

VAN VLECK
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2014



Van Vleck Independent School District

Van Vleck Independent School District
Annual Financial Report
For The Year Ended August 31, 2014

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CERTIFICATE OF BOARD

Van Vleck Independent School District
Name of School District

Matagorda
County

158-906
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____approved _____disapproved for the year ended August 31, 2014, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

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



Van Vleck Independent School District

Financial Section



Van Vleck Independent School District

Reed & Associates, PC

Certified Public Accountants
2300 Avenue I
Bay City, Texas 77414
(979) 245-7361 ~ *auditors@swbell.net*

Independent Auditor's Report

To the Board of Trustees
Van Vleck Independent School District
142 S Fourth Street
Van Vleck, Texas 77482

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 Van Vleck Independent School District ("the District") as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Van Vleck Independent School District as of August 31, 2014, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Van Vleck Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014 on our consideration of Van Vleck Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Van Vleck Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Reed & Associates, PC
Bay City, Texas
November 14, 2014

VAN VLECK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2014

This discussion and analysis of the Van Vleck Independent School District's financial statements provides a narrative overview of the District's financial activities for the fiscal year ended August 31, 2014. The information presented here should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Van Vleck Independent School District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District as well as all liabilities. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

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

The *statement of activities* presents information showing how the district's net position changed during the most recent fiscal year using full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

Such information may be useful in evaluating a district's near-term financing requirements.

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

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the district. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

VAN VLECK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2014

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

District-wide Financial Analysis

The District's net position at August 31, 2014 and 2013 are summarized as follows:

	Governmental Activities		Variance
	8/31/2014	8/31/2013	
Current and other assets	\$ 2,371,584	\$ 3,009,037	\$ (637,453)
Capital assets	<u>3,940,019</u>	<u>4,137,851</u>	<u>(197,832)</u>
Total assets	<u>6,311,603</u>	<u>7,146,888</u>	<u>(835,285)</u>
Other liabilities	349,416	333,070	16,346
Long-term liabilities outstanding	<u>635,340</u>	<u>745,536</u>	<u>(110,196)</u>
Total liabilities	<u>984,756</u>	<u>1,078,606</u>	<u>(93,850)</u>
Net position:			
Net Investment in capital assets	3,304,679	3,392,315	(87,636)
Restricted	32,491	30,195	2,296
Unrestricted	<u>1,989,677</u>	<u>2,645,772</u>	<u>(656,095)</u>
Total net position	<u>\$ 5,326,847</u>	<u>\$ 6,068,282</u>	<u>\$ (741,435)</u>

Current assets decreased \$637,453, of which \$848,752 was a reduction in cash and \$158,337 was an increase in receivables due primarily to the Tenaris gift for the scoreboard. The decrease in cash is a result of current year net activity as explained further below.

Capital assets decreased \$197,832 as a result of recognized depreciation expense of \$360,791 exceeding capital additions of \$162,958 and long-term liabilities decreased \$110,196 due to regular scheduled principal payments as explained further below.

Net position may serve over time as a useful indicator of a district's financial position. In the case of Van Vleck Independent School District, assets exceeded liabilities by \$5,326,847 at the close of the most recent fiscal year, August 31, 2014.

A large portion of the District's net position (62 percent) reflects its investment in capital assets less any debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services to students; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (less than 1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (37 percent) may be used to meet the District's ongoing obligations to educate the school-age children of Van Vleck.

VAN VLECK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2014

The District's governmental activities as of August 31, 2014 and 2013 are summarized as follows:

	Governmental Activities		Variance
	8/31/2014	8/31/2013	
Revenues:			
Program Revenues:			
Charges for services	\$ 328,899	\$ 328,102	\$ 797
Operating grants & contributions	1,190,041	1,055,266	134,775
General Revenues:			
Property taxes	5,516,558	5,310,173	206,385
Investment earnings	7,247	9,034	(1,787)
Grants & contributions not restricted for specific purpose	2,985,910	3,020,827	(34,917)
Miscellaneous	224,519	136,432	88,087
Total revenues	<u>10,253,174</u>	<u>9,859,834</u>	<u>393,340</u>
Expenses:			
Instruction	5,702,753	5,300,908	401,845
Instructional resources and media	101,818	99,755	2,063
Curriculum and staff development	23,473	36,448	(12,975)
Instructional leadership	116,307	109,283	7,024
School leadership	598,229	554,951	43,278
Guidance and counseling	215,550	223,125	(7,575)
Health services	97,253	95,641	1,612
Student transportation	465,660	321,317	144,343
Food service	637,849	624,500	13,349
Extracurricular activities	580,769	579,513	1,256
General administration	574,615	535,228	39,387
Plant maintenance and operations	1,316,853	1,273,567	43,286
Security and monitoring services	50,341	50,185	156
Data processing services	210,757	68,364	142,393
Community services	11,982	13,130	(1,148)
Interest on long-term debt	31,623	29,751	1,872
Bond issuance costs and fees	0	38,109	(38,109)
Shared Service Payments	205,877	197,106	8,771
Other Intergovernmental Charge:	52,898	68,510	(15,612)
Total expenses	<u>10,994,607</u>	<u>10,219,391</u>	<u>775,216</u>
Increase in net position	(741,433)	(359,557)	(381,876)
Net position, beginning	6,068,280	6,427,839	(359,559)
Net position ending	<u>\$ 5,326,847</u>	<u>\$ 6,068,282</u>	<u>\$ (741,435)</u>

