

**FLOUR BLUFF
INDEPENDENT
SCHOOL DISTRICT**

Annual Financial Report

For the Year Ended August 31, 2014

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, 2014

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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, 2014, at a meeting of the board of trustees of such school district on the 4th day of December, 2014.


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, 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:
Betty Morales, CPA
Erika M. Post
Greg Morales
Daniel Ibarra
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, 2014, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information 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, 2014 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 "Richard Streaty", followed by a stylized flourish or "S.C.".

Gowland, Streaty, Morales & Company, PLLC

Corpus Christi, Texas
November 21, 2014

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, 2014. 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 \$60,434,048 at August 31, 2014.
- During the year, the District's expenses were \$1,714,836 less than the \$53,920,943 generated in taxes and other revenues for governmental activities.
- Based on Board of Trustees' approval, the District invested a net after depreciation of \$2,360,931 in capital assets. This was comprised of several improvements to district buildings, athletic improvements, ROTC, HVAC and technology improvements. These improvements were funded by both general and bond funds. The bond program is a result of the successful bond election in May of 2013. This program is projected to run through 2017. The district also purchased three new buses in 2013-2014. Buses were purchased from the general fund.
- The general fund reported a fund balance this year of \$19,229,864.

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-1F, Required Components of the District's Annual Financial Report

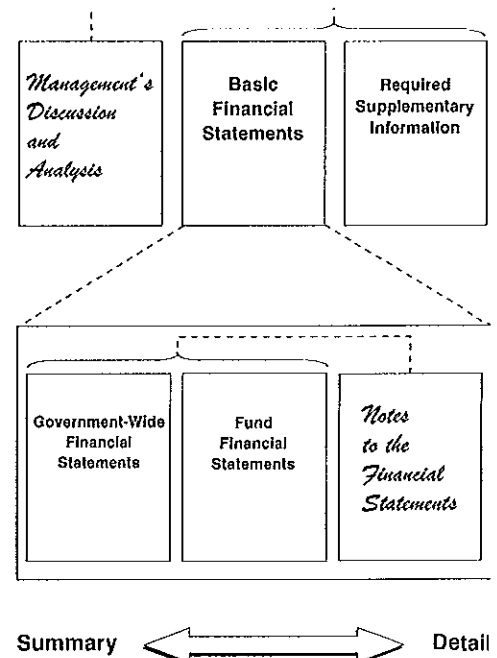


Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

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 \$60,434,048 August 31, 2014. (See Table A-1)

Table A-1
The District's Net Position

	Governmental Activities		Change
	2014	2013	2014-2013
Current and Other Assets	\$ 70,978,908	\$ 23,485,507	\$ 47,493,401
Capital and Non-Current	43,626,890	41,259,460	2,367,430
Total Assets	114,605,798	64,744,967	49,860,831
Current Liabilities	2,843,044	1,948,062	894,982
Noncurrent Liabilities	51,328,706	4,077,691	47,251,015
Total Liabilities	54,171,750	6,025,753	48,145,997
Net Assets Invested in Capital			
Assets net of related debt	38,670,866	37,379,460	1,291,406
Restricted	2,863,068	2,866,952	(3,884)
Unrestricted	18,900,114	18,472,802	427,312
Total Net Position	\$ 60,434,048	\$ 58,719,214	\$ 1,714,834

Net position – Investment in Capital Assets net of related debt is \$38,670,866. The District's restricted net position include state and federal programs, debt service, capital projects and campus activities. The \$18,900,114 of unrestricted net position represents resources available for investments, capital projects or programs.

Changes in net position. The District's total revenues were \$53.9 million. A significant portion, 51%, of the District's revenue comes from taxes, 16% comes from grants and contributions not restricted to specific programs.

The total cost of all programs and services was \$52.2 million; 62% 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 \$1.1785 allowed for total tax revenue including taxes collected for the payment of voter-approved bonded indebtedness of \$27,417,723 up from \$23,561,577 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 \$2,366,031,341 increasing from \$2,247,594,635 the prior year.

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

	Governmental Activities		Total Change 2014-2013	Total Percentage Change
	2014	2013		
Program Revenues:				
Charges for Services	\$ 1,728,315	\$ 1,705,178	\$ 23,137	
Operating Grants and Contributions	8,430,583	6,799,930	1,630,653	
General Revenues			-	
Property Taxes	27,417,723	23,561,577	3,856,146	
State Aid – Formula	14,688,595	12,903,936	1,784,659	
Investment Earnings	346,124	56,097	290,027	
Other	1,309,603	578,895	730,708	
Total Revenues	<u>53,920,943</u>	<u>45,605,613</u>	<u>8,315,330</u>	<u>18.2%</u>
Instruction	27,547,930	25,135,718	2,412,212	
Instructional Resources and Media Services	590,407	593,636	(3,229)	
Curriculum Dev. And Instructional Staff Dev.	360,422	369,894	(9,472)	
Instructional Leadership	1,197,511	1,077,176	120,335	
School Leadership	2,337,352	2,275,884	61,468	
Guidance, Counseling and Evaluation Services	1,643,362	1,441,844	201,518	
Social Work Services	98,839	96,639	2,200	
Health Services	384,055	343,854	40,201	
Student (Pupil) Transportation	1,822,378	1,771,043	51,335	
Food Services	2,920,038	2,695,338	224,700	
Curricular/Extracurricular Activities	2,167,813	2,036,656	131,157	
General Administration	1,720,965	1,735,179	(14,214)	
Plant Maintenance & Oper.	4,976,308	4,916,970	59,338	
Security & Monitoring Svcs.	506,907	506,857	50	
Data Processing Services	808,852	709,544	99,308	
Community Services	47,187	36,124	11,063	
Debt Service	2,384,934	168,875	2,216,059	
Bond Issuance Costs and Fees	212,836	400	212,436	
Facilities Acquisition and Construction	237,834	-	237,834	
Payments Related to Shared Service Arrangements	69,841	73,819	(3,978)	
Payments to Juvenile Justice Alternative Ed. Program	170,336	181,785	(11,449)	
Total Expenses	<u>52,206,107</u>	<u>46,167,235</u>	<u>6,038,872</u>	<u>13.1%</u>
Change in Net Position	1,714,836	(561,622)	2,276,458	
Net Position Beginning	58,719,212	59,330,243	(611,031)	
Adjustment to Initially apply GASB Statement 65		(49,409)		
Net Position Beginning as Restated	58,719,212	59,280,834	(561,622)	
Net Position Ending	<u>\$ 60,434,048</u>	<u>\$ 58,719,212</u>	<u>\$ 1,714,836</u>	<u>2.9%</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 \$52,206,107.
- However, the amount that our taxpayers paid for these activities through property taxes was \$27,417,723.
- Some of the cost was paid by those who directly benefited from the programs; \$1,728,315, or by grants and contributions \$8,430,583.

