
23	School Leadership	2,275,884	19,082	193,704	(2,063,098)
31	Guidance, Counseling, & Evaluation Services	1,441,844	6,462	283,117	(1,152,265)
32	Social Work Services	96,639	379	4,751	(91,509)
33	Health Services	343,854	2,610	27,284	(313,960)
34	Student Transportation	1,771,043	12,285	128,463	(1,630,295)
35	Food Service	2,695,338	1,060,410	1,573,750	(61,178)
36	Cocurricular/Extracurricular Activities	2,036,656	323,641	38,673	(1,674,342)
41	General Administration	1,735,179	13,609	150,243	(1,571,327)
51	Plant Maintenance and Operations	4,916,970	63,529	437,326	(4,416,115)
52	Security and Monitoring Services	506,857	3,993	41,757	(461,107)
53	Data Processing Services	709,544	5,590	58,455	(645,499)
61	Community Services	36,124	186	14,064	(21,874)
72	Interest on Long-term Debt	168,875	--	--	(168,875)
73	Bond Issuance Costs and Fees	400	--	--	(400)
93	Payments Related to Shared Services Arrangements	73,819	--	73,819	--
95	Payments to Juvenile Justice Alternative Ed. Programs	181,785	1,480	15,480	(164,825)
TG	Total Governmental Activities	46,167,235	1,705,178	6,799,930	(37,662,127)
TP	Total Primary Government	\$ 46,167,235	\$ 1,705,178	\$ 6,799,930	(37,662,127)
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				22,880,566
DT	Property Taxes, Levied for Debt Service				681,011
IE	Investment Earnings				56,097
GC	Grants and Contributions Not Restricted to Specific Programs				12,903,936
MI	Miscellaneous				578,895
FR	Transfers				--
TR	Total General Revenues and Transfers				37,100,505
CN	Change in Net Position				(561,622)
NB	Net Position - Beginning				59,330,245
PA	Adjustment to Initially apply GASB Statement 65				(49,409)
	Net Position - Beginning, as Restated				59,280,836
NE	Net Position - Ending				\$ 58,719,214

The accompanying notes are an integral part of this statement.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS****AUGUST 31, 2013**

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:			
1110 Cash and Cash Equivalents	\$ 11,359,568	\$ 2,424,276	\$ 13,783,844
1120 Current Investments	5,013,282	--	5,013,282
1225 Taxes Receivable, Net	515,940	17,488	533,428
1240 Due from Other Governments	2,420,864	881,347	3,302,211
1250 Accrued Interest	10,979	--	10,979
1260 Due from Other Funds	2,411	--	2,411
1290 Other Receivables	83,697	--	83,697
1300 Inventories	14,408	33,092	47,500
1410 Unrealized Expenditures	506,068	--	506,068
1000 Total Assets	19,927,217	3,356,203	23,283,420
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ 264,219	\$ 74,483	\$ 338,702
2150 Payroll Deductions & Withholdings	40,176	--	40,176
2160 Accrued Wages Payable	1,460,734	--	1,460,734
2170 Due to Other Funds	--	2,411	2,411
2180 Due to Other Governments	272	--	272
2300 Unearned Revenue	--	107,669	107,669
2000 Total Liabilities	1,765,401	184,563	1,949,964
DEFERRED INFLOWS OF RESOURCES:			
Deferred Revenue	515,940	17,488	533,428
2600 Total Deferred Inflows of Resources	515,940	17,488	533,428
FUND BALANCES:			
Nonspendable Fund Balances:			
3410 Inventories	14,408	--	14,408
3430 Prepaid Items	506,067	--	506,067
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	--	883,520	883,520
3480 Retirement of Long-Term Debt	--	1,204,193	1,204,193
3490 Other Restrictions of Fund Balance	--	780,075	780,075
Committed Fund Balances:			
3510 Construction	--	286,364	286,364
3540 Self-Insurance	200,000	--	200,000
Assigned Fund Balances:			
3550 Construction	4,000,000	--	4,000,000
3570 Capital Expenditures for Equipment	1,041,831	--	1,041,831
3590 Other Assigned Fund Balance	525,657	--	525,657
3600 Unassigned	11,357,913	--	11,357,913
3000 Total Fund Balances	17,645,876	3,154,152	20,800,028
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 19,927,217	\$ 3,356,203	\$ 23,283,420

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds balance sheet	\$ 20,800,028
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	41,224,533
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	533,428
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	238,916
Payables for bond interest which are not due in the current period are not reported in the funds.	(3,880,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	<u>(197,691)</u>
Net position of governmental activities - Statement of Net Position	\$ <u>58,719,214</u>

The accompanying notes are an integral part of this statement.