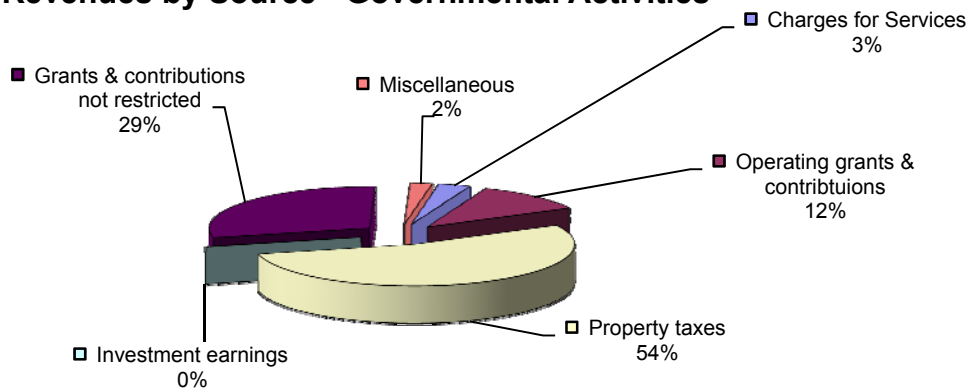
Governmental activities. Governmental activities decreased the District's net position by \$741,433 compared to the prior year decrease of \$359,557. Overall, revenue increased by \$393,340 and expenditures increased \$775,216. Key elements comparing current to prior year are as follows:

- Operating grants have increased due to an increase in on-behalf payments of over \$63,000 as a result of a rate change from 6.4% to 6.8% and increased wages as well as an increase in state textbook funds recognized of over \$80,000.
- Property taxes have increased due to an increase in values of over \$16m.

VAN VLECK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2014

- Overall, wages were increased 3% for the year, on-behalf rate increased from 6.4% to 6.8% and the employer contribution for health insurance increased from \$267 to \$325 per employee and additional personnel were added due to increased enrollment. A new assistant principal was added at the high school. New pay scales were added for food service, transportation, and maintenance and operations. Payroll costs account for over \$600,000 of the increase in expenditures for the year.
- In addition to the payroll increases, transportation costs were up due to significant vehicle repairs of over \$90,000.
- The District hired an independent firm to conduct a facilities study of all of the campuses. The Study noted critical maintenance and safety items beyond our regular budgeted items that needed to be addressed immediately.
- Data processing costs were up due to the reclassification of the network tech from function 11 prior year to function 53 current year.

Revenues by Source - Governmental Activities



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls has been the framework of the District's strong fiscal management and accountability.

Governmental funds. The general government functions are reported in the General and Special Revenue Funds. The focus of the District's *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. Such information is useful in determining the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the District's governmental funds reported combined ending fund balances of \$1,635,189, a decrease of \$664,483 over the prior year fund balance. \$1,367,544 of this total constitutes unassigned fund balance, while \$195,782 represents non-spendable prepaid expenditures, \$32,491 is restricted by outside sources and \$39,372 has been committed by the Board of Directors for campus activities.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,367,544. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unassigned fund balance represents 14 percent of total general fund expenditures.

The fund balance of the general fund decreased by \$670,391 compared to the prior year decrease of \$241,142. Key elements comparing current year to prior year are the same as those noted above under the district-wide analysis.

VAN VLECK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2014

General Fund Budgetary Highlights. The Board of Trustees approved budget amendments throughout the increasing appropriations by \$400,400. The most significant amendments were in extracurricular of \$184,150 to allow for the new scoreboard and data processing of \$165,764 to allow for the salaries previously coded to function 11.

Actual Revenue exceeded budgetary estimates by a \$239,666 while actual expenditures were under appropriations by \$54,945. Local and intermediate source revenues exceeded estimates due to the \$160,000 donation from Tenaris for the scoreboard.

Debt Administration

Debt administration events during the current fiscal year included scheduled principal payments of \$110,196 on the capital lease agreement to retrofit the District facilities.

Capital Assets

Capital asset events during the current fiscal year included the recognition of \$360,791 in depreciation expense and the purchase of a new scoreboard at a cost of \$162,958.

Economic Factors and Next Year's Budgets and Rates

The annual budget is developed to provide efficient, effective and controlled use of the District's resources. The 2014-2015 budget is tight due to a decrease in ADA along with a reduction in state funds due to a change in the funding formula. Factors affecting the 2015 budget were as follows:

- The VVUSD budget is based on the tax rate of .98840 for the 2014-2015 school year.
- The district added an additional agriculture teacher and an athletic trainer.
- In order to ensure the recruitment and retention of quality staff, included in the 2014-2015 budget is a 3% salary increase for all employees.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Van Vleck Independent School District, Attention: Superintendent, 142 S Fourth Street, Van Vleck, Tx 77482 or call 979-245-8518.