Table A-3
Net Cost of Selected District Functions

	Total Cost of Services			% Change	Net Cost of Services			% Change
	2014	2013			2014	2013		
Instruction	\$ 27,547,930	\$ 25,135,718		9.6%	\$ 22,801,443	\$ 21,649,494		5.3%
School Leadership	2,337,352	2,275,884		2.7%	2,102,810	2,063,098		1.9%
General Administration	1,720,965	1,735,179		-0.8%	1,543,143	1,571,327		-1.8%
Plant Maintenance & Operations	4,976,308	4,916,970		1.2%	4,435,640	4,416,115		0.4%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Total revenues from governmental fund types increased approximately \$8,322,829 over last year. Local revenues increased by \$4,928,024 over the preceding year, and state revenues increased by \$2,725,767. The state restored a portion of the 2011-2012 budget cuts for the 2013-2014 school year. This increased funding and student growth were the reasons for the state funding increase. Increased property values and an increase to the interest and sinking tax rate for the bond that was passed in May of 2013 are the main reasons for the local revenue increase. 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 \$1,901,009 or 4% below final budget amounts. After all transfers and adjustments were made and capital projects funded, the result was an increase to fund balance in the amount of \$1,583,988 at fiscal year-end.

Total Revenue was \$682,508 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the District had invested \$64 million in a broad range of capital assets, including land, equipment, buildings, and vehicles before depreciation. (See Table A-4.) This amount represents an increase before depreciation (including additions and adjustments) of \$4 million or 10.1% over last year.

Table A-4
District's Capital Assets

	Governmental Activities		Total Change 2014-2013
	2014	2013	
Land	\$ 1,773,317	\$ 1,762,987	\$ 10,330
Buildings and improvements	52,063,967	49,833,078	2,230,889
Construction in Progress	1,884,847	355,314	1,529,533
Furniture and Equipment	7,922,062	7,545,186	376,876
Totals at historical cost	<u>63,644,193</u>	<u>59,496,565</u>	<u>4,147,628</u>
 Total accumulated depreciation	 20,058,731	 18,272,032	 1,786,699
Net capital assets	<u>\$ 43,585,462</u>	<u>\$ 41,224,533</u>	<u>\$ 2,360,929</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	
	2014	2013
Compensated Absences	191,738	197,691
Premium	291,968	
Bonds payable	\$ 50,845,000	\$ 3,880,000
	<u>51,328,706</u>	<u>4,077,691</u>
Less current portion	855,000	485,000
Total Long-Term Debt	<u>\$ 50,473,706</u>	<u>\$ 3,592,691</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

These indicators were taken into account when adopting the general fund budget for 2015:

- Appraisal property values were up \$205 million or 8.6% from prior year.
- The projected general fund spending per student is \$7,600.
- The ADA was budgeted at 5,387.
- The tax rate is 1.168499 per \$100 valuation.
- The district had a successful bond election in May of 2013 for \$48,040,000. This program is projected to go through 2017.

Projected revenue in the general fund is expected to be \$43,083,068.

Factors that contributed to the 2014-2015 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 \$44 million, which is \$2.9 million dollars more than last year. Factors that contributed to the 2014-2015 expenditure budget are as follows:

- The District budgeted a 3% raise which increased payroll by \$900,000.
- The teacher hiring scale was adjusted for a starting salary of \$42,875.
- The district is adding 9.5 staff members for 2014-2015. These additions are due to student growth and needs in Special Education.
- The district has budgeted for the purchase of 3 buses in 2014-2015.
- 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 2015.

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, 2014

		1
Data Control Codes		Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 50,559,932
1120	Current Investments	17,088,953
1225	Property Taxes Receivable (Net)	515,694
1240	Due from Other Governments	2,139,397
1250	Accrued Interest	42,512
1290	Other Receivables (Net)	60,023
1300	Inventories	84,721
1410	Unrealized Expenses	487,676
Capital Assets:		
1510	Land	1,773,317
1520	Buildings and Improvements, Net	37,424,117
1530	Furniture and Equipment, Net	2,544,609
1580	Construction in Progress	1,884,847
1000	Total Assets	<u>114,605,798</u>
LIABILITIES:		
2110	Accounts Payable	727,419
2165	Accrued Liabilities	1,874,524
2180	Due to Other Governments	35
2300	Unearned Revenue	241,066
Noncurrent Liabilities:		
2501	Due Within One Year	855,000
2502	Due in More Than One Year	50,473,706
2000	Total Liabilities	<u>54,171,750</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred Revenue		
2600	Total Deferred Inflows of Resources	<u>--</u>
NET POSITION:		
3200	Net Investment in Capital Assets	38,670,866
Restricted For:		
3820	State and Federal Programs	808,865
3850	Debt Service	1,252,961
3870	Campus Activities	801,242
3900	Unrestricted	18,900,114
3000	Total Net Position	<u>\$ 60,434,048</u>

The accompanying notes are an integral part of this statement.

The accompanying notes are an integral part of this statement.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

AUGUST 31, 2014

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 Cash and Cash Equivalents	\$ 14,331,366	\$ 33,906,423	\$ 2,099,239	\$ 50,337,028
1120 Current Investments	5,106,400	11,982,553	--	17,088,953
1225 Taxes Receivable, Net	483,315	--	32,379	515,694
1240 Due from Other Governments	1,159,316	--	980,081	2,139,397
1250 Accrued Interest	13,623	28,889	--	42,512
1260 Due from Other Funds	1,421	--	--	1,421
1290 Other Receivables	60,023	--	--	60,023
1300 Inventories	24,947	--	59,774	84,721
1410 Unrealized Expenditures	487,676	--	--	487,676
1000 Total Assets	21,668,087	45,917,865	3,171,473	70,757,425
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 80,349	\$ 609,559	\$ 37,148	\$ 727,056
2150 Payroll Deductions & Withholdings	290,397	--	--	290,397
2160 Accrued Wages Payable	1,582,045	--	--	1,582,045
2170 Due to Other Funds	--	--	1,421	1,421
2180 Due to Other Governments	35	--	--	35
2200 Accrued Expenditures	2,082	--	--	2,082
2300 Unearned Revenue	--	--	241,066	241,066
2000 Total Liabilities	1,954,908	609,559	279,635	2,844,102
DEFERRED INFLOWS OF RESOURCES:				
Deferred Revenue	483,315	--	32,379	515,694
2600 Total Deferred Inflows of Resources	483,315	--	32,379	515,694
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 Inventories	24,948	--	59,774	84,722
3430 Prepaid Items	461,012	--	--	461,012
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	749,091	749,091
3480 Retirement of Long-Term Debt	--	--	1,252,961	1,252,961
3490 Other Restrictions of Fund Balance	--	--	797,633	797,633
Committed Fund Balances:				
3510 Construction	--	45,308,306	--	45,308,306
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	12,976,416	--	--	12,976,416
3000 Total Fund Balances	19,229,864	45,308,306	2,859,459	67,397,629
Total Liabilities, Deferred Inflow				
4000 of Resources and Fund Balances	\$ 21,668,087	\$ 45,917,865	\$ 3,171,473	\$ 70,757,425