FLOUR BLUFF 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 Governmental Funds	98 Total Governmental Funds
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 23,453,449	\$ 2,458,535	\$ 25,911,984
5800 <i>State Program Revenues</i>	14,585,019	208,306	14,793,325
5900 <i>Federal Program Revenues</i>	828,319	4,082,222	4,910,541
5020 Total Revenues	<u>38,866,787</u>	<u>6,749,063</u>	<u>45,615,850</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	22,226,523	2,153,258	24,379,781
0012 <i>Instructional Resources and Media Services</i>	485,902	88,427	574,329
0013 <i>Curriculum and Staff Development</i>	142,429	215,435	357,864
0021 <i>Instructional Leadership</i>	998,963	43,179	1,042,142
0023 <i>School Leadership</i>	2,189,999	11,864	2,201,863
0031 <i>Guidance, Counseling, & Evaluation Services</i>	1,182,538	212,411	1,394,949
0032 <i>Social Work Services</i>	92,707	789	93,496
0033 <i>Health Services</i>	331,307	1,363	332,670
0034 <i>Student Transportation</i>	1,808,930	--	1,808,930
0035 <i>Food Service</i>	35,290	2,597,525	2,632,815
0036 <i>Cocurricular/Extracurricular Activities</i>	1,394,707	575,709	1,970,416
0041 <i>General Administration</i>	1,676,323	7,500	1,683,823
0051 <i>Plant Maintenance and Operations</i>	4,707,681	61,369	4,769,050
0052 <i>Security and Monitoring Services</i>	490,372	--	490,372
0053 <i>Data Processing Services</i>	778,840	--	778,840
0061 <i>Community Services</i>	22,828	12,120	34,948
0071 <i>Principal on Long-term Debt</i>	--	460,000	460,000
0072 <i>Interest on Long-term Debt</i>	--	168,875	168,875
0073 <i>Bond Issuance Costs and Fees</i>	--	400	400
0081 <i>Capital Outlay</i>	--	561,882	561,882
0093 <i>Payments to Shared Service Arrangements</i>	--	73,819	73,819
0095 <i>Payments to Juvenile Justice Alternative</i>	--	--	--
0095 <i>Education Programs</i>	181,785	--	181,785
6030 Total Expenditures	<u>38,747,124</u>	<u>7,245,925</u>	<u>45,993,049</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>119,663</u>	<u>(496,862)</u>	<u>(377,199)</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	--	640,573	640,573
8911 <i>Transfers Out</i>	(690,573)	--	(690,573)
7080 Total Other Financing Sources and (Uses)	<u>(690,573)</u>	<u>640,573</u>	<u>(50,000)</u>
1200 Net Change in Fund Balances	<u>(570,910)</u>	<u>143,711</u>	<u>(427,199)</u>
0100 Fund Balances - Beginning	18,216,786	3,010,441	21,227,227
3000 Fund Balances - Ending	<u>\$ 17,645,876</u>	<u>\$ 3,154,152</u>	<u>\$ 20,800,028</u>

The accompanying notes are an integral part of this statement.

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

Net change in fund balances - total governmental funds	\$ (427,199)
--	--------------

Amounts reported for governmental activities in the Statement of Activities
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	1,171,489
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,690,930)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(10,236)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	460,000
The net revenue (expense) of internal service funds is reported with governmental activities.	(49,321)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(15,423)
Rounding difference	(2)

Change in net position of governmental activities - Statement of Activities	\$ <u>(561,622)</u>
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The accompanying notes are an integral part of this statement.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION****INTERNAL SERVICE FUNDS****AUGUST 31, 2013**

Data Control Codes		Internal Service Funds
	ASSETS:	
	Current Assets:	
1110	<i>Cash and Cash Equivalents</i>	\$ 204,498
	Total Current Assets	<u>204,498</u>
	Noncurrent Assets:	
	Capital Assets:	
1530	<i>Furniture and Equipment</i>	299,307
1570	<i>Accumulated Depreciation</i>	<u>(264,380)</u>
	Total Noncurrent Assets	<u>34,927</u>
1000	Total Assets	<u>239,425</u>
	LIABILITIES:	
	Current Liabilities:	
2110	<i>Accounts Payable</i>	\$ 509
	Total Current Liabilities	<u>509</u>
2000	Total Liabilities	<u>509</u>
	NET POSITION:	
3900	<i>Unrestricted</i>	238,916
3000	Total Net Position	<u>\$ 238,916</u>

The accompanying notes are an integral part of this statement.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		Internal Service Funds
	OPERATING REVENUES:	
5700	<i>Local and Intermediate Sources</i>	\$ 414,887
5020	Total Revenues	<u>414,887</u>
	OPERATING EXPENSES:	
6100	<i>Payroll Costs</i>	175,971
6200	<i>Professional and Contracted Services</i>	123,475
6300	<i>Supplies and Materials</i>	49,946
6400	<i>Other Operating Costs</i>	164,817
6030	Total Expenses	<u>514,209</u>
	Income (Loss) before Contributions and Transfers	(99,322)
7915	<i>Transfers In</i>	<u>50,000</u>
1300	Change in Net Position	(49,322)
1300	Change in Net Position	(49,322)
0100	Total Net Position - Beginning	288,238
3300	Total Net Position - Ending	<u>\$ 238,916</u>

The accompanying notes are an integral part of this statement.

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

	<u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
<i>Cash Received from Customers</i>	\$ --
<i>Cash Received from Grants</i>	--
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	414,887
<i>Cash Payments to Employees for Services</i>	(332,044)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(201,314)
<i>Cash Payments for Grants to Other Organizations</i>	--
<i>Other Operating Cash Receipts (Payments)</i>	--
Net Cash Provided (Used) by Operating Activities	<u>(118,471)</u>
Cash Flows from Non-capital Financing Activities:	
<i>Transfers From (To) Other Funds</i>	50,000
Net Cash Provided (Used) by Non-capital Financing Activities	<u>50,000</u>
Cash Flows from Capital and Related Financing Activities:	
<i>Contributed Capital</i>	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>
Cash Flows from Investing Activities:	
<i>Purchase of Investment Securities</i>	--
<i>Proceeds from Sale and Maturities of Securities</i>	--
<i>Interest and Dividends on Investments</i>	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(68,471)
Cash and Cash Equivalents at Beginning of Year	272,969
Cash and Cash Equivalents at End of Year	<u>\$ 204,498</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income (Loss)	\$ (49,322)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
<i>Depreciation</i>	8,744
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	--
<i>Decrease (Increase) in Inventories</i>	--
<i>Decrease (Increase) in Prepaid Expenses</i>	--
<i>Increase (Decrease) in Accounts Payable</i>	(27,893)
<i>Increase (Decrease) in Payroll Deductions</i>	--
<i>Increase (Decrease) in Accrued Wages Payable</i>	--
<i>Increase (Decrease) in Interfund Payables</i>	--
<i>Increase (Decrease) in Accrued Expenses</i>	--
<i>Increase (Decrease) in Unearned Revenue</i>	--
Total Adjustments	<u>(19,149)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (68,471)</u>

The accompanying notes are an integral part of this statement.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****AUGUST 31, 2013**

Data Control Codes	Agency Fund	Student Activity
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$	158,510
1000 Total Assets		<u>158,510</u>
LIABILITIES:		
Current Liabilities:		
2190 <i>Due to Student Groups</i>	\$	158,510
2000 Total Liabilities		<u>158,510</u>
NET POSITION:		
3000 Total Net Position	\$	<u>-</u>

The accompanying notes are an integral part of this statement.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

A. Summary of Significant Accounting Policies

The basic financial statements of Flour Bluff Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity," as revised by GASB Statement No.39, and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

In addition, the District reports the following fund types:

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

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

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen to apply future FASB standards.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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. Property tax revenues are considered available when they become due or past due and receivable within the current period.