Van Vleck Independent School District

Basic Financial Statements



Van Vleck Independent School District

VAN VLECK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2014

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 1,483,584
1120	<i>Current Investments</i>	14,423
1225	<i>Property Taxes Receivable (Net)</i>	387,683
1240	<i>Due from Other Governments</i>	154,790
1290	<i>Other Receivables (Net)</i>	120,292
1300	<i>Inventories</i>	15,029
1410	<i>Prepays</i>	195,783
Capital Assets:		
1510	<i>Land</i>	423,398
1520	<i>Buildings and Improvements, Net</i>	3,171,073
1530	<i>Furniture and Equipment, Net</i>	345,548
1000	Total Assets	<u>6,311,603</u>
LIABILITIES:		
2110	<i>Accounts Payable</i>	33,142
2140	<i>Interest Payable</i>	704
2165	<i>Accrued Liabilities</i>	311,922
2300	<i>Unearned Revenue</i>	3,648
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	116,525
2502	<i>Due in More Than One Year</i>	518,815
2000	Total Liabilities	<u>984,756</u>
NET POSITION:		
3200	Net Investment in Capital Assets	3,304,679
Restricted For:		
Other Purposes		
3890	Expendable	18,491
3890	Nonexpendable	14,000
3900	Unrestricted	1,989,677
3000	Total Net Position	<u>\$ 5,326,847</u>

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	<i>Instruction</i>	\$ 5,702,753	\$ 22,141	\$ 654,558	\$ (5,026,054)	
12	<i>Instructional Resources and Media Services</i>	101,818	16,453	3,267	(82,098)	
13	<i>Curriculum and Staff Development</i>	23,473	--	500	(22,973)	
21	<i>Instructional Leadership</i>	116,307	--	12,301	(104,006)	
23	<i>School Leadership</i>	598,229	15,506	29,128	(553,595)	
31	<i>Guidance, Counseling, & Evaluation Services</i>	215,550	--	10,491	(205,059)	
33	<i>Health Services</i>	97,253	48	5,342	(91,863)	
34	<i>Student Transportation</i>	465,660	32	13,594	(452,034)	
35	<i>Food Service</i>	637,849	216,283	381,211	(40,355)	
36	<i>Cocurricular/Extracurricular Activities</i>	580,769	55,728	22,276	(502,765)	
41	<i>General Administration</i>	574,615	311	21,373	(552,931)	
51	<i>Facilities Maintenance and Operations</i>	1,316,853	2,397	23,398	(1,291,058)	
52	<i>Security and Monitoring Services</i>	50,341	--	1,164	(49,177)	
53	<i>Data Processing Services</i>	210,757	--	11,438	(199,319)	
61	<i>Community Services</i>	11,982	--	--	(11,982)	
72	<i>Interest on Long-term Debt</i>	31,623	--	--	(31,623)	
93	<i>Payments Related to Shared Services Arrangements</i>	205,877	--	--	(205,877)	
99	<i>Other Intergovernmental Charges</i>	52,898	--	--	(52,898)	
TG	Total Governmental Activities	10,994,607	328,899	1,190,041	(9,475,667)	
TP	Total Primary Government	\$ 10,994,607	\$ 328,899	\$ 1,190,041	(9,475,667)	
	General Revenues:					
MT	<i>Property Taxes, Levied for General Purposes</i>				5,516,558	
IE	<i>Investment Earnings</i>				7,247	
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				2,985,910	
MI	<i>Miscellaneous</i>				224,519	
TR	Total General Revenues				8,734,234	
CN	Change in Net Position				(741,433)	
NB	Net Position - Beginning				6,068,280	
NE	Net Position - Ending				\$ 5,326,847	

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2014

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 1,423,565	\$ 60,019	\$ 1,483,584
1120	Current Investments	--	14,423	14,423
1225	Taxes Receivable, Net	387,683	--	387,683
1240	Due from Other Governments	123,863	30,927	154,790
1260	Due from Other Funds	18,785	--	18,785
1290	Other Receivables	120,292	--	120,292
1300	Inventories	--	15,029	15,029
1410	Prepaid Items	195,783	--	195,783
1000	Total Assets	<u>2,269,971</u>	<u>120,398</u>	<u>2,390,369</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 33,142	\$ --	\$ 33,142
2150	Payroll Deductions & Withholdings	18,049	5,125	23,174
2160	Accrued Wages Payable	213,545	20,977	234,522
2170	Due to Other Funds	--	18,785	18,785
2200	Accrued Expenditures	54,226	--	54,226
2300	Unearned Revenue	--	3,648	3,648
2000	Total Liabilities	<u>318,962</u>	<u>48,535</u>	<u>367,497</u>
DEFERRED INFLOWS OF RESOURCES:				
	Unavailable Revenue - Property Taxes	387,683	--	387,683
2600	Total Deferred Inflows of Resources	<u>387,683</u>	<u>--</u>	<u>387,683</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3430	Prepaid Items	195,782	--	195,782
Restricted Fund Balances:				
3490	Other Restrictions of Fund Balance	--	32,491	32,491
Committed Fund Balances:				
3545	Other Committed Fund Balance	--	39,372	39,372
3600	Unassigned	1,367,544	--	1,367,544
3000	Total Fund Balances	<u>1,563,326</u>	<u>71,863</u>	<u>1,635,189</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 2,269,971</u>	<u>\$ 120,398</u>	<u>\$ 2,390,369</u>

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2014*

Total fund balances - governmental funds balance sheet	\$ 1,635,189
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	3,940,019
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	387,683
Payables for capital leases which are not due in the current period are not reported in the funds.	<u>(636,044)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 5,326,847</u>