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, 2014

Total fund balances - governmental funds balance sheet	\$ 67,397,629
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.	43,585,462
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	515,694
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	263,970
Payables for bond interest which are not due in the current period are not reported in the funds.	(50,845,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(191,738)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(291,968)
Rounding difference	(1)
Net position of governmental activities - Statement of Net Position	<u>\$ 60,434,048</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, 2014**

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 25,467,809	\$ 68,969	\$ 5,303,230	\$ 30,840,008
5800 <i>State Program Revenues</i>	16,614,078	--	905,014	17,519,092
5900 <i>Federal Program Revenues</i>	994,199	--	4,585,380	5,579,579
5020 Total Revenues	<u>43,076,086</u>	<u>68,969</u>	<u>10,793,624</u>	<u>53,938,679</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	23,432,578	--	3,158,810	26,591,388
0012 <i>Instructional Resources and Media Services</i>	465,574	--	105,813	571,387
0013 <i>Curriculum and Staff Development</i>	167,586	--	181,321	348,907
0021 <i>Instructional Leadership</i>	1,113,697	--	45,238	1,158,935
0023 <i>School Leadership</i>	2,255,007	--	7,048	2,262,055
0031 <i>Guidance, Counseling, & Evaluation Services</i>	1,300,763	--	289,658	1,590,421
0032 <i>Social Work Services</i>	95,298	--	357	95,655
0033 <i>Health Services</i>	368,236	--	3,447	371,683
0034 <i>Student Transportation</i>	1,858,213	--	--	1,858,213
0035 <i>Food Service</i>	32,317	--	2,861,939	2,894,256
0036 <i>Cocurricular/Extracurricular Activities</i>	1,489,054	--	608,923	2,097,977
0041 <i>General Administration</i>	1,655,076	--	10,447	1,665,523
0051 <i>Facilities Maintenance and Operations</i>	4,766,227	--	59,845	4,826,072
0052 <i>Security and Monitoring Services</i>	490,577	--	--	490,577
0053 <i>Data Processing Services</i>	830,525	--	--	830,525
0061 <i>Community Services</i>	27,204	--	18,464	45,668
0071 <i>Principal on Long-term Debt</i>	--	--	985,000	985,000
0072 <i>Interest on Long-term Debt</i>	--	--	2,395,002	2,395,002
0073 <i>Bond Issuance Costs and Fees</i>	--	212,036	800	212,836
0081 <i>Capital Outlay</i>	--	3,960,857	--	3,960,857
0093 <i>Payments to Shared Service Arrangements</i>	--	--	69,841	69,841
0095 <i>Payments to Juvenile Justice Alternative</i>	--	--	--	--
0095 <i>Education Programs</i>	170,336	--	--	170,336
6030 Total Expenditures	<u>40,518,268</u>	<u>4,172,893</u>	<u>10,801,953</u>	<u>55,493,114</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>2,557,818</u>	<u>(4,103,924)</u>	<u>(8,329)</u>	<u>(1,554,435)</u>
Other Financing Sources and (Uses):				
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	47,950,000	--	47,950,000
7915 <i>Transfers In</i>	--	873,830	--	873,830
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	302,036	--	302,036
8911 <i>Transfers Out</i>	(973,830)	--	--	(973,830)
7080 Total Other Financing Sources and (Uses)	<u>(973,830)</u>	<u>49,125,866</u>	<u>--</u>	<u>48,152,036</u>
1200 Net Change in Fund Balances	<u>1,583,988</u>	<u>45,021,942</u>	<u>(8,329)</u>	<u>46,597,601</u>
0100 Fund Balances - Beginning	<u>17,645,876</u>	<u>286,364</u>	<u>2,867,788</u>	<u>20,800,028</u>
3000 Fund Balances - Ending	<u>\$ 19,229,864</u>	<u>\$ 45,308,306</u>	<u>\$ 2,859,459</u>	<u>\$ 67,397,629</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, 2014

Net change in fund balances - total governmental funds	\$ 46,597,601
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	4,147,629
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,786,698)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(17,734)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	985,000
The net revenue (expense) of internal service funds is reported with governmental activities.	25,054
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	5,953
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(47,950,000)
Bond premiums are reported in the funds but not in the SOA.	(291,968)
Rounding difference	(1)
Change in net position of governmental activities - Statement of Activities	\$ <u>1,714,836</u>

The accompanying notes are an integral part of this statement.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION****INTERNAL SERVICE FUNDS****AUGUST 31, 2014**

<u>Data Control Codes</u>		<u>Internal Service Funds</u>
ASSETS:		
Current Assets:		
1110	Cash and Cash Equivalents	\$ 222,905
	Total Current Assets	<u>222,905</u>
Noncurrent Assets:		
Capital Assets:		
1530	Furniture and Equipment	316,667
1570	Accumulated Depreciation	(275,239)
	Total Noncurrent Assets	<u>41,428</u>
1000	Total Assets	<u>264,333</u>
LIABILITIES:		
Current Liabilities:		
2110	Accounts Payable	\$ 363
	Total Current Liabilities	<u>363</u>
2000	Total Liabilities	<u>363</u>
NET POSITION:		
3900	Unrestricted	263,970
3000	Total Net Position	<u>\$ 263,970</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 POSITION - INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		Internal Service Funds
	OPERATING REVENUES:	
5700	<i>Local and Intermediate Sources</i>	\$ 447,071
5020	Total Revenues	<u>447,071</u>
	OPERATING EXPENSES:	
6100	<i>Payroll Costs</i>	184,524
6200	<i>Professional and Contracted Services</i>	116,883
6300	<i>Supplies and Materials</i>	46,266
6400	<i>Other Operating Costs</i>	<u>174,344</u>
6030	Total Expenses	<u>522,017</u>
	Income (Loss) before Contributions and Transfers	(74,946)
7915	<i>Transfers In</i>	<u>100,000</u>
1300	Change in Net Position	<u>25,054</u>
0100	Total Net Position - Beginning	238,916
3300	Total Net Position - Ending	<u>\$ 263,970</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, 2014

	Internal Service Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	\$
Cash Received from Grants	
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	447,071
Cash Payments to Employees for Services	(184,524)
Cash Payments to Other Suppliers for Goods and Services	(326,780)
Cash Payments for Grants to Other Organizations	
Other Operating Cash Receipts (Payments)	
Net Cash Provided (Used) by Operating Activities	<u>(64,233)</u>
Cash Flows from Non-capital Financing Activities:	
Transfers From (To) Other Funds	100,000
Net Cash Provided (Used) by Non-capital Financing Activities	<u>100,000</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition or Construction of Capital Assets	(17,360)
Proceeds from Sale of Capital Assets	
Contributed Capital	
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(17,360)</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	
Net Cash Provided (Used) for Investing Activities	<u>---</u>
Net Increase (Decrease) in Cash and Cash Equivalents	18,407
Cash and Cash Equivalents at Beginning of Year	204,498
Cash and Cash Equivalents at End of Year	<u>\$ 222,905</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income (Loss)	\$ (74,946)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
Depreciation	10,859
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	
Increase (Decrease) in Accounts Payable	(146)
Increase (Decrease) in Payroll Deductions	
Increase (Decrease) in Accrued Wages Payable	
Increase (Decrease) in Interfund Payables	
Increase (Decrease) in Accrued Expenses	
Total Adjustments	<u>10,713</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (64,233)</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, 2014**

		Agency Fund	
Data Control Codes		Student Activity	
ASSETS:			
1110	Cash and Cash Equivalents	\$	204,568
1000	Total Assets		204,568
LIABILITIES:			
Current Liabilities:			
2190	Due to Student Groups	\$	204,568
2000	Total Liabilities		204,568
NET POSITION:			
3000	Total Net Position	\$	—

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, 2014

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 and there are no component units included within the District's 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.

