

FRUITVALE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2014

RUTHERFORD, TAYLOR & COMPANY, P.C.
Certified Public Accountants
2802 Washington Street
Greenville, Texas 75401
(903) 455-6252

FRUITVALE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2014

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CERTIFICATE OF BOARD

Fruitvale Independent School District
Name of School District

Van Zandt
County

234-909
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's report of the above named school district was reviewed and ✓ approved/ disapproved for the year ended August 31, 2014, at a meeting of the board of school trustees of such school district on 11/20/2014 .



Signature of Board Secretary



Signature of Board President

If the auditor's report was checked above as disapproved, the reasons(s) therefore is/are (attach list if necessary):

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fruitvale Independent School District (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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fruitvale 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 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 District's basic financial statements as a whole. The schedules identified in the table of contents as other supplementary information are presented for the purpose of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 7, 2014
Greenville, Texas



RUTHERFORD,
TAYLOR &
COMPANY, P.C.

Certified Public Accountants

2802 Washington Street

Greenville, Texas 75401

(903) 455-6252

Fax (903) 455-6667

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*

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fruitvale Independent School District (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, and have issued our report thereon dated November 7, 2014.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Report on Internal Control – Continued

Purpose of this Report

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

November 7, 2014
Greenville, Texas

Rutherford, Taylor & Company PC

FRUITVALE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2014

Financial Statement Findings (Section II)

NONE

FRUITVALE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2014

Prior Year Findings (Section IV)

NONE

FRUITVALE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2014

Corrective Action Plans (Section V)

NONE

FRUITVALE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2014

This section of Fruitvale Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2014. Please read it in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

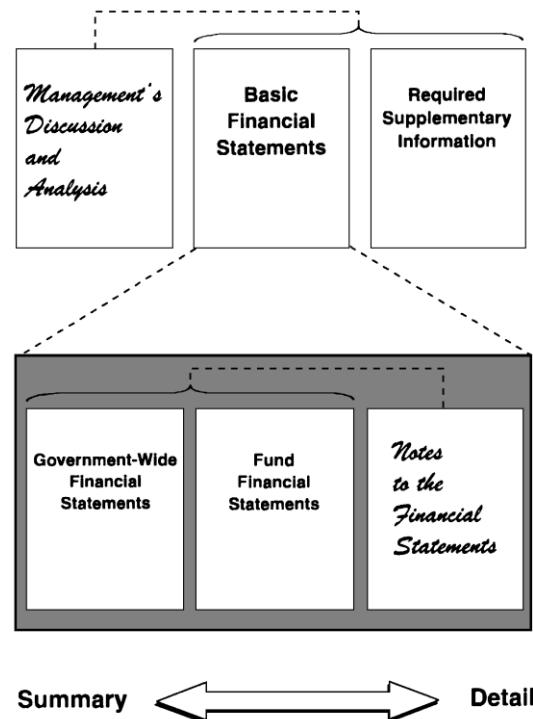
- The District's total combined net position was \$ 7,618,475 at August 31, 2014.
- During the year, the District's expenses were \$ 35,886 less than the \$ 4,566,735 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was increased from last year to provide for overall increased operations.
- The General Fund reported a fund balance this year of \$ 2,269,599 a decrease of \$ 74,377 over the previous year.

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 a print shop.
- 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.

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



The basic financial statements also include notes that explain some of the information in the basic 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 basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2014

Figure A-2 summarizes the major features of the District's basic 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.

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

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	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
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	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
<i>Type of asset/liability information</i>	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
<i>Type of inflow/outflow information</i>	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

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 are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base and student population.

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 the following 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 on the subsequent page that explains the relationship (or differences) between them.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2014

- Fiduciary funds—The District is the trustee, or fiduciary, for certain funds. 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. 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

The District's combined net position was \$ 7,618,475 at August 31, 2014.

Fruitvale Independent School District's Net Position			Table A-1
	Governmental Activities		Total Percentage Change
	2014	2013	2013-14
Assets:			
Cash and Investments	\$ 2,511,584	\$ 2,758,499	-9.0%
Other Assets	246,982	200,155	23.4%
Capital Assets less Accumulated Depreciation	6,221,619	6,071,926	2.5%
Total Assets	\$ 8,980,185	\$ 9,030,580	-0.6%
Liabilities:			
Current Liabilities	\$ 361,524	\$ 454,463	-20.5%
Long-term Liabilities	1,000,186	993,528	0.7%
Total Liabilities	\$ 1,361,710	\$ 1,447,991	-6.0%
Net Position:			
Net Investment in Capital Assets	\$ 5,230,571	\$ 5,085,452	2.9%
Restricted	90,374	71,125	27.1%
Unrestricted	2,297,530	2,426,012	5.3%
Total Net Position	\$ 7,618,475	\$ 7,582,589	0.5%

None of the District's restricted net position represents funds held for debt retirement. The unrestricted net asset represents resources available to fund the programs of the District next year.

CHANGES IN NET POSITION

The District's total revenues were \$ 4,566,735. 15% of the District's revenue comes from local property taxes (See Table A-2). 82% comes from state aid and federal grants, while only 2% relates to charges for services and other miscellaneous revenues including investment earnings.

The total cost of all programs and services was \$ 4,530,849. 57% of these costs are for instruction and instructional related services.

The District's current tax collection rate (base tax only – current and delinquent) was 99.72%. The total collection rate (base tax and penalty and interest) was 102.04%.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2014