	General Fund	Debt Service Fund	Total
Delinquent Taxes	\$ 989,944	\$ 33,554	\$ 1,023,498
Allowance	(474,004)	(16,066)	(490,070)
Net Taxes	\$ 515,940	\$ 17,488	\$ 533,428

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

Asset Class	Estimated Useful Lives
Buildings	25-100
Building Improvements	20
Vehicles	10
Office Equipment	3-15
Computer Equipment	3-15

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

e. Deferred Outflows and Inflows of Resources

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

f. Receivable and Payable Balances

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

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

g. Compensated Absences

District policy provides for the payment of leave and vacation depending on the years of service and the balance of leave for active employees, retiring employees, and voluntarily terminating employees.

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net positions.

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

j. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

k. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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

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

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

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

I. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

m. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At August 31, 2013, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$943,444 and the bank balance was \$1,161,589. The District's cash deposits at August 31, 2013 and during the year ended August 31, 2013, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

<u>Investment or Investment Type</u>	<u>Fair Value</u>
Lone Star Investment Pool - Included with Cash and Cash Equivalents:	
Corporate Overnight Plus	\$ 7,635,916
Government Overnight	3,029,931
Corporate Overnight	2,537,562
Included with Cash	<u>13,203,409</u>
Investments:	
Certificate of Deposits	3,871,968
Goldman Sachs TR Short Duration Govt FD CI A	900,000
Money Market	241,314
	<u>\$ 5,013,282</u>

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. 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 year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,762,987	\$ --	\$ --	\$ 1,762,987
Construction in progress	--	355,314	--	355,314
Total capital assets not being depreciated	1,762,987	355,314	--	2,118,301
<i>Capital assets being depreciated:</i>				
Buildings and improvements	49,626,510	206,568	--	49,833,078
Equipment	2,985,488	297,288	--	3,282,776
Vehicles	4,093,258	312,318	143,166	4,262,410
Total capital assets being depreciated	56,705,256	816,174	143,166	57,378,264
Less accumulated depreciation for:				
Buildings and improvements	(12,159,116)	(1,214,292)	--	(13,373,408)
Equipment	(1,865,362)	(214,206)	--	(2,079,568)
Vehicles	(2,699,791)	(262,431)	(143,166)	(2,819,056)
Total accumulated depreciation	(16,724,269)	(1,690,929)	(143,166)	(18,272,032)
Total capital assets being depreciated, net	39,980,987	(874,755)	--	39,106,232
Governmental activities capital assets, net	\$ 41,743,974	\$ (519,441)	\$ --	\$ 41,224,533

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<i>Capital assets being depreciated:</i>				
Equipment	299,307	--	--	299,307
Total capital assets being depreciated	299,307	--	--	299,307
Less accumulated depreciation for:				
Equipment	(255,636)	(8,744)	--	(264,380)
Total accumulated depreciation	(255,636)	(8,744)	--	(264,380)
Total capital assets being depreciated, net	43,671	(8,744)	--	34,927
Business-type activities capital assets, net	\$ 43,671	\$ (8,744)	\$ --	\$ 34,927

Depreciation was charged to functions as follows:

Instruction	\$ 815,889
Instructional Resources and Media Services	19,307
Curriculum and Staff Development	12,030
Instructional Leadership	35,034
School Leadership	74,021
Guidance, Counseling, & Evaluation Services	46,895
Social Work Services	3,143
Health Services	11,184
Student Transportation	262,431
Food Services	87,663
Extracurricular Activities	66,240
General Administration	56,435
Plant Maintenance and Operations	159,920
Security and Monitoring Services	16,485
Data Processing Services	23,077
Community Services	1,176
	<u>\$ 1,690,930</u>

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2013, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 2,411	Short-term loans
	Total	<u>\$ 2,411</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2013, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General fund	Other Governmental Funds	\$ 640,573	Supplement other funds sources
General fund	Internal Service Fund	50,000	Supplement other funds sources
	Total	<u>\$ 690,573</u>	

F. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2013, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
2008 Unlimited Tax					
Refunding Bonds 3.5%-4%	4,340,000	--	460,000	3,880,000	485,000
Total bond activities	<u>\$ 4,340,000</u>	<u>\$ --</u>	<u>\$ 460,000</u>	<u>\$ 3,880,000</u>	<u>\$ 485,000</u>
Compensated absences *	182,268	15,423		197,691	--
Total governmental activities	<u>\$ 4,522,268</u>	<u>\$ --</u>	<u>\$ 460,000</u>	<u>\$ 4,077,691</u>	<u>\$ 485,000</u>
Due within one year				485,000	
Due in more than one year				3,592,691	
Total due				<u>\$ 4,077,691</u>	

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2013, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 485,000	\$ 152,775	\$ 637,775
2015	505,000	135,800	640,800
2016	525,000	115,600	640,600
2017	550,000	94,600	644,600
2018	575,000	72,600	647,600
2019-2023	1,240,000	75,000	1,315,000
Totals	\$ 3,880,000	\$ 646,375	\$ 4,526,375

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2013, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