Capital Projects Fund: This fund accounts for the bond proceeds and the related expenditures for the various projects approved in the bond issue.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

In addition, the District reports the following fund types:

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 considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end, with the exception of property taxes, which are fully deferred because the amount collected after year end is considered immaterial. 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.

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.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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	\$ 914,732	\$ 61,282	\$ 976,014
Allowance	(431,417)	(28,903)	(460,320)
Net Taxes	<u>\$ 483,315</u>	<u>\$ 32,379</u>	<u>\$ 515,694</u>

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:

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

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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,

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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**

On retirement or death of certain employees, the District pays any accrued sick leave and vacation leave in a lump case payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

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.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees 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 Board of Trustees. 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.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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 Board of Trustees or by an official or body to which the Board of Trustees 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 conveys 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.

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

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

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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, 2014, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,216,656 and the bank balance was \$5,621,503. The District's cash deposits at August 31, 2014 and during the year ended August 31, 2014, 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	\$ 44,426,508
Government Overnight	731,112
Corporate Overnight	390,227
Included with Cash	<u>45,547,847</u>
Investments:	
Municipal Obligations	14,601,376
Negotiable CDs	1,109,925
Wells Farge Sweep Account	101,652
Certificate of Deposits	1,276,000
	<u>\$ 17,088,953</u>

All investment mature in less than one year.

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:

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

a. Credit Risk

Texas state law and the Flour Bluff Independent School District's Board adopted investment policy place high credit quality as a priority in its investment process. Credit minimums are set for appropriate investment types and a procedure included in the policy for monitoring, disclosing and acting on credit downgrades.

All time and demand deposits are required to be FDIC insured or collateralized to 102% (or 110% if mortgage-backed securities). They must be in eligible depositories doing business in Texas and be under the terms of a written collateral agreement. The maximum maturity on deposit CD as stated in the Policy is one year. The bank is contractually liable for monitoring and maintaining the collateral margins.

Brokered CD securities must be FDIC insured and delivered versus payment to the District's depository. Maximum maturity is one year.

State law and the Flour Bluff ISD adopted Investment Policy limit repurchase agreements to Texas banks and primary dealers. State law and the policy require a defined termination date, an industry standard, written master repurchase agreement, independent safekeeping of collateral, and a 102% margin on collateral. Fully collateralized flex repurchase agreements are restricted by Policy to the use of bond funds and are restricted to being matched to bond proceeds expenditure plans. The term of any reverse security repurchase agreement may not exceed ninety days after the date of delivery.

Obligations of the State of Texas or its agencies and instrumentalities or obligations of other state, agencies, counties, cities and other political subdivisions rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent are authorized. Debt obligations have a maximum maturity of one year.

AAA-rated, local government investment pools striving to maintain a \$1 net asset value as defined by state law (2256.016) and approved by the District's adopted policy are authorized. By State law all local government pools are rated AAA or equivalent by at least one NRSRO.

The District's Investment Policy requires SEC registered money market funds to strive to maintain a \$1 NAV.

Prime banker's acceptances are authorized to a maximum maturity of 270 days if eligible as collateral from a Federal Reserve Bank.

The District's policy authorizes commercial paper rated A1/P1 or equivalent with a maximum maturity of 270 days.

As of August 31, 2014:

- Fully insured and collateralized certificates of deposit represented 3.81% of the total portfolio,
- municipal obligations rated A or better by at least one NRSRO represented 23.32% of the total portfolio,
- holding in local government investment pools that are rated AAA represented 72.71% of the total portfolio, and
- the remaining portfolio, 0.16% was invested in FDIC insured or collateralized demand deposits.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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.

Portfolio disclosure as of August 31, 2014:

- the portfolio contained thirteen FDIC insured brokered certificates of deposit securities representing 3.97% of the total portfolio.
- the portfolio contained no repurchase agreements
- all bank demand deposits were fully insured and collateralized and,
- all pledged bank collateral for demand deposits were held by an independent institution outside the pledging bank's holding company.

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.

As of August 31, 2014 the portfolio:

- no investments matured beyond 273 days, and
- the dollar weighted average maturity of the total portfolio was 55 days.

As of August 31, 2014, the portfolio contained no structures notes (callable securities with various structures).

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, 2014

D. Capital Assets

Capital asset activity for the year ended August 31, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,762,987	\$ 10,330	\$ --	\$ 1,773,317
Construction in progress	355,314	1,529,533	--	1,884,847
Total capital assets not being depreciated	2,118,301	1,539,863	--	3,658,164
<i>Capital assets being depreciated:</i>				
Buildings and improvements	49,833,078	2,230,889	--	52,063,967
Equipment	3,282,775	78,362	--	3,361,137
Vehicles	4,262,410	298,515	--	4,560,925
Total capital assets being depreciated	57,378,263	2,607,766	--	59,986,029
Less accumulated depreciation for:				
Buildings and improvements	(13,373,409)	(1,266,441)	--	(14,639,850)
Equipment	(2,079,568)	(257,577)	--	(2,337,145)
Vehicles	(2,819,056)	(262,680)	--	(3,081,736)
Total accumulated depreciation	(18,272,033)	(1,786,698)	--	(20,058,731)
Total capital assets being depreciated, net	39,106,230	821,068	--	39,927,298
Governmental activities capital assets, net	\$ 41,224,531	\$ 2,360,931	\$ --	\$ 43,585,462
Business-type activities:				
<i>Capital assets being depreciated:</i>				
Equipment	299,307	17,360	--	316,667
Total capital assets being depreciated	299,307	17,360	--	316,667
Less accumulated depreciation for:				
Equipment	(264,380)	(10,859)	--	(275,239)
Total accumulated depreciation	(264,380)	(10,859)	--	(275,239)
Total capital assets being depreciated, net	34,927	6,501	--	41,428

Depreciation was charged to functions as follows:

Instruction	\$ 887,550
Instructional Resources and Media Services	19,020
Curriculum and Staff Development	11,515
Instructional Leadership	38,576
School Leadership	75,297
Guidance, Counseling, & Evaluation Services	52,941
Social Work Services	3,184
Health Services	12,372
Student Transportation	262,680
Food Services	94,069
Extracurricular Activities	69,836
General Administration	55,441
Plant Maintenance and Operations	160,311
Security and Monitoring Services	16,330
Data Processing Services	26,057
Community Services	1,519
	<u>\$ 1,786,698</u>