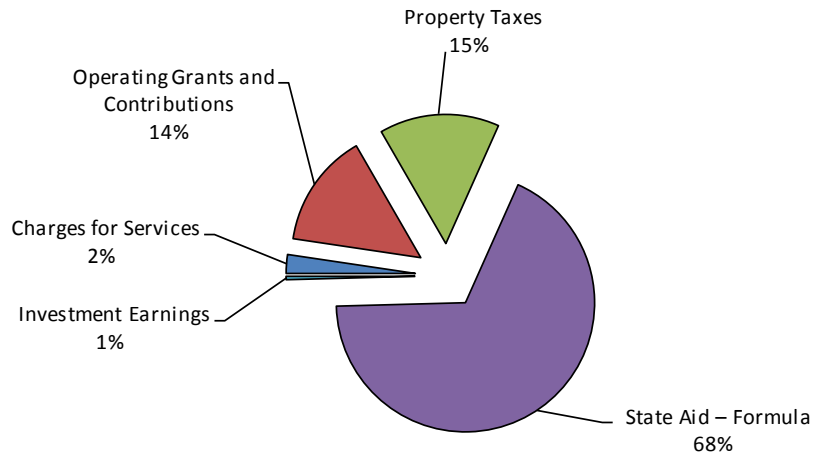
Table A-2

Changes in Fruitvale Independent School District's Net Position

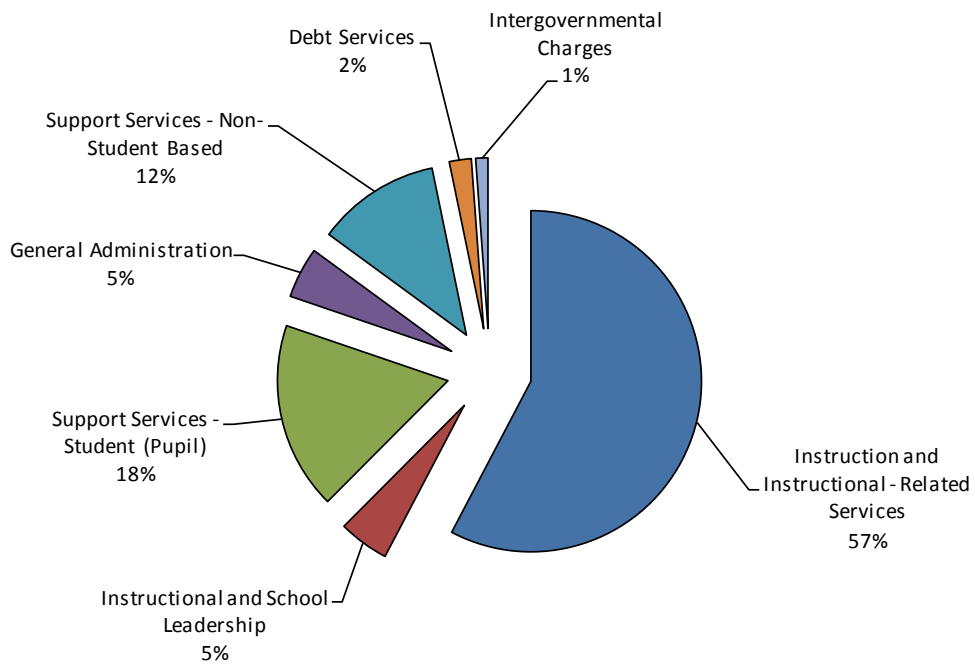
	Governmental Activities		Total Percentage Change
	2014	2013	2013-14
Program Revenues:			
Charges for Services	\$ 104,791	\$ 101,624	3.12%
Operating Grants and Contributions	637,634	581,665	9.62%
General Revenues:			
Property Taxes	668,512	693,606	-3.62%
State Aid – Formula	3,023,738	2,849,030	6.13%
Investment Earnings	18,930	16,900	12.01%
Miscellaneous	113,130	28,691	294.30%
Total Revenues	\$ 4,566,735	\$ 4,271,516	6.91%
Expenses:			
Instruction	\$ 2,336,058	\$ 2,150,017	8.65%
Instructional Resources and Media Services	101,504	95,495	6.29%
Curriculum and Staff Development	108,158	91,403	18.33%
School Leadership	210,715	222,996	-5.51%
Guidance, Counseling and Evaluation Services	141,160	81,591	73.01%
Health Services	60,349	54,688	10.35%
Student (Pupil) Transportation	99,929	105,015	-4.84%
Food Services	262,156	261,167	0.38%
Cocurricular/Extracurricular Activities	220,036	199,985	10.03%
General Administration	212,908	204,290	4.22%
Plant Maintenance and Operations	397,698	382,377	4.01%
Security and Monitoring Services	3,083	2,284	34.98%
Data Processing Services	115,774	111,240	4.08%
Other Governmental Charges	15,107	14,808	2.02%
Debt Service	91,932	61,878	48.57%
Payments for Shared Service Arrangements	103,278	82,004	25.94%
Capital Outlay	51,004	-	100.00%
Total Expenses	\$ 4,530,849	\$ 4,121,238	9.94%
Excess (Deficiency) Before Other Resources,			
Uses and Transfers	\$ 35,886	\$ 150,278	-76.12%
Increase (Decrease) in Net Position	\$ 35,886	\$ 150,278	-76.12%
Net Position - Beginning (September 1)	\$ 7,582,589	\$ 7,422,204	2.16%
Prior Period Adjustment	-	10,107	-100.00%
Net Position - Beginning, as restated	7,582,589	7,432,311	2.02%
Net Position - Ending (August 31)	\$ 7,618,475	\$ 7,582,589	0.47%

FRUITVALE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2014

Sources of Revenue for Fiscal Year 2014 - See Table A-2



Functional Expenses for Fiscal Year 2014 - See Table A-2



FRUITVALE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2014

- Table A-3 presents the cost of selected District functions as well as the selected 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 \$ 4,530,849.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$ 668,512,
- Some of the cost was paid by those who directly benefited from the programs, \$ 104,791, or
- By grants and contributions \$ 637,634.

Fruitvale Independent School District's Net Cost of Selected District Functions							Table A-3
	Total Cost of Services		%	Net Cost of Services		%	
	2014	2013		2014	2013		Change
Instruction	\$ 2,336,058	\$ 2,150,017	8.65%	\$ 1,979,021	\$ 1,939,117	2.06%	
School Leadership	210,715	222,996	-5.51%	201,133	215,193	-6.53%	
General Administration	212,908	204,290	4.22%	203,157	197,096	3.08%	
Plant Maintenance and Operations	397,698	382,377	4.01%	379,501	368,903	2.87%	
Debt Service	91,932	61,878	48.57%	84,626	6,041	1300.86%	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's fund equity in the governmental funds totaled \$ 2,342,625.

Revenues from governmental fund types totaled \$ 4,474,807 which is an increase of \$ 199,820 from the prior year. The increase is representative of the increase in foundation aid received from the state.

Expenditures of governmental fund types totaled \$ 4,618,628 which is an increase of \$ 363,817 from the prior year. The increase was due to increased operating expenditures primarily related to capital outlay.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised its General Fund budget several times. Even with these adjustments, actual expenditures were \$ 247,905 below final General Fund budget amounts. The most significant positive variance resulted from instruction and capital outlay.

Resources available were \$ 122,482 above the final General Fund budgeted amount. The favorable variance was primarily due to increased state foundation aid.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At year end, the District had invested \$ 9,238,100 in a broad range of capital assets, including land, equipment, buildings, and vehicles (See Table A-4).

Fruitvale Independent School District's Capital Assets			Table A-4
	Governmental Activities		Total Percentage Change
	2014	2013	2013-14
Land	\$ 141,350	\$ 141,350	0.00%
Buildings and Improvements	8,327,112	8,048,495	3.46%
Vehicles	526,733	423,867	24.27%
Equipment	242,905	232,786	4.35%
Totals at Historical Cost	\$ 9,238,100	\$ 8,846,498	4.43%
Total Accumulated Depreciation	(3,016,481)	(2,774,571)	8.72%
Net Capital Assets	<u>\$ 6,221,619</u>	<u>\$ 6,071,927</u>	2.47%

DEBT

At year-end, the District had \$ 1,000,186 in debt outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the basic financial statements.