Bond Issue	Amount
1998 Bond Issue	3,990,000
Total	3,990,000

G. Risk Management

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

H. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit 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.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2013, 2012 and 2011, and a state contribution rate of 6.4% for fiscal year 2013, 6.0 % for fiscal year 2012, and 6.644% for fiscal year 2011. In certain instances the reporting district is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2013, 2012 and 2011 were \$1,559,010, \$1,549,432 and \$1,804,998, respectively. The District paid additional state contributions for the years ending August 31, 2013, 2012 and 2011 in the amount of \$225,490, \$182,271 and \$251,131, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

I. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

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

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2013, 2012 and 2011. For the years ended August 31, 2013, 2012, and 2011, the State's contributions to TRS-Care were \$284,485, \$267,423, and \$282,050, respectively, the active member contributions were \$184,918, \$183,320, and \$188,455, respectively, and the District's contributions were \$165,725, \$164,163, and \$155,118, respectively, which equaled the required contributions each year.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2013

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2013, 2012, and 2011, the subsidy payments received by TRS-Care on behalf of the District were \$75,197, \$70,047, and \$65,002, respectively.

3. Early Retiree Reinsurance Program (ERRP)

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependants regardless of age. An "early retiree" is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor.

This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program. For the fiscal year ended August 31, 2013, the amount received by TRS-Care on behalf of the District was \$66,242.

J. Employee Health Care Coverage

During the year ended August 31, 2013, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$281 per pay period per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

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

K. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2013.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

L. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for a federal program with the following school districts:

Member Districts

Corpus Christi Independent School District

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, school name, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

M. Deferred Inflows of Resources

Beginning with the year ended August 31, 2013 the District adopted the provisions of GASB Accounting Standards Statements No. 63 and 65. The new Statements establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. For the District, deferred income taxes are now reported as Deferred Inflows of Resources in the Balance Sheet. In the Statement of Net Position Debt Issuance Cost, which was amortized over the life of the Bond, is now expensed. The cumulative effect of applying this Statement is reported as a restatement of beginning net position of \$49,409.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT G-1

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Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 23,388,484	\$ 23,447,484	\$ 23,453,449	\$ 5,965
5800	State Program Revenues	14,734,949	14,734,949	14,585,019	(149,930)
5900	Federal Program Revenues	470,000	663,000	828,319	165,319
5020	Total Revenues	38,593,433	38,845,433	38,866,787	21,354
	EXPENDITURES:				
	Current:				
	Instruction & Instructional Related Services:				
0011	Instruction	22,115,435	22,359,695	22,226,523	133,172
0012	Instructional Resources and Media Services	466,884	494,499	485,902	8,597
0013	Curriculum and Staff Development	167,677	176,522	142,429	34,093
	Total Instruction & Instr. Related Services	22,749,996	23,030,716	22,854,854	175,862
	Instructional and School Leadership:				
0021	Instructional Leadership	1,026,777	1,035,777	998,963	36,814
0023	School Leadership	2,235,236	2,247,530	2,189,999	57,531
	Total Instructional & School Leadership	3,262,013	3,283,307	3,188,962	94,345
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	1,223,338	1,235,748	1,182,538	53,210
0032	Social Work Services	101,256	106,256	92,707	13,549
0033	Health Services	381,760	381,760	331,307	50,453
0034	Student (Pupil) Transportation	1,490,245	1,880,563	1,808,930	71,633
0035	Food Services	45,000	45,000	35,290	9,710
0036	Cocurricular/Extracurricular Activities	1,258,081	1,488,708	1,394,707	94,001
	Total Support Services - Student (Pupil)	4,499,680	5,138,036	4,846,479	292,557
	Administrative Support Services:				
0041	General Administration	1,813,350	1,761,350	1,676,323	85,027
	Total Administrative Support Services	1,813,350	1,761,350	1,676,323	85,027
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	4,828,975	4,938,975	4,707,681	231,294
0052	Security and Monitoring Services	382,062	512,062	490,372	21,690
0053	Data Processing Services	814,161	872,869	778,840	94,029
	Total Support Services - Nonstudent Based	6,025,198	6,323,906	5,976,893	347,013
	Ancillary Services:				
0061	Community Services	21,685	33,685	22,828	10,857
	Total Ancillary Services	21,685	33,685	22,828	10,857
	Intergovernmental Charges:				
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	221,511	221,511	181,785	39,726
	Total Intergovernmental Charges	221,511	221,511	181,785	39,726
6030	Total Expenditures	38,593,433	39,792,511	38,747,124	1,045,387
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(947,078)	119,663	1,066,741
	Other Financing Sources (Uses):				

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
8911	Transfers Out	--	(690,573)	(690,573)	--
7080	Total Other Financing Sources and (Uses)	--	(690,573)	(690,573)	--
1200	Net Change in Fund Balance	--	(1,637,651)	(570,910)	1,066,741
0100	Fund Balance - Beginning	18,216,786	18,216,786	18,216,786	--
3000	Fund Balance - Ending	\$ 18,216,786	\$ 16,579,135	\$ 17,645,876	\$ 1,066,741

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**COMBINING BALANCE SHEET****NONMAJOR GOVERNMENTAL FUNDS****AUGUST 31, 2013**

Data Control Codes		Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:					
1110	Cash and Cash Equivalents	\$ 898,990	\$ 1,204,193	\$ 321,093	\$ 2,424,276
1225	Taxes Receivable, Net	--	17,488	--	17,488
1240	Due from Other Governments	881,347	--	--	881,347
1300	Inventories	33,092	--	--	33,092
1000	Total Assets	1,813,429	1,221,681	321,093	3,356,203
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 39,754	\$ --	\$ 34,729	\$ 74,483
2170	Due to Other Funds	2,411	--	--	2,411
2300	Unearned Revenue	107,669	--	--	107,669
2000	Total Liabilities	149,834	--	34,729	184,563
DEFERRED INFLOWS OF RESOURCES:					
Deferred Revenue					
		--	17,488	--	17,488
2600	Total Deferred Inflows of Resources	--	17,488	--	17,488
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	883,520	--	--	883,520
3480	Retirement of Long-Term Debt	--	1,204,193	--	1,204,193
3490	Other Restrictions of Fund Balance	780,075	--	--	780,075
Committed Fund Balances:					
3510	Construction	--	--	286,364	286,364
3000	Total Fund Balances	1,663,595	1,204,193	286,364	3,154,152
Total Liabilities, Deferred Inflow					
4000	of Resources and Fund Balances	\$ 1,813,429	\$ 1,221,681	\$ 321,093	\$ 3,356,203