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2014, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 1,421	Short-term loans
	Total	<u>\$ 1,421</u>	

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

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, 2014, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
2008 Unlimited Tax Refunding Bonds 3.5%-4%	3,880,000	--	485,000	3,395,000	505,000
2013 Unlimited Tax School Building Bonds 3%-5%	--	47,950,000	500,000	47,450,000	350,000
Total bond activities	<u>\$ 3,880,000</u>	<u>\$ 47,950,000</u>	<u>\$ 985,000</u>	<u>\$ 50,845,000</u>	<u>\$ 855,000</u>
Premium		302,036	10,068	291,968	--
Compensated absences *	<u>197,691</u>		<u>5,953</u>	<u>191,738</u>	<u>--</u>
Total governmental activities	<u>\$ 4,077,691</u>	<u>\$ 48,252,036</u>	<u>\$ 1,001,021</u>	<u>\$ 51,328,706</u>	<u>\$ 855,000</u>
Due within one year				<u>855,000</u>	
Due in more than one year				<u>50,473,706</u>	

*** Other long-term liabilities**

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

Liability	Activity Type	Fund
Compensated absences	Governmental	
Claims and judgments	Governmental	

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2014, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2015	\$ 855,000	\$ 2,279,094	\$ 3,134,094
2016	885,000	2,248,394	3,133,394
2017	920,000	2,216,594	3,136,594
2018	960,000	2,183,494	3,143,494
2019	1,005,000	2,145,093	3,150,093
2020-2024	6,015,000	9,999,469	16,014,469
2025-2029	7,690,000	8,384,919	16,074,919
2030-2034	9,425,000	6,647,651	16,072,651
2035-2039	11,630,000	4,431,500	16,061,500
2040-2044	11,460,000	1,399,599	12,859,599
Totals	<u>\$ 50,845,000</u>	<u>\$ 41,935,807</u>	<u>\$ 92,780,807</u>

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, 2014, 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	3,500,000
Total	<u>3,500,000</u>

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 2014, 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, 2014

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 2014, 2013 and 2012, and a state contribution rate of 6.8% for fiscal year 2014, 6.4 % for fiscal year 2013, and 6.0% for fiscal year 2012. 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, 2014, 2013 and 2012 were \$1,834,630, \$1,559,010 and \$1,549,432, respectively. The District paid additional state contributions for the years ending August 31, 2014, 2013 and 2012 in the amount of \$274,168, \$225,490 and \$182,271, 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 contribution rates was 0.5% for fiscal year 2014, 0.5% for fiscal year 2013 and 1.0% for fiscal year 2012 and the active public school payroll, respectively, with school districts. For the years ended August 31, 2014, 2013, and 2012, the State's contributions to TRS-Care were \$296,249, \$284,485, and \$267,423, respectively, the active member contributions were \$192,562, \$184,918, and \$183,320, respectively, and the District's contributions were \$183,576, \$165,725, and \$164,163, respectively, which equaled the required contributions each year.

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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, 2014, 2013, and 2012, the subsidy payments received by TRS-Care on behalf of the District were \$77,592, \$75,197, and \$70,047, respectively.

J. Employee Health Care Coverage

During the year ended August 31, 2014, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$281 per month 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.

L. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for the school for the deaf 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, Coprus Christi Independent School District 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.

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

EXHIBIT G-1

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 24,676,654	\$ 24,724,054	\$ 25,467,809	\$ 743,755
5800	State Program Revenues	15,878,142	16,675,528	16,614,078	(61,450)
5900	Federal Program Revenues	650,000	993,996	994,199	203
5020	Total Revenues	41,204,796	42,393,578	43,076,086	682,508
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	23,526,662	23,881,462	23,432,578	448,884
0012	Instructional Resources and Media Services	456,140	495,078	465,574	29,504
0013	Curriculum and Staff Development	232,279	255,332	187,886	87,746
	Total Instruction & Instr. Related Services	24,215,081	24,631,872	24,065,738	566,134
Instructional and School Leadership:					
0021	Instructional Leadership	1,098,753	1,166,168	1,113,697	52,471
0023	School Leadership	2,267,874	2,344,837	2,255,007	89,830
	Total Instructional & School Leadership	3,366,627	3,511,005	3,368,704	142,301
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,259,277	1,368,326	1,300,763	67,563
0032	Social Work Services	100,767	106,038	95,298	10,740
0033	Health Services	378,302	397,850	368,236	29,614
0034	Student (Pupil) Transportation	2,094,966	2,068,935	1,858,213	210,722
0035	Food Services	45,000	46,106	32,317	13,789
0036	Cocurricular/Extracurricular Activities	1,541,114	1,625,179	1,489,054	136,125
	Total Support Services - Student (Pupil)	5,419,426	5,612,434	5,143,881	468,553
Administrative Support Services:					
0041	General Administration	1,722,179	1,808,360	1,655,076	153,284
	Total Administrative Support Services	1,722,179	1,808,360	1,655,076	153,284
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	4,908,820	5,208,436	4,766,227	442,209
0052	Security and Monitoring Services	525,047	539,017	490,577	48,440
0053	Data Processing Services	790,399	847,807	830,625	17,282
	Total Support Services - Nonstudent Based	6,224,266	6,595,260	6,087,329	507,931
Ancillary Services:					
0061	Community Services	35,706	38,835	27,204	11,631
	Total Ancillary Services	35,706	38,835	27,204	11,631
Intergovernmental Charges:					
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	221,511	221,511	170,336	51,175
	Total Intergovernmental Charges	221,511	221,511	170,336	51,175
6030	Total Expenditures	41,204,796	42,419,277	40,518,268	1,901,009
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(25,699)	2,557,818	2,583,517
Other Financing Sources (Uses):					
8911	Transfers Out	--	(973,830)	(973,830)	--
7080	Total Other Financing Sources and (Uses)	--	(973,830)	(973,830)	--
1200	Net Change in Fund Balance	--	(999,529)	1,583,989	2,583,517
0100	Fund Balance - Beginning	17,645,876	17,645,875	17,645,876	1
3000	Fund Balance - Ending	\$ 17,645,876	\$ 16,646,346	\$ 19,229,864	\$ 2,583,518