Fruitvale Independent School District's Debt			Table A-5
	Governmental Activities		Total Percentage Change
	2014	2013	2013-14
Bonds Payable	\$ 940,000	\$ 990,000	-5.05%
Other Debt Payable	60,186	3,528	1605.95%
Total Debt Payable	<u>\$ 1,000,186</u>	<u>\$ 993,528</u>	0.67%

FRUITVALE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2014

ECONOMIC FACTORS

The District's property valuation has dropped significantly due to housing development bankruptcies and foreclosures. Local property tax rates are restricted by state statute, without local elections, to \$ 1.04 for maintenance and operations. The state funding formula was changed to provide state funds to replace the lost local property tax revenue. This change in funding and other legislative changes could impact the District's financial operations, including cash flows.

Student population has remained at a steady historical growth rate in the District. The economic outlook for the area is for growth to be relatively slow, as indicated by a drop in property values from prior year. Housing has not expanded at the rate of other north central Texas communities. These economic conditions allow the District to maintain constant funding and staffing levels.

The State has increased funding levels for the 2013-2015 biennium, which will affect the revenue levels of the District. With these increases in funding, the District anticipates monitoring expenditure levels to ensure financial stability remains strong.

A challenge to the State's funding system resulted in the system being held unconstitutional and inequitable. The 2013 legislative session produced additional funding for the student population. However, the legal process continues with challenges by the various interested parties. It is anticipated that a final resolution will be considered during the 2013-2015 biennium.

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 Dr. Jennifer Jones, Superintendent of the District.

BASIC FINANCIAL STATEMENTS

FRUITVALE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2014

Data Control Codes	1 Governmental Activities
ASSETS	
1110 Cash and Investments	\$ 2,511,584
1225 Property Taxes Receivable, Net	41,520
1240 Due from Other Governments	191,227
1290 Other Receivables, Net	5,218
1410 Unrealized Expenses	9,017
Capital Assets:	
1510 Land	141,350
1520 Building and Improvements, Net	5,781,530
1530 Furniture and Equipment, Net	298,739
1000 Total Assets	\$ 8,980,185
LIABILITIES	
2110 Accounts Payable	\$ 26,258
2140 Interest Payable	1,121
2165 Accrued Liabilities	157,637
2300 Unearned Revenue	176,508
Noncurrent Liabilities:	
2501 Due within one year	60,000
2502 Due in more than one year	940,186
2000 Total Liabilities	\$ 1,361,710
NET POSITION	
3200 Net Investment in Capital Assets	\$ 5,230,571
Restricted For:	
3820 Federal and State Programs	84,130
3890 Other Programs	6,244
3900 Unrestricted	2,297,530
3000 Total Net Position	\$ 7,618,475

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2014

		1	3	4	Net (Expense) Revenue and Changes in Net Assets
		Program Revenues			
			Charges for	Operating Grants and	Governmental
Data	Control	Expenses	Services	Contributions	Activities
Codes	Functions/Programs				
Governmental Activities:					
11	Instruction	\$ 2,336,058	\$ -	\$ 357,037	\$ (1,979,021)
12	Instructional Resources and Media Services	101,504	-	4,417	(97,087)
13	Curriculum and Staff Development	108,158	-	8,613	(99,545)
23	School Leadership	210,715	-	9,582	(201,133)
31	Guidance, Counseling and Evaluation Services	141,160	-	8,503	(132,657)
33	Health Services	60,349	-	2,765	(57,584)
34	Student (Pupil) Transportation	99,929	350	3,447	(96,132)
35	Food Services	262,156	71,253	187,590	(3,313)
36	Cocurricular/Extracurricular Activities	220,036	33,188	7,869	(178,979)
41	General Administration	212,908	-	9,751	(203,157)
51	Plant Maintenance and Operations	397,698	-	18,197	(379,501)
52	Security and Monitoring Services	3,083	-	131	(2,952)
53	Data Processing Services	115,774	-	5,327	(110,447)
72	Interest on Long-term Debt	31,042	-	7,306	(23,736)
73	Debt Issuance Costs and Fees	60,890	-	-	(60,890)
81	Capital Outlay	51,004	-	2,347	(48,657)
93	Payments to Shared Service Arrangements	103,278	-	4,752	(98,526)
99	Other Intergovernmental Charges	15,107	-	-	(15,107)
TG	Total Governmental Activities	<u>\$ 4,530,849</u>	<u>\$ 104,791</u>	<u>\$ 637,634</u>	<u>\$ (3,788,424)</u>
TP	Total Primary Government	<u>\$ 4,530,849</u>	<u>\$ 104,791</u>	<u>\$ 637,634</u>	<u>\$ (3,788,424)</u>
General Revenues:					
MT	Property Taxes, Levied for General Purpose				\$ 668,512
IE	Investment Earnings				18,930
GC	Grants and Contributions Not Restricted to Specific Prc				3,023,738
MI	Miscellaneous				113,130
TR	Total General Revenues				<u>\$ 3,824,310</u>
CN	Change in Net Position				35,886
NB	Net Position - Beginning (September 1)				<u>7,582,589</u>
NE	Net Position - Ending (August 31)				<u>\$ 7,618,475</u>

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2014

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 Cash and Investments	\$ 2,443,047	\$ 22,580	\$ 14,698	\$ 2,480,325
1225 Property Taxes Receivable, Net	41,189	331	-	41,520
1240 Due from Other Governments	92,329	-	98,898	191,227
1290 Other Receivables	5,218	-	-	5,218
1000 Total Assets	<u>\$ 2,581,783</u>	<u>\$ 22,911</u>	<u>\$ 113,596</u>	<u>\$ 2,718,290</u>
LIABILITIES				
Current Liabilities:				
2150 Payroll Deductions & Withholdings	\$ 1,505	\$ -	\$ -	\$ 1,505
2160 Accrued Wages Payable	138,151	-	14,337	152,488
2200 Accrued Expenditures	2,595	-	1,049	3,644
2300 Deferred Revenues	128,744	46,126	1,638	176,508
2000 Total Liabilities	<u>\$ 270,995</u>	<u>\$ 46,126</u>	<u>\$ 17,024</u>	<u>\$ 334,145</u>
DEFERRED INFLOWS OF RESOURCES:				
2600 Total Deferred Inflows of Resources	\$ 41,189	\$ 331	\$ -	\$ 41,520
FUND BALANCES				
Restricted Fund Balances:				
3450 Federal/State Funds Grants	\$ -	\$ -	\$ 84,130	\$ 84,130
3480 Retirement of Long-Term Debt	-	(23,546)	-	(23,546)
3490 Other Restrictions of Fund Balance	-	-	6,244	6,244
Committed Fund Balances:				
3530 Capital Expenditures for Equipment	260,000	-	-	260,000
3545 Other Committed Fund Balance	400,000	-	6,198	406,198
Assigned Fund Balances:				
3590 Other Assigned Fund Balance	13,467	-	-	13,467
3600 Unassigned	1,596,132	-	-	1,596,132
3000 Total Fund Balances	<u>\$ 2,269,599</u>	<u>\$ (23,546)</u>	<u>\$ 96,572</u>	<u>\$ 2,342,625</u>
4000 Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,581,783</u>	<u>\$ 22,911</u>	<u>\$ 113,596</u>	<u>\$ 2,718,290</u>