FLOUR BLUFF 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		Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:					
5700	Local and Intermediate Sources	\$ 1,775,052	\$ 683,483	\$ --	\$ 2,458,535
5800	State Program Revenues	208,306	--	--	208,306
5900	Federal Program Revenues	4,082,222	--	--	4,082,222
5020	Total Revenues	6,065,580	683,483	--	6,749,063
EXPENDITURES:					
Current:					
0011	Instruction	2,153,258	--	--	2,153,258
0012	Instructional Resources and Media Services	88,427	--	--	88,427
0013	Curriculum and Staff Development	215,435	--	--	215,435
0021	Instructional Leadership	43,179	--	--	43,179
0023	School Leadership	11,864	--	--	11,864
0031	Guidance, Counseling, & Evaluation Services	212,411	--	--	212,411
0032	Social Work Services	789	--	--	789
0033	Health Services	1,363	--	--	1,363
0035	Food Service	2,597,525	--	--	2,597,525
0036	Cocurricular/Extracurricular Activities	575,709	--	--	575,709
0041	General Administration	7,500	--	--	7,500
0051	Plant Maintenance and Operations	61,369	--	--	61,369
0061	Community Services	12,120	--	--	12,120
0071	Principal on Long-term Debt	--	460,000	--	460,000
0072	Interest on Long-term Debt	--	168,875	--	168,875
0073	Bond Issuance Costs and Fees	--	400	--	400
0081	Capital Outlay	--	--	561,882	561,882
0093	Payments to Shared Service Arrangements	73,819	--	--	73,819
6030	Total Expenditures	6,054,768	629,275	561,882	7,245,925
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	10,812	54,208	(561,882)	(496,862)
Other Financing Sources and (Uses):					
7915	Transfers In	--	--	640,573	640,573
7080	Total Other Financing Sources and (Uses)	--	--	640,573	640,573
1200	Net Change in Fund Balances	10,812	54,208	78,691	143,711
0100	Fund Balances - Beginning	1,652,783	1,149,985	207,673	3,010,441
3000	Fund Balances - Ending	\$ 1,663,595	\$ 1,204,193	\$ 286,364	\$ 3,154,152

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2013

Data Control Codes		211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
ASSETS:					
1110	Cash and Cash Equivalents	\$ (287,653)	\$ (224,156)	\$ (126)	\$ 867,317
1240	Due from Other Governments	293,919	224,286	126	47,728
1300	Inventories	--	--	--	33,092
1000	Total Assets	6,266	130	--	948,137
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 6,266	\$ 130	\$ --	\$ 31,525
2170	Due to Other Funds	--	--	--	--
2300	Unearned Revenue	--	--	--	33,092
2000	Total Liabilities	6,266	130	--	64,617
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	883,520
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	--	--	--	883,520
4000	Total Liabilities and Fund Balances	\$ 6,266	\$ 130	\$ --	\$ 948,137

255 ESEA Title II Training & Recruiting	288 Department of Defense Education Grant	289 Title VI Summer LEP	393 Texas Successful Schools	397 Advanced Placement Incentives
\$ (36,715) 36,715	\$ (218,528) 220,361	\$ 2,225 --	\$ 15,791 --	\$ 5,408 --
--	--	--	--	--
--	1,833	2,225	15,791	5,408
\$ --	\$ 1,833	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	2,225	15,791	5,408
--	1,833	2,225	15,791	5,408
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ 1,833	\$ 2,225	\$ 15,791	\$ 5,408

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2013

Data Control Codes		401 Optional Extended Year Program	404 Student Success Initiative	410 State Textbook Fund	411 Technology Allotment
ASSETS:					
1110	Cash and Cash Equivalents	\$ 2,881	\$ (14,915)	\$ (43,279)	\$ 44,257
1240	Due from Other Governments	--	14,915	43,297	--
1300	Inventories	--	--	--	--
1000	Total Assets	2,881	--	18	44,257
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2170	Due to Other Funds	--	--	--	--
2300	Unearned Revenue	2,881	--	18	44,257
2000	Total Liabilities	2,881	--	18	44,257
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ 2,881	\$ --	\$ 18	\$ 44,257

429 State Funded Special Revenue Fund	461 Campus Activity Funds	480 Flour Bluff Foundation	484 Texas Healthy Habitats	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 2,240	\$ 781,650	\$ 836	\$ 1,757	\$ 898,990
--	--	--	--	881,347
--	--	--	--	33,092
2,240	781,650	836	1,757	1,813,429
\$ --	\$ --	\$ --	\$ --	\$ 39,754
--	2,411	--	--	2,411
2,240	--	--	1,757	107,669
2,240	2,411	--	1,757	149,834
--	--	--	--	883,520
--	779,239	836	--	780,075
--	779,239	836	--	1,663,595
\$ 2,240	\$ 781,650	\$ 836	\$ 1,757	\$ 1,813,429