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:			
5700 Local and Intermediate Sources	\$ 5,763,833	\$ 324,868	\$ 6,088,701
5800 State Program Revenues	3,332,897	137,436	3,470,333
5900 Federal Program Revenues	72,697	610,880	683,577
5020 Total Revenues	<u>9,169,427</u>	<u>1,073,184</u>	<u>10,242,611</u>
EXPENDITURES:			
Current:			
0011 Instruction	5,105,063	403,974	5,509,037
0012 Instructional Resources and Media Services	82,425	15,748	98,173
0013 Curriculum and Staff Development	21,641	500	22,141
0021 Instructional Leadership	104,441	7,872	112,313
0023 School Leadership	563,107	14,842	577,949
0031 Guidance, Counseling, & Evaluation Services	207,396	--	207,396
0033 Health Services	93,712	46	93,758
0034 Student Transportation	453,887	31	453,918
0035 Food Service	15,581	599,446	615,027
0036 Cocurricular/Extracurricular Activities	686,881	35,668	722,549
0041 General Administration	554,463	593	555,056
0051 Facilities Maintenance and Operations	1,264,045	6,267	1,270,312
0052 Security and Monitoring Services	48,507	--	48,507
0053 Data Processing Services	208,259	--	208,259
0061 Community Services	11,982	--	11,982
0071 Principal on Long-term Debt	110,196	--	110,196
0072 Interest on Long-term Debt	31,746	--	31,746
0093 Payments to Shared Service Arrangements	205,877	--	205,877
0099 Other Intergovernmental Charges	52,898	--	52,898
6030 Total Expenditures	<u>9,822,107</u>	<u>1,084,987</u>	<u>10,907,094</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(652,680)</u>	<u>(11,803)</u>	<u>(664,483)</u>
Other Financing Sources and (Uses):			
7915 Transfers In	--	17,711	17,711
8911 Transfers Out	(17,711)	--	(17,711)
7080 Total Other Financing Sources and (Uses)	<u>(17,711)</u>	<u>17,711</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>(670,391)</u>	<u>5,908</u>	<u>(664,483)</u>
0100 Fund Balances - Beginning	2,233,717	65,955	2,299,672
3000 Fund Balances - Ending	<u>\$ 1,563,326</u>	<u>\$ 71,863</u>	<u>\$ 1,635,189</u>

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2014*

Net change in fund balances - total governmental funds	\$ (664,483)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	162,958
The depreciation of capital assets used in governmental activities is not reported in the funds.	(360,790)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	10,563
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	110,196
(Increase) decrease in accrued interest from beginning of period to end of period.	<u>123</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ (741,433)</u>

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2014

Data Control Codes	Private-purpose Trust Fund	Agency Fund
<u>ASSETS:</u>	<u>Scholarship Fund</u>	<u>Student Activity</u>
1110 <i>Cash and Cash Equivalents</i>	\$ 7,309	\$ 52,632
1000 Total Assets	<u>7,309</u>	<u>52,632</u>
 LIABILITIES:		
Current Liabilities:		
2190 <i>Due to Student Groups</i>	\$ --	\$ 52,632
2400 <i>Payable from Restricted Assets</i>	1,500	--
2000 Total Liabilities	<u>1,500</u>	<u>52,632</u>
 NET POSITION:		
3800 <i>Held in Trust</i>	5,809	--
3000 Total Net Position	<u>\$ 5,809</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2014

	Private- Purpose Trusts
Additions:	
Gifts & Bequests	\$ 874
Total Additions	<u>874</u>
Deductions:	
Scholarship Awards	<u>5,000</u>
Total Deductions	<u>5,000</u>
Change in Net Position	(4,126)
Net Position-Beginning of the Year	9,935
Net Position-End of the Year	<u>\$ 5,809</u>

The accompanying notes are an integral part of this statement.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

A. Summary of Significant Accounting Policies

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. All fiduciary activities are reported only in the fund financial statements.

Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board.

The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity," as revised by GASB Statement No.39, and there are no component units included within the reporting entity.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds

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

Additionally, the District reports the following fund types:

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

Private-Purpose Trust Funds: These funds are used to report trust arrangements for scholarships under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

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

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2014

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The private purpose trust fund is reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, food service fund and debt service fund. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared at the fund and function level. The department heads may make transfers of appropriations within a function; however, transfers of appropriations between functions require the approval of the Board of Trustees. The legal level of budgetary control is the functional level.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

Appropriations in all budgeted funds lapse at the end of the fiscal year. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Assets, Liabilities, Deferred Outflows/inflows of Resources, and Net Position/fund Balance

Cash and cash equivalents:

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments:

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in Government Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

Inventories and Prepaid Items:

Inventories of purchased food and supplies on the balance sheet are stated at average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

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

Capital assets:

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	30-50
Building Improvements	20-30
Vehicles	2-15
Equipment	3-15
Equipment	5-10

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District does not have any items that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. The item "unavailable" revenue is reported in the governmental funds balance sheet. The "unavailable" source represents the uncollected delinquent taxes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available for governmental funds.