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET (GOVERNMENTAL FUNDS)
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2014

Total fund balances - Balance Sheet (governmental funds)	\$	2,342,625
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not reported in the funds.		6,221,619
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		41,520
The assets and liabilities of internal service funds are included in governmental activities in the SNA.		14,018
Payables for bond principal which are not due in the current period are not reported in the funds.		(940,000)
Payables for bond interest which are not due in the current period are not reported in the funds.		(1,121)
Payables for compensated absences which are not due in the current period are not reported in the funds.		(53,090)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.		<u>(7,096)</u>
Net position of governmental activities - Statement of Net Position	<u>\$</u>	<u>7,618,475</u>

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2014

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES				
5700 Local and Intermediate Sources	\$ 727,402	\$ 118	\$ 94,023	\$ 821,543
5800 State Program Revenues	3,194,316	7,306	67,949	3,269,571
5900 Federal Program Revenues	10,858	-	372,835	383,693
5020 Total Revenues	\$ 3,932,576	\$ 7,424	\$ 534,807	\$ 4,474,807
EXPENDITURES				
Current:				
0011 Instruction	\$ 1,973,836	\$ -	\$ 167,953	\$ 2,141,789
0012 Instructional Resources and Media Services	96,001	-	-	96,001
0013 Curriculum and Staff Development	14,654	-	93,504	108,158
0023 School Leadership	208,233	-	-	208,233
0031 Guidance, Counseling and Evaluation Services	138,461	-	2,132	140,593
0033 Health Services	60,094	-	-	60,094
0034 Student (Pupil) Transportation	106,357	-	-	106,357
0035 Food Services	-	-	241,476	241,476
0036 Cocurricular/Extracurricular Activities	171,018	-	13,345	184,363
0041 General Administration	211,919	-	-	211,919
0051 Plant Maintenance and Operations	395,466	-	-	395,466
0052 Security and Monitoring Services	2,856	-	-	2,856
0053 Data Processing Services	115,774	-	-	115,774
0071 Principal on Long-term Debt	-	50,000	-	50,000
0072 Interest on Long-term Debt	-	36,534	-	36,534
0073 Debt Issuance Cost and Fees	-	60,890	-	60,890
0081 Capital Outlay	339,740	-	-	339,740
0093 Payments for Shared Service Arrangements	103,278	-	-	103,278
0099 Other Intergovernmental Charges	15,107	-	-	15,107
6030 Total Expenditures	\$ 3,952,794	\$ 147,424	\$ 518,410	\$ 4,618,628
1100 Excess (Deficiency) of Revenues Over Expenditures	\$ (20,218)	\$ (140,000)	\$ 16,397	\$ (143,821)
OTHER FINANCING SOURCES (USES)				
7911 Capital-Related Debt Issued (Regular Bonds)	\$ -	\$ 940,000	\$ -	\$ 940,000
7915 Transfers In	-	54,159	-	54,159
7916 Premium or Discount on Issuance of Bonds	-	62,063	-	62,063
8911 Transfers Out	(54,159)	-	-	(54,159)
8949 Other Uses	-	(940,747)	-	(940,747)
7080 Net Other Financing Sources (Uses)	\$ (54,159)	\$ 115,475	\$ -	\$ 61,316
1200 Net Changes in Fund Balances	\$ (74,377)	\$ (24,525)	\$ 16,397	\$ (82,505)
0100 Fund Balances - Beginning (September 1)	2,343,976	979	80,175	2,425,130
3000 Fund Balances - Ending (August 31)	\$ 2,269,599	\$ (23,546)	\$ 96,572	\$ 2,342,625

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED AUGUST 31, 2014

Net change in fund balances - total governmental funds	\$	(82,505)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Capital outlays are not reported as expenses in the SOA.		320,186
The depreciation of capital assets used in governmental activities is not reported in the funds.		(263,104)
Trade-in or disposal of capital assets used in governmental activities is not reported in the funds.		98,762
The gain or loss on the sale of capital assets is not reported in the funds.		(6,152)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(682)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.		942,042
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		50,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.		3,528
The accretion of interest on capital appreciation bonds is not reported in the funds.		(165)
(Increase) decrease in accrued interest expense from beginning of period to end of period.		834
The net revenue (expense) of internal service funds is reported with governmental activities.		(24,795)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.		(940,000)
Bond premiums are reported in the funds but not in the SOA.		(62,063)
		(62,063)
Change in net position of governmental activities - Statement of Activities	\$	35,886

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
 AUGUST 31, 2014

<u>Data Control Codes</u>	<u>Internal Service Fund</u>
 ASSETS	
Current Assets:	
1110 Cash and Investments	\$ 31,259
1410 Unrealized Expenses	<u>9,017</u>
 1000 Total Assets	 <u>\$ 40,276</u>
 LIABILITIES	
Current Liabilities:	
2110 Accounts Payable	<u>\$ 26,258</u>
 2000 Total Liabilities	 <u>\$ 26,258</u>
 NET POSITION	
3900 Unrestricted Net Position	<u>\$ 14,018</u>
 3000 Total Net Position	 <u><u>\$ 14,018</u></u>

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED AUGUST 31, 2014

Data Control Codes		Internal Service Fund
OPERATING REVENUES		
5700	Local and Intermediate Sources	\$ 550
5020	Total Revenues	\$ 550
OPERATING EXPENSES		
6100	Payroll Costs	\$ 16,285
6400	Other Operating Costs	9,060
6030	Total Expenses	\$ 25,345
1200	Change in Net Position	\$ (24,795)
0100	Total Net Position - Beginning (September 1)	38,813
3000	Total Net Position - Ending (August 31)	\$ 14,018

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED AUGUST 31, 2014

	Internal Service Fund
Cash Flows from Operating Activities:	
Cash Receipts from Other Sources	\$ 546
Cash Receipts from Investment Earnings	4
Cash Payments for Claims	(5,331)
Cash Payments for Administration	(18,077)
	(18,077)
Net Cash Provided by (Used for) Operating Activities	\$ (22,858)
Cash Flows from Capital and Other Related Financing Activities:	
NONE	
Cash Flows from Noncapital Financing Activities:	
NONE	
Cash Flows from Investing Activities:	
NONE	
Net Increase (Decrease) in Cash and Investments	\$ (22,858)
Cash and Investments - Beginning (September 1)	54,117
Cash and Investments - Ending (August 31)	\$ 31,259
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (24,795)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase (Decrease) in Unrealized Expenses	(9,017)
Increase (Decrease) in Claims Liability	10,954
	10,954
Net Cash Provided by (Used for) Operating Activities	\$ (22,858)