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ 1,087,019
5800	State Program Revenues	--	--	--	14,260
5900	Federal Program Revenues	861,247	1,069,969	16,252	1,593,958
5020	Total Revenues	861,247	1,069,969	16,252	2,695,237
EXPENDITURES:					
Current:					
0011	Instruction	591,811	829,747	16,252	--
0012	Instructional Resources and Media Services	72,020	--	--	--
0013	Curriculum and Staff Development	131,610	9,719	--	--
0021	Instructional Leadership	42,649	80	--	--
0023	School Leadership	7,558	400	--	--
0031	Guidance, Counseling, & Evaluation Services	1,629	156,204	--	--
0032	Social Work Services	789	--	--	--
0033	Health Services	1,061	--	--	--
0035	Food Service	--	--	--	2,597,525
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Plant Maintenance and Operations	--	--	--	61,369
0061	Community Services	12,120	--	--	--
0093	Payments to Shared Service Arrangements	--	73,819	--	--
6030	Total Expenditures	861,247	1,069,969	16,252	2,658,894
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	36,343
1200	Net Change in Fund Balances	--	--	--	36,343
0100	Fund Balances - Beginning	--	--	--	847,177
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ 883,520

244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	287 Education Jobs Fund	288 Department of Defense Education Grant	397 Advanced Placement Incentives
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	9,649
68,245	184,996	34,298	253,257	--
68,245	184,996	34,298	253,257	9,649
63,780	163,796	34,298	151,937	--
--	--	--	--	--
4,465	20,750	--	39,242	9,649
--	450	--	--	--
--	--	--	--	--
--	--	--	54,578	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	7,500	--
--	--	--	--	--
--	--	--	--	--
68,245	184,996	34,298	253,257	9,649
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		404 Student Success Initiative	410 State Textbook Fund
REVENUES:			
5700	Local and Intermediate Sources	\$ --	\$ --
5800	State Program Revenues	19,365	165,032
5900	Federal Program Revenues	--	--
5020	Total Revenues	19,365	165,032
EXPENDITURES:			
Current:			
0011	Instruction	19,365	165,032
0012	Instructional Resources and Media Services	--	--
0013	Curriculum and Staff Development	--	--
0021	Instructional Leadership	--	--
0023	School Leadership	--	--
0031	Guidance, Counseling, & Evaluation Services	--	--
0032	Social Work Services	--	--
0033	Health Services	--	--
0035	Food Service	--	--
0036	Cocurricular/Extracurricular Activities	--	--
0041	General Administration	--	--
0051	Plant Maintenance and Operations	--	--
0061	Community Services	--	--
0093	Payments to Shared Service Arrangements	--	--
6030	Total Expenditures	19,365	165,032
1100	Excess (Deficiency) of Revenues Over (Under)	--	--
1100	Expenditures	--	--
1200	Net Change in Fund Balances	--	--
0100	Fund Balances - Beginning	--	--
3000	Fund Balances - Ending	\$ --	\$ --

461 Campus Activity Funds	480 Flour Bluff Foundation	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ 665,689	\$ 22,344	\$ 1,775,052
--	--	208,306
--	--	4,082,222
<u>665,689</u>	<u>22,344</u>	<u>6,065,580</u>
90,437	26,803	2,153,258
16,407	--	88,427
--	--	215,435
--	--	43,179
3,906	--	11,864
--	--	212,411
--	--	789
302	--	1,363
--	--	2,597,525
575,709	--	575,709
--	--	7,500
--	--	61,369
--	--	12,120
--	--	73,819
<u>686,761</u>	<u>26,803</u>	<u>6,054,768</u>
(21,072)	(4,459)	10,812
<u>(21,072)</u>	<u>(4,459)</u>	<u>10,812</u>
800,311	5,295	1,652,783
<u>\$ 779,239</u>	<u>\$ 836</u>	<u>\$ 1,663,595</u>

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**COMBINING STATEMENT OF NET POSITION****INTERNAL SERVICE FUNDS****AUGUST 31, 2013**

Data Control Codes	752 Print Shop Fund	753 Insurance Fund	Total Internal Service Funds (See Exhibit D-1)
ASSETS:			
Current Assets:			
1110 Cash and Cash Equivalents	\$ (15,305)	\$ 219,803	\$ 204,498
Total Current Assets	(15,305)	219,803	204,498
Noncurrent Assets:			
Capital Assets:			
1530 Furniture and Equipment	299,307	--	299,307
1570 Accumulated Depreciation	(264,380)	--	(264,380)
Total Noncurrent Assets	34,927	--	34,927
1000 Total Assets	19,622	219,803	239,425
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ 509	\$ --	\$ 509
Total Current Liabilities	509	--	509
2000 Total Liabilities	509	--	509
NET POSITION:			
3900 Unrestricted	19,113	219,803	238,916
3000 Total Net Position	\$ 19,113	\$ 219,803	\$ 238,916

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

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

Data Control Codes	752 Print Shop Fund	753 Insurance Fund	Total Internal Service Funds (See Exhibit D-2)
OPERATING REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 245,181	\$ 169,706	\$ 414,887
5020 Total Revenues	<u>245,181</u>	<u>169,706</u>	<u>414,887</u>
OPERATING EXPENSES:			
6100 <i>Payroll Costs</i>	175,971	--	175,971
6200 <i>Professional and Contracted Services</i>	123,475	--	123,475
6300 <i>Supplies and Materials</i>	49,946	--	49,946
6400 <i>Other Operating Costs</i>	8,744	156,073	164,817
6030 Total Expenses	<u>358,136</u>	<u>156,073</u>	<u>514,209</u>
Income (Loss) before Contributions and Transfe	(112,955)	13,633	(99,322)
7915 <i>Transfers In</i>	50,000	--	50,000
1300 <i>Change in Net Position</i>	(62,955)	13,633	(49,322)
1300 <i>Change in Net Position</i>	(62,955)	13,633	(49,322)
0100 Total Net Position - Beginning	82,068	206,170	288,238
3300 Total Net Position - Ending	<u>\$ 19,113</u>	<u>\$ 219,803</u>	<u>\$ 238,916</u>

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**COMBINING STATEMENT OF CASH FLOWS****ALL INTERNAL SERVICE FUNDS****FOR THE YEAR ENDED AUGUST 31, 2013**