Net position flow assumption:

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

Fund balance flow assumptions:

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

Fund balance policies:

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Trustees has not delegated the authority to assign fund balance. When it is appropriate to assign fund balance this is accomplished in the same manner as committed funds that is through the adoption of a resolution. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

Revenues and Expenditures/expenses

Program revenues:

Amounts reported as program revenues include 1) fees, fines, and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes:

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

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

Compensated absences:

Vacation days shall be used during the year in which they are earned and shall not accumulate. Unused vacation days shall not be reimbursed upon the employee's resignation, retirement, or any other termination of employment.

An employee who retires from the District shall be eligible for reimbursement for state and local leave under the following conditions: 1) the employee's retirement is voluntary, i.e., the employee is not being discharged or nonrenewed 2) the employee provides advance written notice of intent to retire. Contract employees must provide written notice at least 30 days before the last day of employment. Non-contract employees must provide written notice at least two weeks before the last day of employment and 3) the employee has at least ten years of service with the District. The employee shall be reimbursed for each day of state and local leave, to a maximum of 50 days, at a rate established by the Board. If the employee is reemployed with the District, days for which the employee received payment shall not be available to that employee.

Data control codes:

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

B. Deposits and Investments

Cash Deposits

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's funds are required to be deposited and invested under the terms of a depository contract. At August 31, 2014, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,068,524 and the bank balance was \$1,136,089. The District's cash deposits at August 31, 2014 and during the year ended August 31, 2014, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

Investments

All investments made by the District shall comply with the Public Funds Investment Act (Texas Government Code Chapter 2256, Subchapter A) and all federal, state, and local statutes, rules or regulations. The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper. The State Treasurer's Investment Pool (Pool) operates in accordance with state law, which requires it to meet all of the requirements of Rule 2a-7 of the Securities and Exchange Commission. The Pool has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. The Pool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

The government utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

As of August 31, 2014 the District had the following investments:

Investment or Investment Type	Maturity	Credit Rating	Fair Value
Lone Star Investment Pool (included in cash)	N/A	Aaa	\$ 487,906
Certificate of Deposit	12/29/14	N/A	14,423
Total Investments			<u>\$ 502,329</u>

C. Disaggregated Receivables

Receivables as of the year end for the District's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor Funds	Totals
Real Property Taxes	\$ 957,234	\$ --	\$ 957,234
Less allowance on taxes	(569,551)	--	(569,551)
	<u>\$ 387,683</u>	<u>\$ --</u>	<u>\$ 387,683</u>
Due from Other Governments:			
TEA	\$ 123,863	\$ 24,197	\$ 148,060
Other Governments	--	6,730	6,730
	<u>\$ 123,863</u>	<u>\$ 30,927</u>	<u>\$ 154,790</u>

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

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 423,398	\$ --	\$ --	\$ 423,398
Total capital assets not being depreciated	<u>423,398</u>	<u>--</u>	<u>--</u>	<u>423,398</u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

Capital assets being depreciated:

Buildings and improvements	8,493,316	162,958	--	8,656,274
Equipment	859,324	--	--	859,324
Vehicles	1,215,161	--	--	1,215,161
Total capital assets being depreciated	<u>10,567,801</u>	<u>162,958</u>	<u>--</u>	<u>10,730,759</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,193,666)	(291,536)	--	(5,485,202)
Equipment	(868,295)	(56,908)	--	(925,203)
Vehicles	(791,386)	(12,347)	--	(803,733)
Total accumulated depreciation	<u>(6,853,347)</u>	<u>(360,791)</u>	<u>--</u>	<u>(7,214,138)</u>
Total capital assets being depreciated, net	<u>3,714,454</u>	<u>(197,833)</u>	<u>--</u>	<u>3,516,621</u>
Governmental activities capital assets, net	<u>\$ 4,137,852</u>	<u>\$ (197,833)</u>	<u>\$ --</u>	<u>\$ 3,940,019</u>

Depreciation was charged to functions as follows:

Instruction	\$ 193,717
Instructional Resources and Media Services	3,645
Curriculum and Staff Development	1,332
Instructional Leadership	3,994
School Leadership	20,280
Guidance, Counseling, & Evaluation Services	8,154
Health Services	3,495
Student Transportation	11,742
Food Services	22,822
Extracurricular Activities	21,178
General Administration	19,559
Plant Maintenance and Operations	46,541
Security and Monitoring Services	1,834
Data Processing Services	2,498
	<u>\$ 360,791</u>

E. Retiree Health Care Plan

Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS Care), a cost sharing multiple employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS Care 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 Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for TRS Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

Funding Policy

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

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

Contribution Rates and Contribution Amounts						
Year	Member		State on-behalf		District	
	Rate	Amount	Rate	Amount	Rate	Amount
2014	0.650%	40,775	1.000%	59,962	0.550%	37,271
2013	0.650%	37,884	0.500%	27,710	0.550%	33,487
2012	0.650%	36,567	1.000%	53,493	0.550%	30,942

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2014, 2013, and 2012, the subsidy payments received by TRS-Care on behalf of the District were \$17,020, \$22,451, and \$13,672, respectively.

F. Pension Plan

Plan Description

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

Funding Policy

Contribution requirements are not actuarially determined but are established and amended pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% 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.

Contribution rates and contributions for the last three fiscal years are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution including federally funded personnel, new hires and amounts above statutory minimum.