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
 AUGUST 31, 2014

<u>Data Control Codes</u>	<u>Agency Funds</u>
ASSETS	
1110 Cash and Investments	<u>\$ 15,768</u>
1000 Total Assets	<u>\$ 15,768</u>
LIABILITIES	
Current Liabilities:	
2190 Due to Student Groups	<u>\$ 15,768</u>
2000 Total Liabilities	<u>\$ 15,768</u>
NET POSITION	
3000 Total Net Position	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

A. Summary of Significant Accounting Policies

The basic financial statements of the Fruitvale Independent School District (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 (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 as a body corporate 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 (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

2. Basis of Presentation – Basis of Accounting

a. Basis of Presentation

Government-wide Statements – The statement of net position (SNP) 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 (SOA) 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.

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.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of general long-term Debt principal, interest and related costs.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

A. Summary of Significant Accounting Policies (Continued)

In addition, the District reports the following fund types:

Special Revenue Funds – The District accounts for resources restricted to or designated for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The Board can commit specific types of resources to specific purposes which are included as special revenue funds.

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 reported in the fiduciary fund financial statements. These funds are used to report student activity funds and other resources held in 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.

b. **Measurement Focus – Basis of Accounting**

Government-wide and Fiduciary Fund Financial Statements – These financial statements are reported using the economic resources measurement focus. The government-wide 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. 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 long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital lease are reported as other financing sources.

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

FRUITVALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

A. Summary of Significant Accounting Policies (Continued)

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

3. Budgetary Data

The official budget was prepared for adoption for the general, food service and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1.
- b. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
- c. Prior to the expenditure of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the function level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

4. Encumbrance Accounting

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

General Fund	\$	13,467
Special Revenue Fund		0
Debt Service Fund		0
Total	\$	13,467

5. Financial Statement Amounts

Cash and Investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and temporary investments.

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

Inventories

The purchase method is used to account for inventories of school supplies, athletic equipment and food products. Under this method supplies and materials are debited as expenditures when purchased.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

A. Summary of Significant Accounting Policies (Continued)

Fund Equity

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

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

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned fund balance – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Superintendent.

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The following schedule provides information about the specific fund balance classification by fund:

	General	Debt Service	Other Governmental	Total
Restricted				
Food Service	\$ -	\$ -	\$ 84,130	\$ 84,130
Retirement of Long Term Debt	-	(23,546)		(23,546)
Bobcat Supplies	-	-	879	879
Scholarships	-	-	5,365	5,365
Committed				-
Capital Expenditures for Equipment	260,000	-	-	260,000
Major Maintenance Projects	400,000	-	-	400,000
Campus Activity Funds	-	-	6,198	6,198
Assigned				-
Encumbrancies	13,467	-	-	13,467
Unassigned	1,596,132	-	-	1,596,132
Totals	<u>\$ 2,269,599</u>	<u>\$ (23,546)</u>	<u>\$ 96,572</u>	<u>\$ 2,342,625</u>

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital 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.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

A. Summary of Significant Accounting Policies (Continued)

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 and Improvements	15-50
Vehicles	5-10
Other Equipment	3-15

6. 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.

7. Interfund Activities

Interfund activity results from loans, service 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 "Transfer" 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 position.

8. Vacation, Sick Leave, and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave accrues at various rates established by the State and adopted by the Board of Trustees. Sick leave does not vest but accumulates and is recorded as an expenditure as it is paid.

9. Accretion

Accretion is an adjustment of the difference between the price of a bond issued at an original discount and the par value of the bond. For governmental activities debt, the accreted value is recognized as it accrues by fiscal year.

10. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the *Guide*. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

12. Accounting System

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Guide*. Mandatory codes are utilized in the form provided in that section.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

B. Deposits, Securities, and Investments

The District's funds are deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At August 31, 2014, all District cash deposits appear to be covered by FDIC insurance or by pledged collateral held by the District's agent bank in the name of the District. The District's deposits appear to have been properly secured throughout the fiscal year.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to have been in substantial compliance with the requirements of the Act.

State statutes and local policy authorize the District to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities,
- b. obligations of the State of Texas or its agencies,
- c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligations of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
- e. guaranteed or secured certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

District investments include investments in external investment pools, such as TexPool and Lone Star Investment Pool as well as certificates of deposit with local financial institutions. All external investment pool balances are reported at share price (fair value) and are presented as cash and investments.

The *Lone Star Investment Pool* is an investment pool available to governmental entities. The pool was established under the guidance of the Texas Public Funds Investment Act. A board of directors made up of members of the pool is responsible for the overall operation of the pool. The Board has employed various third party organizations to assist in the operations. These third parties are as follows: American Beacon Advisors and BNY Mellon Cash Investment Strategies – Investment Managers, RBC Wealth Management – Investment Consultant, Bank of New York Mellon – Custodian, First Public – Administration. In combination with these third party organizations, the pool has received a AAAM rating from Standard and Poor's. This rating allows the pool to meet the standards required by the Texas Public Funds Investment Act.

Texas Local Government Investment Pool (TexPool) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

The Comptroller of Public Accounts (Comptroller) is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, (Trust Company), which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. (Federated), under an agreement with the Comptroller, acting on behalf of the Trust Company.

The Comptroller maintains oversight of the services provided to TexPool by Federated. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

The fund is rated AAAM by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's. This rating as well as the operational policies and procedures allow the fund to comply with the requirements of the Public Funds Investment Act.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

B. Deposits, Securities, and Investments (Continued)

The following table provides a listing of the District's investment at August 31, 2014:

	<u>Credit Rating</u>	<u>Fair Value</u>
Lone Star Investment Pool	AAAm	\$ 1,440
TexPool	AAAm	1
Certificates of Deposit	In/a	<u>1,818,067</u>
Total		<u>\$ 1,819,508</u>

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

- a. Name of bank: Citizens National Bank, Wills Point, Texas.
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$ 3,571,793.
- c. Largest cash, savings and time deposit combined account balances amounted to \$ 3,325,617, and occurred during the month of January 2014.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$ 358,350.

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

FRUITVALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

C. Property Taxes

Property taxes are levied by October 1, 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 October 1 levy date. 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 collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Property taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the District to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting this criteria may not be canceled if litigation concerning these taxes is pending.

The District levied taxes on property within the District at \$ 1.17 to fund general operations. The District did not levy a tax for the retirement of debt in the fiscal year. The rates were levied on property assessed totaling \$ 52,513,846.