	752 Print Shop Fund	753 Insurance Fund	Total Internal Service Funds (See Exhibit D-3)
Cash Flows from Operating Activities:			
<i>Cash Received from Customers</i>	\$ --	\$ --	\$ --
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	245,181	169,706	414,887
<i>Cash Payments to Employees</i>	(175,971)		(175,971)
<i>Cash Payments to Suppliers for Goods and Services</i>	(201,314)	(156,073)	(357,387)
<i>Other Operating Cash Receipts (Payments)</i>	--	--	--
Net Cash Provided (Used) by Operating Activities	<u>(132,104)</u>	<u>13,633</u>	<u>(118,471)</u>
Cash Flows from Non-capital Financing Activities:			
<i>Transfers From (To) Other Funds</i>	50,000	--	50,000
Net Cash Provided (Used) by Non-capital Financing Activities	<u>50,000</u>	<u>--</u>	<u>50,000</u>
Cash Flows from Capital and Related Financing Activities:			
<i>Contributed Capital</i>	--	--	--
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>
Cash Flows from Investing Activities:			
<i>Purchase of Investment Securities</i>	--	--	--
<i>Proceeds from Sale and Maturities of Securities</i>	--	--	--
<i>Interest and Dividends on Investments</i>	--	--	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>	<u>--</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(82,104)</u>	<u>13,633</u>	<u>(68,471)</u>
Cash and Cash Equivalents at Beginning of Year	<u>66,799</u>	<u>206,170</u>	<u>272,969</u>
Cash and Cash Equivalents at End of Year	<u>\$ (15,305)</u>	<u>\$ 219,803</u>	<u>\$ 204,498</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (62,955)	\$ 13,633	\$ (49,322)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
<i>Depreciation</i>	8,744	--	8,744
<i>Provision for Uncollectible Accounts</i>	--	--	--
Change in Assets and Liabilities:			
<i>Decrease (Increase) in Receivables</i>	--	--	--
<i>Decrease (Increase) in Prepaid Expenses</i>	--	--	--
<i>Increase (Decrease) in Accounts Payable</i>	(27,893)	--	(27,893)
<i>Increase (Decrease) in Payroll Deductions</i>	--	--	--
<i>Increase (Decrease) in Accrued Wages Payable</i>	--	--	--
<i>Increase (Decrease) in Interfund Payables</i>	--	--	--
<i>Increase (Decrease) in Accrued Expenses</i>	--	--	--
<i>Increase (Decrease) in Unearned Revenue</i>	--	--	--
Total Adjustments	<u>(19,149)</u>	<u>--</u>	<u>(19,149)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (82,104)</u>	<u>\$ 13,633</u>	<u>\$ (68,471)</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2013

Year 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	1.4841		.0421		1,244,989,872	
2006	1.4841		.0421		1,458,228,639	
2007	1.356		.0307		1,727,949,305	
2008	1.04		.0295		2,034,548,632	
2009	1.04		.0295		2,220,813,598	
2010	1.04		.0292		2,361,824,810	
2011	1.04		.0298		2,348,708,690	
2012	1.04		.0317		2,181,819,924	
2013 (School Year Under Audit)	1.04		.0309		2,247,594,635	

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/12	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/13
\$ 173,573	\$ --	\$ 4,015	\$ 150	\$ (18,548)	\$ 150,861
28,718	--	3,237	92	(1,154)	25,236
38,594	--	5,069	144	(2,737)	30,644
44,922	--	5,398	122	(2,987)	36,414
48,774	--	5,615	159	3,674	46,673
60,234	--	21,462	609	10,853	49,016
128,687	--	57,161	1,606	6,073	75,993
173,502	--	60,279	1,726	2,495	113,991
347,337	--	181,729	5,547	(11,537)	148,524
--	23,763,633	22,317,851	663,849	(435,786)	346,147
\$ 1,045,341	\$ 23,763,633	\$ 22,661,816	\$ 674,003	\$ (449,655)	\$ 1,023,499
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2014-2015 GENERAL AND SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2013

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 209,598	\$ 962,689	\$ --	\$ --	\$ 1,172,287
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	--	--	--	--	105,025	--	105,025
6212	Audit Services	--	--	--	26,105	--	--	26,105
6213	Tax Appraisal and Collection	--	335,068	--	--	--	--	335,068
621X	Other Prof. Services	--	--	9,900	975	--	7,500	18,375
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	13,632	--	--	13,632
6240	Contr. Maint. and Repair	--	--	--	--	205,329	--	205,329
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	--	--	--	--
6290	Miscellaneous Contr.	1,200	--	7,437	84,429	--	--	93,066
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	290	--	--	--	290
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	--	--	15,078	151,130	--	--	166,208
6410	Travel, Subsistence, Stipends	295	--	7,442	26,954	--	--	34,691
6420	Ins. and Bonding Costs	18,936	--	--	--	--	--	18,936
6430	Election Costs	62,695	--	--	--	--	--	62,695
6490	Miscellaneous Operating	3,360	--	29,795	26,886	--	--	60,041
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	97,453	97,453

Total \$ 86,486 \$ 335,068 \$ 279,540 \$ 1,292,800 \$ 310,354 \$ 104,953 \$ 2,409,201

Total Expenditures for General and Special Revenue Funds (9) \$ 44,801,892

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 609,606
Total Debt & Lease (6500)	(11)	\$ --
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 4,757,050
Food (Function 35, 6341 and 6499)	(13)	\$ 1,238,555
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 1,292,800

Subtotal

7,898,011

Net Allowed Direct Cost

\$ 36,903,881

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 49,833,078
Historical Cost of Buildings over 50 years old	(16)	2,243,390
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	7,545,186
Historical Cost of Furniture & Equipment over 16 years old	(19)	457,012
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ --

(8) Note A - \$725,378 in Function 53 expenditures and no Function 99 expenditures are included in this report on administrative costs.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT J-3