Contribution Rates and Contribution Amounts					
Year	Member		Rate	State on-behalf Amount	District Amount
	Rate	Amount			
2014	6.400%	401,479	6.800%	346,398	91,997
2013	6.400%	373,013	6.400%	309,778	73,583
2012	6.400%	288,607	6.000%	288,607	36,827

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

G. Risk Management

Self-Insured Workers Compensation

During the year ended August 31, 2014, the District met its statutory workers' compensation obligations through participation in a workers compensation pool administered by Claims Administrative Services, Inc. All members participating in the fund execute interlocal agreements that define the responsibilities of the parties. The estimated liability will not exceed the District's loss fund and the District is not responsible for claims and claims allocation expense beyond its individual loss fund. The amounts for IBNR are projected estimates, based on the experience history of the association.

Claims activity as of August 31, 2014 and the prior year are as follows:

	8/31/13	8/31/13
Unpaid claims, beginning	\$ 35,948	\$ 75,413
Incurred claims	31,572	8,055
Change in IBNR	(2,352)	(33,748)
Paid claims	(10,942)	(13,772)
Unpaid claims, ending	<u>\$ 54,226</u>	<u>\$ 35,948</u>

Property Casualty

During the year ended August 31, 2014, Van Vleck ISD met its statutory property casualty obligations through participation in the Property Casualty and Coastal Property Alliance of Texas (the Fund). The Fund was created pursuant to the provisions of the Interlocal Cooperation Act, Chapter 791, Title 7 of the Texas Government Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides property and casualty coverage and services to its members. The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any covered claim in excess of the Fund's self-insured retentions. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of February 28, 2014, the Fund carries a discounted reserve of \$4,554,521 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended February 28, 2014, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on the last day of February. The audit is approved by the Fund's Board of Trustees by July of the same year. The Fund's audited financial statement as of February 28, 2014 are available for inspection at the Property Casualty Alliance of Texas office.

Unemployment Compensation Pool

During the year ended August 31, 2014, Van Vleck ISD 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 obligations 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 members. 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 approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2013 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

H. Employee Health Care Coverage

During the year ended August 31, 2014, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$325 per month per employee and dependents to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, 2014, and terms of coverage and premium costs are included in the contractual provisions.

I. Long-Term Obligations

Capital Leases

The District entered into a lease agreement as lessee for financing an Energy Conservation Project to include retrofitting facilities with new HVAC, lighting, windows and roofing valued at \$946,748 with an estimated life ranging from 10-20 years. Accumulated depreciation at August 31, 2014 was \$274,828. This lease agreements qualify as a capital lease for accounting purposes and, therefore has been recorded at the present value of future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value of these minimum lease payments as of August 31, 2014 were as follows:

<u>Year Ending August 31:</u>	
2015	\$ 141,942
2016	141,942
2017	141,942
2018	141,942
2019-2023	141,942
Total Minimum Lease Payments	\$ 709,710
Less: Amount Representing Interest	(74,280)
Present Value of Minimum Lease Payments	<u>\$ 635,430</u>

Changes in long-term obligations for the year ended August 31, 2014, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 745,536	\$ --	\$ 110,196	\$ 635,340	\$ 116,525

J. Fund Balance

Minimum Fund Balance Policy

In order to preserve financial stability, the District must be prepared to respond to cash flow shortages, large or unexpected one-time expenditures, changes in the economy, and changes in state funding. The District shall, therefore, target for its fund balance between 17 percent (60 days) and 25 percent (90 days) of total operating expenditures, excluding debt and capital outlay. At August 31, 2014, the District was in compliance with this minimum fund balance policy.

Committed Fund Balances

The Board of Trustees committed funds in the campus activities special revenue fund for use at the campus level.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

Restricted Fund Balances

Restricted fund balances in the special revenue funds represent amounts restricted for state and federal grants as well as amounts restricted by donors. Fund balance in the debt service fund is restricted for the retirement of long-term debt.

K. Interfund Balances and Activities

Balances due to/from other funds scheduled to be repaid within one year and transfers to/from other funds at August 31, 2014, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 18,785	Short-term loans
Transfers From	Transfers To	Amount	Reason
General Fund	Other Governmental Funds	\$ 17,711	Supplement other funds sources

L. Shared Services Arrangements

Membership

The District participates in a shared services arrangement ("SSA") for federally funded special education with the following school districts:

Member Districts

Bay City ISD
 Matagorda ISD
 Palacios ISD
 Tidehaven ISD
 Van Vleck ISD

The District accounts for a very small portion of the revenues and expenditures in this program in a federal special revenue fund; however, the District does not account for the majority of the revenues and expenditures and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Bay City Independent School District nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA. The financial report for this SSA may be obtained by writing Bay City ISD, 520 7th Street, Bay City, Tx 77414 or by calling (979) 245-5766.

The District participates in a shared services arrangement ("SSA") for state funded special education with the following school districts:

Member Districts

Bay City ISD
 Matagorda ISD
 Palacios ISD
 Tidehaven ISD
 Van Vleck ISD

The District does not account for the revenues and expenditures and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Bay City Independent School District nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA. The financial report for this SSA may be obtained by writing Bay City ISD, 520 7th Street, Bay City, Tx 77414 or by calling (979) 245-5766.