D. Capital Assets

Capital asset activities during the year were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not Being Depreciated:				
Land	\$ 141,350	\$ -	\$ -	\$ 141,350
Total Capital Assets not being Depreciated	\$ 141,350	\$ -	\$ -	\$ 141,350
Capital Assets being Depreciated:				
Building and Improvements	\$ 8,048,495	\$ 278,617	\$ -	\$ 8,327,112
Equipment	232,786	10,119	-	242,905
Vehicles	423,867	130,212	27,346	526,733
Total Capital Assets being Depreciated	\$ 8,705,148	\$ 418,948	\$ 27,346	\$ 9,096,750
Less Accumulated Depreciation for :				
Buildings and Improvements	\$ 2,332,588	\$ 212,994	\$ -	\$ 2,545,582
Equipment	155,000	24,392	-	179,392
Vehicles	286,983	25,718	21,194	291,507
Total Accumulated Depreciation	\$ 2,774,571	\$ 263,104	\$ 21,194	\$ 3,016,481
Total Capital Assets being Depreciated, Net	\$ 5,930,577	\$ 155,844	\$ 6,152	\$ 6,080,269
Governmental Activities Capital Assets, Net	\$ 6,071,927	\$ 155,844	\$ 6,152	\$ 6,221,619

FRUITVALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

D. Capital Assets (Continued)

Depreciation was charged to governmental activities functions as follows:

Instruction	\$ 169,474
Instructional Resources and Media Services	5,503
School Leadership	2,482
Guidance, Counseling and Evaluation Services	567
Health Services	255
Student (Pupil) Transportation	25,022
Food Services	20,680
Cocurricular/Extracurricular Activities	35,673
General Administration	989
Plant Maintenance and Operations	<u>2,232</u>
 Total	 <u>\$ 262,877</u>

E. Long Term Obligations

Long-term obligation activities during the year ended August 31, 2014 were as follows:

	Beginning		Ending		Amounts
	Balances	Increases	Decreases	Balances	Due Within One Year
General Obligation Bonds	\$ 990,000	\$ 940,000	\$ 990,000	\$ 940,000	\$ 60,000
Bond Premium (Discount)	-	53,090	2,042	51,048	-
TCEQ Penalty Payable	3,528	-	3,528	-	-
Accreted Interest	-	9,138	-	9,138	-
Total Governmental Activities	<u>\$ 993,528</u>	<u>\$ 1,002,228</u>	<u>\$ 995,570</u>	<u>\$ 1,000,186</u>	<u>\$ 60,000</u>

Bonds

The District has issued various series of general obligation bonds to fund facility construction and improvements. Bonds mature at various times with varying rates of interest. The bonds issued require the District to levy an ad valorem tax annually to retire the current maturities.

The District issued "Fruitvale Independent School District Unlimited Tax Refunding Bonds, Series 2014," totaling \$ 940,000 to be used to refund maturities of the following outstanding Series:

Unlimited Tax School Building Bonds, Series 2002

The bonds are dated February 20, 2014 and were issued February 20, 2014. The proceeds including premium less issuance costs were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the refunded debt. The refunding meets the requirements of an in-substance defeasance and the debt has been removed from the District's long term debt. The maturities of refunded debt will be called on February 21, 2014.

As a result of the refunding, the District decreased its debt service requirements by \$ 121,859. The refunding was authorized to reduce debt requirements on previously issued debt. The refunding resulted in an economic gain (difference between the present value of the debt service payments of the old and new debt) of \$ 105,564.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

E. Long Term Obligations (Continued)

The following bonded debt issues are outstanding at year end:

Description	Interest Rate	Original Balance	Outstanding Balances
Unlimited Tax School Refunding Bonds, Series 2014	2.2279%	\$ 940,000	\$ 940,000

Maturity requirements on bonded debt at year end are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2015	\$ 60,000	\$ 26,300	\$ 86,300
2016	60,000	25,100	85,100
2017	60,000	34,150	94,150
2018	65,000	23,150	88,150
2019	70,000	21,450	91,450
2020 - 2024	375,000	74,375	449,375
2025 - 2029	250,000	13,300	263,300
Totals	\$ 940,000	\$ 217,825	\$ 1,157,825

F. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (the "System"), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System includes a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 223-8778 or by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS publication heading.

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 during the fiscal year; (2) State statute prohibits benefit improvements, if as a result of a the 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 and 6.4 for fiscal years 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 6.8% contribution. The District's employees' contributions to the System for the periods ended August 31, 2014, 2013, and 2012 were \$ 164,997, \$ 155,693 and \$ 138,457 respectively. Contributions from private grants and from the District for salaries above the statutory minimum for the periods ended August 31, 2014, 2013, and 2012 were \$ 36,024, \$ 38,128 and \$ 20,964 respectively.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

F. Pension Plan

3. On-Behalf Payments

In accordance with GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," on-behalf payments (payments made by the State) of \$ 150,930 are reflected in the governmental funds basic financial statements.

G. School District Retiree Health Plan

1. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. 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 writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 223-8778 or by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS publication heading.

2. 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. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2014, 2013 and 2012. Per Texas Insurance Code, Chapters 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.

3. On Behalf Payments

In accordance with GASB Statement 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," on-behalf payments (payments made by the State) of \$ 22,196 are reflected in the basic financial statements for Retiree Health Plan contributions. Additionally, the District benefited from payments made by the State totaling \$ 6,932 for subsidies for Medicare Part D and Early Retirement Reinsurance Programs.

H. Risk Management

Health Care

During the year ended August 31, 2014, employees of the Fruitvale Independent School District were covered by a health insurance plan (the Plan). The District paid premiums of \$ 225 per month per employee and employees, at their option, authorized payroll withholdings to provide dependents coverage under the Plan. All premiums were paid to a TRS Activecare (Blue Cross/Blue Shield). The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the Fruitvale Independent School District and the TRS Activecare (Blue Cross/Blue Shield) is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for Blue Cross/Blue Shield are available for the year ended December 31, 2013, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2014

H. Risk Management

Unemployment Compensation Pool

During the year ended August 31, 2014, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

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

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2014, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Workers' Compensation

The District participates in the East Texas Educational Insurance Association Workers' Compensation Self Insurance Joint Fund. The District is partially self funded to a loss fund maximum of \$ 18,121 for the 11-12 fiscal year. Additionally, the District incurred fixed costs of \$ 9,152 for their share of claims administration, loss control, record keeping and cost of excess insurance.

Claims administration is provided by Claims Administrative Services, Inc. Reinsurance is provided for aggregate claim losses exceeding \$ 225,000. The fixed cost charge is based on total payroll paid by the District. Increases or decreases in the fixed costs will adjust subsequent year charges.