*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, 2014**

Data Control Codes		Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:				
1110	Cash and Cash Equivalents	\$ 846,278	\$ 1,252,961	\$ 2,099,239
1225	Taxes Receivable, Net	--	32,379	32,379
1240	Due from Other Governments	980,081	--	980,081
1300	Inventories	59,774	--	59,774
1000	Total Assets	1,886,133	1,285,340	3,171,473
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 37,148	\$ --	\$ 37,148
2170	Due to Other Funds	1,421	--	1,421
2300	Unearned Revenue	241,066	--	241,066
2000	Total Liabilities	279,635	--	279,635
DEFERRED INFLOWS OF RESOURCES:				
	Deferred Revenue	--	32,379	32,379
2600	Total Deferred Inflows of Resources	--	32,379	32,379
FUND BALANCES:				
Nonspendable Fund Balances:				
3410	Inventories	59,774	--	59,774
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	749,091	--	749,091
3480	Retirement of Long-Term Debt	--	1,252,961	1,252,961
3490	Other Restrictions of Fund Balance	797,633	--	797,633
3000	Total Fund Balances	1,606,498	1,252,961	2,859,459
Total Liabilities, Deferred Inflow				
4000	of Resources and Fund Balances	\$ 1,886,133	\$ 1,285,340	\$ 3,171,473

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700	Local and Intermediate Sources	\$ 1,873,659	\$ 3,429,571	\$ 5,303,230
5800	State Program Revenues	905,014	--	905,014
5900	Federal Program Revenues	4,585,380	--	4,585,380
5020	Total Revenues	<u>7,364,053</u>	<u>3,429,571</u>	<u>10,793,624</u>
EXPENDITURES:				
Current:				
0011	Instruction	3,158,810	--	3,158,810
0012	Instructional Resources and Media Services	105,813	--	105,813
0013	Curriculum and Staff Development	181,321	--	181,321
0021	Instructional Leadership	45,238	--	45,238
0023	School Leadership	7,048	--	7,048
0031	Guidance, Counseling, & Evaluation Services	289,658	--	289,658
0032	Social Work Services	357	--	357
0033	Health Services	3,447	--	3,447
0035	Food Service	2,861,939	--	2,861,939
0036	Cocurricular/Extracurricular Activities	608,923	--	608,923
0041	General Administration	10,447	--	10,447
0051	Facilities Maintenance and Operations	59,845	--	59,845
0061	Community Services	18,464	--	18,464
0071	Principal on Long-term Debt	--	985,000	985,000
0072	Interest on Long-term Debt	--	2,395,002	2,395,002
0073	Bond Issuance Costs and Fees	--	800	800
0093	Payments to Shared Service Arrangements	69,841	--	69,841
6030	Total Expenditures	<u>7,421,151</u>	<u>3,380,802</u>	<u>10,801,953</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(57,098)	48,769	(8,329)
1200	Net Change in Fund Balances	<u>(57,098)</u>	<u>48,769</u>	<u>(8,329)</u>
0100	Fund Balances - Beginning	1,663,596	1,204,192	2,867,788
3000	Fund Balances - Ending	<u>\$ 1,606,498</u>	<u>\$ 1,252,961</u>	<u>\$ 2,859,459</u>

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2014

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	\$ (545,823)	\$ (200,372)	\$ (2,676)	\$ 785,087
1240 Due from Other Governments	545,823	200,372	2,676	40,419
1300 Inventories	--	--	--	59,774
1000 Total Assets	--	--	--	885,280
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ --	\$ --	\$ 16,641
2170 Due to Other Funds	--	--	--	--
2300 Unearned Revenue	--	--	--	59,774
2000 Total Liabilities	--	--	--	76,415
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 Inventories	--	--	--	59,774
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	--	749,091
3490 Other Restrictions of Fund Balance	--	--	--	--
3000 Total Fund Balances	--	--	--	808,865
4000 Total Liabilities and Fund Balances	\$ --	\$ --	\$ --	\$ 885,280

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
\$ (20,885) 20,885	\$ (169,906) 169,906	\$ 170	\$ 15,791	\$ 6,634
--	--	--	--	--
--	--	170	15,791	6,634
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	170	15,791	6,634
--	--	170	15,791	6,634
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ 170	\$ 15,791	\$ 6,634

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2014

Data Control Codes	401 Optional Extended Year Program	410 State Textbook Fund	411 Technology Allotment	429 State Funded Special Revenue Fund
ASSETS:				
1110 Cash and Cash Equivalents	\$ 2,881	\$ 78,069	\$ 44,257	\$ 2,240
1240 Due from Other Governments	--	--	--	--
1300 Inventories	--	--	--	--
1000 Total Assets	2,881	78,069	44,257	2,240
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ --	\$ --	\$ --
2170 Due to Other Funds	--	--	--	--
2300 Unearned Revenue	2,881	78,069	44,257	2,240
2000 Total Liabilities	2,881	78,069	44,257	2,240
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 Inventories	--	--	--	--
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	\$ 78,069	\$ 44,257	\$ 2,240

461 Campus Activity Funds	480 Flour Bluff Foundation	484 Texas Healthy Habitats	485 Ed Rachal Foundation	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 802,663	\$ (3,609)	\$ 1,757	\$ 50,000	\$ 846,278
--	--	--	--	980,081
--	--	--	--	59,774
802,663	(3,609)	1,757	50,000	1,886,133
\$ --	\$ --	\$ --	\$ 20,507	\$ 37,148
1,421	--	--	--	1,421
--	--	1,757	29,493	241,066
1,421	--	1,757	50,000	279,635
--	--	--	--	59,774
--	--	--	--	749,091
801,242	(3,609)	--	--	797,633
801,242	(3,609)	--	--	1,606,498
802,663	(3,609)	1,757	50,000	1,886,133

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, 2014

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 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ 1,111,011
5800 <i>State Program Revenues</i>	--	--	--	13,423
5900 <i>Federal Program Revenues</i>	1,234,465	990,249	13,929	1,722,695
5020 <i>Total Revenues</i>	1,234,465	990,249	13,929	2,847,129
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	922,685	753,230	13,929	--
0012 <i>Instructional Resources and Media Services</i>	73,398	--	--	--
0013 <i>Curriculum and Staff Development</i>	138,239	9,365	--	--
0021 <i>Instructional Leadership</i>	40,722	1,130	--	--
0023 <i>School Leadership</i>	6,466	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	31,734	156,683	--	--
0032 <i>Social Work Services</i>	357	--	--	--
0033 <i>Health Services</i>	2,895	--	--	--
0035 <i>Food Service</i>	--	--	--	2,861,939
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0041 <i>General Administration</i>	--	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--	59,845
0061 <i>Community Services</i>	17,969	--	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	69,841	--	--
6030 <i>Total Expenditures</i>	1,234,465	990,249	13,929	2,921,784
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	--	--	--	(74,655)
1200 <i>Net Change in Fund Balances</i>	--	--	--	(74,655)
0100 <i>Fund Balances - Beginning</i>	--	--	--	883,520
3000 <i>Fund Balances - Ending</i>	\$ --	\$ --	\$ --	\$ 808,865

244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	288 Department of Defense Education Grant	289 Title VI Summer LEP	397 Advanced Placement Incentives
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	2,374
60,655	187,882	372,337	3,168	--
60,655	187,882	372,337	3,168	2,374
59,491	159,142	258,427	3,168	--
--	--	--	--	--
1,164	24,859	5,090	--	2,374
--	3,386	--	--	--
--	--	--	--	--
--	--	98,148	--	--
--	--	--	--	--
--	--	--	--	--
--	--	225	--	--
--	--	10,447	--	--
--	--	--	--	--
--	495	--	--	--
--	--	--	--	--
60,655	187,882	372,337	3,168	2,374
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