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

M. Disaggregated Revenue

During the current year, revenues reported in the fund financial statements from local sources consisted of the following:

	General Fund	Other Governmental Fund	Totals
Property taxes	\$ 5,367,574	\$	\$ 5,367,574
Penalties & interest	138,422		138,422
Investment earnings	7,182	65	7,247
Food service fees		218,472	218,472
Athletic receipts	26,137		26,137
Extra curricular activities		83,570	83,570
Other	64,519		64,519
Gifts & Bequests	160,000	22,761	182,761
	<u>\$ 5,763,834</u>	<u>\$ 324,868</u>	<u>\$ 6,088,702</u>

N. Commitments and Contingencies

Contingencies

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

Required Supplementary Information

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



Van Vleck Independent School District

VAN VLECK INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT G-1

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 5,765,560	\$ 5,572,443	\$ 5,763,833	\$ 191,390
5800	State Program Revenues	3,076,693	3,288,907	3,332,897	43,990
5900	Federal Program Revenues	50,000	68,411	72,697	4,286
5020	Total Revenues	8,892,253	8,929,761	9,169,427	239,666
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	5,231,202	5,106,844	5,105,063	1,781
0012	Instructional Resources and Media Services	89,122	83,122	82,425	697
0013	Curriculum and Staff Development	63,407	21,907	21,641	266
	Total Instruction & Instr. Related Services	5,383,731	5,211,873	5,209,129	2,744
Instructional and School Leadership:					
0021	Instructional Leadership	112,825	105,325	104,441	884
0023	School Leadership	552,473	563,473	563,107	366
	Total Instructional & School Leadership	665,298	668,798	667,548	1,250
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	203,890	207,890	207,396	494
0033	Health Services	88,863	94,063	93,712	351
0034	Student (Pupil) Transportation	415,534	466,534	453,887	12,647
0035	Food Services	12,360	15,760	15,581	179
0036	Cocurricular/Extracurricular Activities	511,883	696,033	686,881	9,152
	Total Support Services - Student (Pupil)	1,232,530	1,480,280	1,457,457	22,823
Administrative Support Services:					
0041	General Administration	519,805	565,305	554,463	10,842
	Total Administrative Support Services	519,805	565,305	554,463	10,842
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	1,180,683	1,269,183	1,264,045	5,138
0052	Security and Monitoring Services	49,161	56,461	48,507	7,954
0053	Data Processing Services	65,859	210,567	208,259	2,308
	Total Support Services - Nonstudent Based	1,295,703	1,536,211	1,520,811	15,400
Ancillary Services:					
0061	Community Services	--	12,000	11,982	18
	Total Ancillary Services	--	12,000	11,982	18
Debt Service:					
0071	Principal on Long-Term Debt	106,877	106,877	110,196	(3,319)
0072	Interest on Long-Term Debt	35,069	35,069	31,746	3,323
0073	Bond Issuance Costs and Fees	500	500	--	500
	Total Debt Service	142,446	142,446	141,942	504
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	178,572	206,572	205,877	695
0099	Other Intergovernmental Charges	58,567	53,567	52,898	669
	Total Intergovernmental Charges	237,139	260,139	258,775	1,364
6030	Total Expenditures	9,476,652	9,877,052	9,822,107	54,945

VAN VLECK INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT G-1

Page 2 of 2

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>(584,399)</u>	<u>(947,291)</u>	<u>(652,680)</u>	<u>294,611</u>
Other Financing Sources (Uses):				
8911 Transfers Out	<u>--</u>	<u>(42,751)</u>	<u>(17,711)</u>	<u>25,040</u>
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>(42,751)</u>	<u>(17,711)</u>	<u>25,040</u>
1200 Net Change in Fund Balance	<u>(584,399)</u>	<u>(990,042)</u>	<u>(670,391)</u>	<u>319,651</u>
0100 Fund Balance - Beginning	<u>2,233,717</u>	<u>2,233,717</u>	<u>2,233,717</u>	<u>--</u>
3000 Fund Balance - Ending	<u>\$ 1,649,318</u>	<u>\$ 1,243,675</u>	<u>\$ 1,563,326</u>	<u>\$ 319,651</u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2014

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. In accordance with State law the budgets must be prepared in accordance with GAAP and in accordance with the Texas Education Agency the District is required to adopt a budget for the general fund and food service fund.



Van Vleck Independent School District

*Combining Statements and Budget Comparisons
as Supplementary Information*

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



Van Vleck Independent School District

VAN VLECK INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2014

Data Control Codes	Special Revenue Funds	Permanent Fund Gulf Coast Medical Grant	Total Nonmajor Governmental Funds (See Exhibit C-1)	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 51,653	\$ 8,366	\$ 60,019
1120	Current Investments	--	14,423	14,423
1240	Due from Other Governments	30,927	--	30,927
1300	Inventories	15,029	--	15,029
1000	Total Assets	<u>97,609</u>	<u>22,789</u>	<u>120,398</u>
LIABILITIES:				
Current Liabilities:				
2150	Payroll Deductions & Withholdings	\$ 5,125	\$ --	\$ 5,125
2160	Accrued Wages Payable	20,977	--	20,977
2170	Due to Other Funds	18,785	--	18,785
2300	Unearned Revenue	3,648	--	3,648
2000	Total Liabilities	<u>48,535</u>	<u>--</u>	<u>48,535</u>
FUND BALANCES:				
Restricted Fund Balances:				
3490	Other Restrictions of Fund Balance	9,702	22,789	32,491
Committed Fund Balances:				
3545	Other Committed Fund Balance	39,372	--	39,372
3000	Total Fund Balances	<u>49,074</u>	<u>22,789</u>	<u>71,863</u>
4000	Total Liabilities and Fund Balances	<u>\$ 97,609</u>	<u>\$ 22,789</u>	<u>\$ 120,398</u>