The accrued liability for workers compensation self insurance of \$ 26,258 includes \$ 7,982 of incurred but not reported claims. This liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which require that a liability for claims be reported if information indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The liability recorded is an undiscounted actuary calculation.

Changes in the workers' compensation claims liability amounts in fiscal periods 2014 and 2013 are represented below:

	2014	2013
Claims Payable - Beginning	\$ 15,304	\$ 16,155
Claims Incurred and Changes in Estimate	16,026	12,007
Claim Payments	(5,072)	(12,858)
Claims Payable - Ending	<u>\$ 26,258</u>	<u>\$ 15,304</u>

FRUITVALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

H. Risk Management (Continued)

Other Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the District purchased commercial insurance to cover these liabilities. There were not 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.

I. Litigation

The District is not involved in any litigation as of August 31, 2014.

J. Commitments and Contingencies

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2014, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

K. Interfund Balances and Activities

Interfund Transfers

The composition of transfers between funds occurring during the year ended August 31, 2014, is as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>	<u>Reason</u>
Debt Service Fund	General Fund	\$ 54,159	Debt Retirement

L. Shared Service Arrangements

The District participates in cooperative programs with other local districts. The District does not account for revenue or expenditures of these programs and does not disclose them in these financial statements.

<u>Shared Service Agreement</u>	<u>Fiscal Agent</u>	<u>Service</u>
Van Zandt County Special Education Cooperative	Edgewood Independent School District	Special Education Service

FRUITVALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

M. Revenue from Local and Intermediate Sources

During the year ended August 31, 2014, the District received revenue from local and intermediate sources consisting of the following:

	General	Debt Service	Other Governmental	Totals
Property Tax Collections	\$ 669,173	\$ 21	\$ -	\$ 669,194
Investment Income	18,712	97	121	18,930
Food Service Income	-	-	71,253	71,253
Cocurricular/Extracurricular Activities	18,647	-	22,649	41,296
Other	20,870	-	-	20,870
Totals	<u>\$ 727,402</u>	<u>\$ 118</u>	<u>\$ 94,023</u>	<u>\$ 821,543</u>

N. Receivables

Receivables at August 31, 2014, for the District's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General	Debt Service	Other Governmental	Totals
Due from Other Governments	\$ 92,329	\$ -	\$ 98,898	\$ 191,227
Property Taxes Receivable	45,766	368	-	46,134
Less: Allowance for Uncollectible				
Property Taxes	(4,577)	(37)	-	(4,614)
Other Receivables	5,218	-	-	5,218
Net Receivables	<u>\$ 138,736</u>	<u>\$ 331</u>	<u>\$ 98,898</u>	<u>\$ 237,965</u>

O. Subsequent Events

The District's management has evaluated subsequent events through November 7, 2014, the date which the financial statements were available for use.

FRUITVALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

P. State Aid Reconciliation

The State provides various types of funding for local school districts as provided for in state statute. The following reconciliation presents funding earned by the District in each category presented. Because of the State's delay in reconciling the funding to local districts, the summary below represents an estimate of earnings. The settleup with the State will occur some 9 to 10 months following the fiscal year end.

Funding is earned for: 1) Available – annual allocation based on prior year enrollment; 2) Foundation – annual allocation based on student attendance, property tax collections and valuations, and special student population; 3) Instructional Facilities Allotment – based on property wealth; and 4) Existing Debt Allotment – based on eligible debt, student attendance and property wealth. Various other sources are received but not reconciled here as these are the major sources of funding.

	<u>Available</u>	<u>Foundation</u>	<u>IFA</u>	<u>EDA</u>
CY Summary of Finances (SOF)	\$ 93,434	\$ 2,914,009	\$ 7,306	Not
August Instructional Days Change	83	2,328	-	Eligible
Prior Period Settle-ups	-	13,884	-	
Financial Statement Earnings	<u>\$ 93,517</u>	<u>\$ 2,930,221</u>	<u>\$ 7,306</u>	<u>\$ -</u>
Financial Statement Classifications:				
August Instructional Days Receivable	\$ 2,669	\$ 89,630	\$ -	\$ -
SOF Receivable (Overpayment) *	-	(128,744)	(46,126)	-

* Overpayments are reported as Unearned Revenue in the government-wide Statements and Deferred Revenue in the governmental fund type financial statements.

Q. Compliance, Stewardship and Accountability

Expenditures over Appropriations

The following individual funds incurred expenditures in excess of appropriations at functional expenditure levels:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund			
Health Services	\$ 57,785	\$ 60,094	\$ 2,309

REQUIRED SUPPLEMENTARY INFORMATION

FRUITVALE INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2014

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		
REVENUES					
5700	Local and Intermediate Sources	\$ 738,851	\$ 738,851	\$ 727,402	\$ (11,449)
5800	State Program Revenues	3,059,243	3,059,243	3,194,316	135,073
5900	Federal Program Revenues	12,000	12,000	10,858	(1,142)
5020	Total Revenues	\$ 3,810,094	\$ 3,810,094	\$ 3,932,576	\$ 122,482
EXPENDITURES					
Instruction and Instructional Related Services:					
0011	Instruction	\$ 2,058,817	\$ 2,052,017	\$ 1,973,836	\$ 78,181
0012	Instructional Resources and Media Services	100,769	100,769	96,001	4,768
0013	Curriculum and Staff Development	32,850	27,250	14,654	12,596
	Total Instruction and Instr. Related Services	<u>\$ 2,192,436</u>	<u>\$ 2,180,036</u>	<u>\$ 2,084,491</u>	<u>\$ 95,545</u>
Instructional and School Leadership:					
0023	School Leadership	\$ 233,005	\$ 215,705	\$ 208,233	\$ 7,472
	Total Instructional and School Leadership	<u>\$ 233,005</u>	<u>\$ 215,705</u>	<u>\$ 208,233</u>	<u>\$ 7,472</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	\$ 147,980	\$ 145,480	\$ 138,461	\$ 7,019
0033	Health Services	57,785	57,785	60,094	(2,309)
0034	Student (Pupil) Transportation	87,100	118,600	106,357	12,243
0036	Cocurricular/Extracurricular Activities	182,380	182,380	171,018	11,362
	Total Support Services - Student (Pupil)	<u>\$ 475,245</u>	<u>\$ 504,245</u>	<u>\$ 475,930</u>	<u>\$ 28,315</u>
Administrative Support Services:					
0041	General Administration	\$ 219,750	\$ 219,750	\$ 211,919	\$ 7,831
	Total Administrative Support Services	<u>\$ 219,750</u>	<u>\$ 219,750</u>	<u>\$ 211,919</u>	<u>\$ 7,831</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	\$ 400,150	\$ 413,550	\$ 395,466	\$ 18,084
0052	Security and Monitoring Services	2,200	3,000	2,856	144
0053	Data Processing Services	125,649	125,649	115,774	9,875
	Total Support Services - Nonstudent Based	<u>\$ 527,999</u>	<u>\$ 542,199</u>	<u>\$ 514,096</u>	<u>\$ 28,103</u>
Capital Outlay:					
0081	Capital Outlay	\$ -	\$ 404,054	\$ 339,740	\$ 64,314
	Total Capital Outlay	<u>\$ -</u>	<u>\$ 404,054</u>	<u>\$ 339,740</u>	<u>\$ 64,314</u>
Intergovernmental Charges:					
0093	Payments for Shared Service Arrangements	\$ 118,110	\$ 118,110	\$ 103,278	\$ 14,832
0099	Other Intergovernmental Charges	16,600	16,600	15,107	1,493
	Total Intergovernmental Charges	<u>\$ 134,710</u>	<u>\$ 134,710</u>	<u>\$ 118,385</u>	<u>\$ 16,325</u>
6030	Total Expenditures	\$ 3,783,145	\$ 4,200,699	\$ 3,952,794	\$ 247,905
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ 26,949	\$ (390,605)	\$ (20,218)	\$ 370,387
OTHER FINANCING SOURCES (USES)					
8911	Transfers Out	\$ -	\$ -	\$ (54,159)	\$ (54,159)
7080	Net Other Financing Sources (Uses)	\$ -	\$ -	\$ (54,159)	\$ (54,159)
1200	Net Change in Fund Balance	\$ 26,949	\$ (390,605)	\$ (74,377)	\$ 316,228
0100	Fund Balance - Beginning (September 1)	2,343,976	2,343,976	2,343,976	-
3000	Fund Balance - Ending (August 31)	\$ 2,370,925	\$ 1,953,371	\$ 2,269,599	\$ 316,228