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, 2014

Data Control Codes		410 State Textbook Fund	461 Campus Activity Funds
REVENUES:			
5700	Local and Intermediate Sources	\$ --	\$ 716,056
5800	State Program Revenues	889,217	--
5900	Federal Program Revenues	--	--
5020	Total Revenues	<u>889,217</u>	<u>716,056</u>
EXPENDITURES:			
Current:			
0011	Instruction	889,217	51,577
0012	Instructional Resources and Media Services	--	32,415
0013	Curriculum and Staff Development	--	230
0021	Instructional Leadership	--	--
0023	School Leadership	--	582
0031	Guidance, Counseling, & Evaluation Services	--	--
0032	Social Work Services	--	--
0033	Health Services	--	552
0035	Food Service	--	--
0036	Cocurricular/Extracurricular Activities	--	608,698
0041	General Administration	--	--
0051	Facilities Maintenance and Operations	--	--
0061	Community Services	--	--
0093	Payments to Shared Service Arrangements	--	--
6030	Total Expenditures	<u>889,217</u>	<u>694,054</u>
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	--	22,002
1200	Net Change in Fund Balances	--	22,002
0100	Fund Balances - Beginning	--	779,240
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ 801,242</u>

480 Flour Bluff Foundation	485 Ed Rachal Foundation	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ 26,085	\$ 20,507	\$ 1,873,659
--	--	905,014
--	--	4,585,380
<u>26,085</u>	<u>20,507</u>	<u>7,364,053</u>
27,437	20,507	3,158,810
--	--	105,813
--	--	181,321
--	--	45,238
--	--	7,048
3,093	--	289,658
--	--	357
--	--	3,447
--	--	2,861,939
--	--	608,923
--	--	10,447
--	--	59,845
--	--	18,464
--	--	69,841
<u>30,530</u>	<u>20,507</u>	<u>7,421,151</u>
(4,445)	--	(57,098)
<u>(4,445)</u>	<u>--</u>	<u>(57,098)</u>
836	--	1,663,596
<u>\$ (3,609)</u>	<u>\$ --</u>	<u>\$ 1,606,498</u>

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-5

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 68,969	\$ 68,969
5020 <i>Total Revenues</i>	--	68,969	68,969
EXPENDITURES:			
Debt Service:			
0073 <i>Bond Issuance Costs and Fees</i>	212,036	212,036	--
<i>Total Debt Service</i>	212,036	212,036	--
Capital Outlay:			
0081 <i>Capital Outlay</i>	29,667,467	3,960,857	25,706,610
<i>Total Capital Outlay</i>	29,667,467	3,960,857	25,706,610
6030 <i>Total Expenditures</i>	29,879,503	4,172,893	25,706,610
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	(29,879,503)	(4,103,924)	25,775,579
Other Financing Sources (Uses):			
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	48,040,000	47,960,000	(90,000)
7915 <i>Transfers In</i>	873,830	873,830	--
7916 <i>Premium or Discount on Issuance of Bonds</i>	302,036	302,036	--
7080 <i>Total Other Financing Sources and (Uses)</i>	49,215,866	49,125,866	(90,000)
1200 <i>Net Change in Fund Balance</i>	19,336,363	46,021,942	25,685,579
0100 <i>Fund Balance - Beginning</i>	286,364	286,364	--
3000 <i>Fund Balance - Ending</i>	\$ 19,622,727	\$ 45,308,306	\$ 25,685,579

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**COMBINING STATEMENT OF NET POSITION****INTERNAL SERVICE FUNDS****AUGUST 31, 2014**

Data Control Codes	752 Print Shop Fund	753 Insurance Fund	Total Internal Service Funds (See Exhibit D-1)
ASSETS:			
Current Assets:			
1110 <i>Cash and Cash Equivalents</i>	\$ (7,846)	\$ 230,751	\$ 222,905
Total Current Assets	(7,846)	230,751	222,905
Noncurrent Assets:			
Capital Assets:			
1530 <i>Furniture and Equipment</i>	316,667	--	316,667
1570 <i>Accumulated Depreciation</i>	(275,239)	--	(275,239)
Total Noncurrent Assets	41,428	--	41,428
1000 Total Assets	33,582	230,751	264,333
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ 363	\$ --	\$ 363
Total Current Liabilities	363	--	363
2000 Total Liabilities	363	--	363
NET POSITION:			
3900 <i>Unrestricted</i>	33,219	230,751	263,970
3000 Total Net Position	\$ 33,219	\$ 230,751	\$ 263,970

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, 2014

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>	\$ 272,638	\$ 174,433	\$ 447,071
5020 <i>Total Revenues</i>	<u>272,638</u>	<u>174,433</u>	<u>447,071</u>
OPERATING EXPENSES:			
6100 <i>Payroll Costs</i>	184,524	--	184,524
6200 <i>Professional and Contracted Services</i>	116,883	--	116,883
6300 <i>Supplies and Materials</i>	46,266	--	46,266
6400 <i>Other Operating Costs</i>	10,859	163,485	174,344
6030 <i>Total Expenses</i>	<u>358,532</u>	<u>163,485</u>	<u>522,017</u>
Income (Loss) before Contributions and Transfers	(85,894)	10,948	(74,946)
7915 <i>Transfers In</i>	<u>100,000</u>	--	<u>100,000</u>
1300 <i>Change in Net Position</i>	14,106	10,948	25,054
1300 <i>Change in Net Position</i>	14,106	10,948	25,054
0100 <i>Total Net Position - Beginning</i>	19,113	219,803	238,916
3300 <i>Total Net Position - Ending</i>	<u>\$ 33,219</u>	<u>\$ 230,751</u>	<u>\$ 263,970</u>

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**COMBINING STATEMENT OF CASH FLOWS****ALL INTERNAL SERVICE FUNDS****FOR THE YEAR ENDED AUGUST 31, 2014**

	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 Received from Grants</i>	--	--	--
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	272,638	174,433	447,071
<i>Cash Payments to Employees</i>	(184,524)	--	(184,524)
<i>Cash Payments to Suppliers for Goods and Services</i>	(163,295)	(163,485)	(326,780)
<i>Cash Payments for Grants to Other Organizations</i>	--	--	--
<i>Other Operating Cash Receipts (Payments)</i>	--	--	--
Net Cash Provided (Used) by Operating Activities	(75,181)	10,948	(64,233)
Cash Flows from Non-capital Financing Activities:			
<i>Transfers From (To) Other Funds</i>	100,000	--	100,000
Net Cash Provided (Used) by Non-capital Financing Activities	100,000	--	100,000
Cash Flows from Capital and Related Financing Activities:			
<i>Acquisition or Construction of Capital Assets</i>	(17,360)	--	(17,360)
<i>Proceeds from Sale of Capital Assets</i>	--	--	--
<i>Contributed Capital</i>	--	--	--
Net Cash Provided (Used) for Capital and Related Financing Activities	(17,360)	--	(17,360)
Cash Flows from Investing Activities:			
<i>Interest and Dividends on Investments</i>	--	--	--
Net Cash Provided (Used) for Investing Activities	--	--	--
Net Increase (Decrease) in Cash and Cash Equivalents	7,459	10,948	18,407
Cash and Cash Equivalents at Beginning of Year	(15,305)	219,803	204,498
Cash and Cash Equivalents at End of Year	\$ (7,846)	\$ 230,751	\$ 222,905
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (85,894)	\$ 10,948	\$ (74,946)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
<i>Depreciation</i>	10,859	--	10,859
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>	(146)	--	(146)
<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>	--	--	--
Total Adjustments	10,713	--	10,713
Net Cash Provided (Used) by Operating Activities	\$ (75,181)	\$ 10,948	\$ (64,233)