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	\$ 1,036,748	\$ 1,087,019	\$ 50,271
5800	State Program Revenues	14,595	14,260	(335)
5900	Federal Program Revenues	1,572,662	1,593,958	21,296
5020	Total Revenues	2,624,005	2,695,237	71,232
	EXPENDITURES:			
	Current:			
	Support Services - Student (Pupil):			
0035	Food Services	2,706,243	2,597,525	108,718
	Total Support Services - Student (Pupil)	2,706,243	2,597,525	108,718
	Support Services - Nonstudent Based:			
0051	Plant Maintenance and Operations	93,000	61,389	31,631
	Total Support Services - Nonstudent Based	93,000	61,389	31,631
6030	Total Expenditures	2,799,243	2,658,894	140,349
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(175,238)	36,343	211,581
1200	Net Change in Fund Balance	(175,238)	36,343	211,581
0100	Fund Balance - Beginning	847,177	847,177	--
3000	Fund Balance - Ending	\$ 671,939	\$ 883,520	\$ 211,581

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	<i>Local and Intermediate Sources</i>	\$ 646,375	\$ 683,483	\$ 37,108
5020	Total Revenues	646,375	683,483	37,108
	EXPENDITURES:			
	Debt Service:			
0071	<i>Principal on Long-Term Debt</i>	445,000	460,000	(15,000)
0072	<i>Interest on Long-Term Debt</i>	184,450	168,875	15,575
0073	<i>Bond Issuance Costs and Fees</i>	900	400	500
	Total Debt Service	630,350	629,275	1,075
6030	Total Expenditures	630,350	629,275	1,075
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	16,025	54,208	38,183
1200	Net Change in Fund Balance	16,025	54,208	38,183
0100	Fund Balance - Beginning	1,149,985	1,140,085	--
3000	Fund Balance - Ending	\$ 1,166,010	\$ 1,204,193	\$ 38,183

Gowland, Strealy, Morales & Company

A Professional Limited Liability Company
Certified Public Accountants

Tommy Strealy CPA

David Morales CPA

Jerry D. Spence CPA

Professional Associates & Senior Advisor:

Peggy Sidler CPA

Betty Morales CPA

Wren Malvino

Erika M. Post

Greg Morales

Dudley Gowland CPA

Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards

Board of Trustees
Flour Bluff Independent School District
2505 Waldron Road
Corpus Christi, Texas 78418

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Flour Bluff Independent School District, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise Flour Bluff Independent School District's basic financial statements, and have issued our report thereon dated November 21, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Flour Bluff 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 Flour Bluff Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Flour Bluff 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Members of the American Institute and Texas Society of Certified Public Accountants

Compliance and Other Matters

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

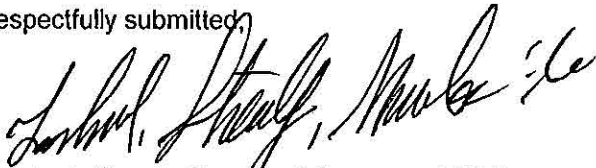
Flour Bluff Independent School District's Response to Findings

Flour Bluff Independent School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Flour Bluff Independent School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David Streaty, Morales & Co". The signature is fluid and cursive.

Gowland, Streaty, Morales & Company, PLLC

Corpus Christi, Texas
November 21, 2013

Gowland, Strealy, Morales & Company

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Certified Public Accountants

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Board of Trustees
Flour Bluff Independent School District
2505 Waldron Road
Corpus Christi, Texas 78418

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited Flour Bluff 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 Flour Bluff Independent School District's major federal programs for the year ended August 31, 2013. Flour Bluff Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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Opinion on Each Major Federal Program

In our opinion, Flour Bluff 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 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2013.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,



Gowland, Strealy, Morales & Company, PLLC

Corpus Christi, Texas
November 21, 2013

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
School Lunch/Breakfast Program Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program (Non-cash)

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

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

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
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NONE - N/A

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

NONE REQUIRED - N/A

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

EXHIBIT K-1
Page 1 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through State Department of Education:			
Medicaid *	93.778	178-914	\$ 13,557
Total U. S. Department of Health and Human Services			<u>13,557</u>
U. S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs *	84.010a	12610101178914	38,848
ESEA Title I Part A - Improving Basic Programs *	84.010a	13610101178914	822,399
Total CFDA Number 84.010a			<u>861,247</u>
IDEA-B Formula *	84.027	136600011789146000	1,069,969
Impact Aid - P.L. 81.874 *	84.041	178-914	204,083
Career and Technical - Basic Grant	84.048	13420006178914	68,245
IDEA-B Preschool *	84.173	136610011789146000	16,252
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	13694501178914	184,996
Education Jobs Fund	84.410	11550101178914	34,298
Total Passed Through State Department of Education			<u>2,439,090</u>
Total U. S. Department of Education			<u>2,439,090</u>
U. S. DEPARTMENT OF DEFENSE			
Passed Through State Department of Education:			
ROTC	12.00	178-914	92,583
Department of Defense Education Grant	12.556	HE-1254-11-1-0042	253,257
Total U. S. Department of Defense			\$ <u>345,840</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	71401301	\$ 439,209
National School Lunch Program *	10.555	71301301	1,020,205
National School Lunch Program (Non-cash) *	10.555	178-914	134,544
Total CFDA Number 10.555			<u>1,154,748</u>
Total Passed Through State Department of Education			<u>1,593,957</u>
Total U. S. Department of Agriculture			<u>1,593,957</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,392,443</u>
* Indicates clustered program under OMB Circular A-133 Compliance Supplement			
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>4,392,443</u>
School Health & Related Services (SHARS)			<u>518,098</u>
TOTAL FEDERAL REVENUE EXHIBIT C-2			<u>4,910,541</u>

The accompanying notes are an integral part of this schedule.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Flour Bluff Independent School District and is presented on the modified 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 general purpose financial statements.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2013*

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