OTHER SUPPLEMENTARY INFORMATION

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

Tax Roll Year	Last Ten Years Ended August 31	1 Tax Rates		3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2013	20 Current Year's Total Levy	30 Maintenance Tax Collections	30a Debt Service Tax Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2014
		Maintenance	Debt Service							
XXXX	2005 and Prior Years	1.50000	0.07070	34,285,276	\$ 1,701	\$ -	\$ -	\$ -	\$ (260)	\$ 1,441
2005	2006	1.50000	0.07070	38,915,708	778	-	-	-	(145)	633
2006	2007	1.50000	0.07070	42,822,892	1,006	-	-	-	(163)	843
2007	2008	1.50000	0.07070	51,737,912	804	-	24	1	(150)	629
2008	2009	1.37000	0.07070	51,073,299	1,540	-	92	6	(34)	1,408
2009	2010	1.04000	0.07070	55,397,195	1,859	-	160	11	(48)	1,640
2010	2011	1.04000	0.07070	61,562,388	5,115	-	2,912	198	989	2,994
2011	2012	1.04000	0.07070	56,287,977	8,997	-	5,317	-	980	4,660
2012	2013	1.17000	0.00000	59,577,897	25,091	-	16,180	-	211	9,122
2013	2014	1.17000	0.00000	52,513,846	-	655,489	628,741	-	(3,984)	22,764
1000	TOTALS				\$ 46,891	\$ 655,489	\$ 653,426	\$ 216	\$ (2,604)	\$ 46,134

FRUITVALE INDEPENDENT SCHOOL DISTRICT
SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2014

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 66,500	\$ 70,915	\$ 71,253	\$ 338
5800	State Program Revenues	7,175	7,175	7,414	239
5900	Federal Program Revenues	<u>161,000</u>	<u>171,600</u>	<u>180,176</u>	<u>8,576</u>
5020	Total Revenues	<u>\$ 234,675</u>	<u>\$ 249,690</u>	<u>\$ 258,843</u>	<u>\$ 9,153</u>
EXPENDITURES					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	\$ 234,600	\$ 249,615	\$ 241,476	\$ 8,139
	Total Support Services - Student (Pupil)	<u>\$ 234,600</u>	<u>\$ 249,615</u>	<u>\$ 241,476</u>	<u>\$ 8,139</u>
6030	Total Expenditures	<u>\$ 234,600</u>	<u>\$ 249,615</u>	<u>\$ 241,476</u>	<u>\$ 8,139</u>
1100	Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 75</u>	<u>\$ 75</u>	<u>\$ 17,367</u>	<u>\$ 17,292</u>
1200	Net Change in Fund Balance	<u>\$ 75</u>	<u>\$ 75</u>	<u>\$ 17,367</u>	<u>\$ 17,292</u>
0100	Fund Balance - Beginning (September 1)	<u>66,763</u>	<u>66,763</u>	<u>66,763</u>	<u>-</u>
3000	Fund Balance - Ending (August 31)	<u><u>\$ 66,838</u></u>	<u><u>\$ 66,838</u></u>	<u><u>\$ 84,130</u></u>	<u><u>\$ 17,292</u></u>

FRUITVALE INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2014

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
5700 Local and Intermediate Sources	\$ 105	\$ -	\$ 118	\$ 118
5800 State Program Revenues	42,801	51,067	7,306	(43,761)
5020 Total Revenues	\$ 42,906	\$ 51,067	\$ 7,424	\$ (43,643)
EXPENDITURES				
Debt Service:				
0071 Principal on Long-term Debt	\$ 50,000	\$ 50,695	\$ 50,000	\$ 695
0072 Interest on Long-term Debt	45,900	45,900	36,534	9,366
0073 Debt Issuance Costs and Fees	1,200	61,821	60,890	931
Total Debt Service	\$ 97,100	\$ 158,416	\$ 147,424	\$ 10,992
6030 Total Expenditures	\$ 97,100	\$ 158,416	\$ 147,424	\$ 10,992
1100 Excess (Deficiency) of Revenues Over Expenditures	\$ (54,194)	\$ (107,349)	\$ (140,000)	\$ (32,651)
OTHER FINANCING SOURCES (USES)				
7911 Capital-Related Debt Issued (Regular Bonds)	\$ -	\$ 940,000	\$ 940,000	\$ -
7915 Transfers in	-	-	54,159	54,159
7916 Premium or Discount on Issuance of Bonds	-	62,063	62,063	-
8949 Other Uses	-	(940,747)	(940,747)	-
7080 Net Other Financing Sources (Uses)	\$ -	\$ 61,316	\$ 115,475	\$ 54,159
1200 Net Change in Fund Balance	\$ (54,194)	\$ (46,033)	\$ (24,525)	\$ 21,508
0100 Fund Balance - Beginning (September 1)	979	979	979	-
3000 Fund Balance - Ending (August 31)	\$ (53,215)	\$ (45,054)	\$ (23,546)	\$ 21,508

FRUITVALE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2014

<u>Data Control Codes</u>		<u>Response</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 weakness in internal codes?	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?	\$ 9,138