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, 2014

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2005 and Prior Years	\$	Various	\$	Various	\$	Various
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		1.04		.0309		2,247,594,635
2014 (School Year Under Audit)		1.04		.1385		2,366,031,341

1000 Totals

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

10 Beginning Balance 9/1/13	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/14
\$ 176,097	\$ --	\$ 2,554	\$ 169	\$ (3,693)	\$ 169,860
30,644	--	858	24	(220)	29,542
36,414	--	5,984	135	(200)	30,095
46,673	--	9,794	278	(222)	36,379
49,016	--	16,125	457	203	32,637
75,993	--	25,499	716	13,879	63,657
113,991	--	51,006	1,460	12,391	73,916
148,524	--	66,162	2,019	13,855	94,198
346,147	--	203,079	6,041	(19,149)	117,878
--	27,633,038	23,623,405	3,145,979	(535,624)	328,030
<u>\$ 1,023,499</u>	<u>\$ 27,633,038</u>	<u>\$ 24,004,466</u>	<u>\$ 3,157,280</u>	<u>\$ (518,778)</u>	<u>\$ 976,014</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		1	2	3 Variance Positive (Negative)
		Budget	Actual	
REVENUES:				
5700	Local and Intermediate Sources	\$ 1,122,098	\$ 1,111,011	\$ (11,087)
5800	State Program Revenues	16,595	13,423	(3,172)
5900	Federal Program Revenues	1,637,662	1,722,895	85,033
5020	Total Revenues	2,776,355	2,847,129	70,774
EXPENDITURES:				
Current:				
Support Services - Student (Pupil):				
0035	Food Services	2,992,383	2,861,939	130,444
	Total Support Services - Student (Pupil)	2,992,383	2,861,939	130,444
Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	93,000	59,845	33,155
	Total Support Services - Nonstudent Based	93,000	59,845	33,155
6030	Total Expenditures	3,085,383	2,921,784	163,599
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(309,028)	(74,655)	234,373
1200	Net Change in Fund Balance	(309,028)	(74,655)	234,373
0100	Fund Balance - Beginning	883,520	883,520	--
3000	Fund Balance - Ending	\$ 574,492	\$ 808,865	\$ 234,373

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		1	2	3 Variance Positive (Negative)
		Budget	Actual	
	REVENUES:			
5700	Local and Intermediate Sources	\$ 3,381,903	\$ 3,429,571	\$ 47,668
5020	Total Revenues	3,381,903	3,429,571	47,668
	EXPENDITURES:			
	Debt Service:			
0071	Principal on Long-Term Debt	985,000	985,000	--
0072	Interest on Long-Term Debt	2,395,203	2,395,002	201
0073	Bond Issuance Costs and Fees	1,700	800	900
	Total Debt Service	3,381,903	3,380,802	1,101
6030	Total Expenditures	3,381,903	3,380,802	1,101
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	48,769	48,769
1200	Net Change in Fund Balance	--	48,769	48,769
0100	Fund Balance - Beginning	1,204,192	1,204,192	--
3000	Fund Balance - Ending	\$ 1,204,192	\$ 1,252,961	\$ 48,769

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:
Betty Morales, CPA
Erika M. Post
Greg Morales
Daniel Ibarra
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, 2014, 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, 2014.

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. 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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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*.

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,



Gowland, Strealy, Morales & Company, PLLC

Corpus Christi, Texas
November 21, 2014

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 Advisor:
Betty Morales, CPA
Erika M. Post
Greg Morales
Daniel Ibarra
Dudley Gowland, CPA

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, 2014. 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, 2014.

Report on Internal Control Over Compliance

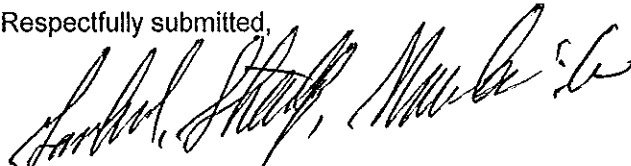
Management of Flour Bluff Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Flour Bluff Independent School 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, Streatly, Morales & Company, PLLC

Corpus Christi, Texas
November 21, 2014

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2014

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: Unmodified

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>
Special Education Cluster:	
84.027	IDEA-B Formula
84.173	IDEA-B Preschool
12.556	Department of Defense Education Grant

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, 2014

<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, 2014

NONE REQUIRED - N/A

FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2014

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	\$ 21,631
Total U. S. Department of Health and Human Services			<u>21,631</u>
U. S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs *	84.010a	13610101178914	10,365
ESEA Title I Part A - Improving Basic Programs *	84.010a	14610101178914	1,224,100
Total CFDA Number 84.010a			<u>1,234,465</u>
IDEA-B Formula *	84.027	146600011789146600	990,249
Impact Aid - P.L. 81.874 *	84.041	178-914	195,696
Career and Technical - Basic Grant	84.048	14420006178914	60,655
IDEA-B Preschool *	84.173	146610011789146610	13,929
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	14694501178914	187,882
Summer School LEP	84.369A	69551302	3,168
Total Passed Through State Department of Education			<u>2,686,044</u>
Passed Through :			
Total U. S. Department of Education			<u>2,686,044</u>
U. S. DEPARTMENT OF DEFENSE			
Passed Through State Department of Education:			
Department of Defense Education Grant	12.556	HE1254-11-1-0042	372,337
ROTC	12.00	178-914	106,812
Total U. S. Department of Defense			<u>479,149</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	71401401	\$ 470,742
National School Lunch Program *	10.555	71401401	\$ 1,098,801
National School Lunch Program (Non-cash) *	10.555	178-914	153,152
Total CFDA Number 10.555			<u>1,251,953</u>
Total Passed Through State Department of Education			<u>1,722,695</u>
Total U. S. Department of Agriculture			<u>1,722,695</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>4,909,519</u></u>

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

TOTAL EXPENDITURES OF FEDERAL AWARDS	4,909,519
School Health & related Services (SHARS)	670,060
TOTAL FEDERAL REVENUE EXHIBIT C-2	<u>5,579,579</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, 2014

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, 2014*

<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?	\$ --