Van Vleck Independent School District

VAN VLECK INDEPENDENT SCHOOL DISTRICT

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

Data Control Codes	Special Revenue Funds	Permanent Fund Gulf Coast Medical Grant	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 324,803	\$ 65	\$ 324,868
5800 <i>State Program Revenues</i>	137,436	--	137,436
5900 <i>Federal Program Revenues</i>	610,880	--	610,880
5020 Total Revenues	<u>1,073,119</u>	<u>65</u>	<u>1,073,184</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	403,974	--	403,974
0012 <i>Instructional Resources and Media Services</i>	15,748	--	15,748
0013 <i>Curriculum and Staff Development</i>	500	--	500
0021 <i>Instructional Leadership</i>	7,872	--	7,872
0023 <i>School Leadership</i>	14,842	--	14,842
0033 <i>Health Services</i>	46	--	46
0034 <i>Student Transportation</i>	31	--	31
0035 <i>Food Service</i>	599,446	--	599,446
0036 <i>Cocurricular/Extracurricular Activities</i>	35,668	--	35,668
0041 <i>General Administration</i>	593	--	593
0051 <i>Facilities Maintenance and Operations</i>	6,267	--	6,267
6030 Total Expenditures	<u>1,084,987</u>	<u>--</u>	<u>1,084,987</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(11,868)</u>	<u>65</u>	<u>(11,803)</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	17,711	--	17,711
7080 Total Other Financing Sources and (Uses)	<u>17,711</u>	<u>--</u>	<u>17,711</u>
1200 Net Change in Fund Balances	5,843	65	5,908
0100 Fund Balances - Beginning	43,231	22,724	65,955
3000 Fund Balances - Ending	<u>\$ 49,074</u>	<u>\$ 22,789</u>	<u>\$ 71,863</u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2014

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 2,059	\$ --	\$ --
1240 <i>Due from Other Governments</i>	3,063	6,090	640
1300 <i>Inventories</i>	--	--	--
1000 Total Assets	<u>5,122</u>	<u>6,090</u>	<u>640</u>
LIABILITIES:			
Current Liabilities:			
2150 <i>Payroll Deductions & Withholdings</i>	\$ 1,050	\$ 1,401	\$ 171
2160 <i>Accrued Wages Payable</i>	4,072	4,689	469
2170 <i>Due to Other Funds</i>	--	--	--
2300 <i>Unearned Revenue</i>	--	--	--
2000 Total Liabilities	<u>5,122</u>	<u>6,090</u>	<u>640</u>
FUND BALANCES:			
Restricted Fund Balances:			
3490 <i>Other Restrictions of Fund Balance</i>	--	--	--
Committed Fund Balances:			
3545 <i>Other Committed Fund Balance</i>	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 5,122</u>	<u>\$ 6,090</u>	<u>\$ 640</u>

240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting	461 Campus Activity Funds	481 Conoco Phillips Grant
\$ 520	\$ --	\$ 39,372	\$ 3,421
9,354	11,780	--	--
15,029	--	--	--
<u>24,903</u>	<u>11,780</u>	<u>39,372</u>	<u>3,421</u>
\$ 2,488	\$ 15	\$ --	\$ --
10,685	1,062	--	--
8,082	10,703	--	--
3,648	--	--	--
<u>24,903</u>	<u>11,780</u>	<u>--</u>	<u>--</u>
--	--	--	3,421
--	--	39,372	--
--	--	<u>39,372</u>	<u>3,421</u>
<u>\$ 24,903</u>	<u>\$ 11,780</u>	<u>\$ 39,372</u>	<u>\$ 3,421</u>



Van Vleck Independent School District

VAN VLECK INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2014

Data Control Codes	485 Powerset Program	486 WIT Program	Total Nonmajor Special Revenue Funds (See Exhibit H-1)	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 861	\$ 5,420	\$ 51,653
1240	Due from Other Governments	--	--	30,927
1300	Inventories	--	--	15,029
1000	Total Assets	<u>861</u>	<u>5,420</u>	<u>97,609</u>
LIABILITIES:				
Current Liabilities:				
2150	Payroll Deductions & Withholdings	\$ --	\$ --	\$ 5,125
2160	Accrued Wages Payable	--	--	20,977
2170	Due to Other Funds	--	--	18,785
2300	Unearned Revenue	--	--	3,648
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>48,535</u>
FUND BALANCES:				
Restricted Fund Balances:				
3490	Other Restrictions of Fund Balance	861	5,420	9,702
Committed Fund Balances:				
3545	Other Committed Fund Balance	--	--	39,372
3000	Total Fund Balances	<u>861</u>	<u>5,420</u>	<u>49,074</u>
4000	Total Liabilities and Fund Balances	<u>\$ 861</u>	<u>\$ 5,420</u>	<u>\$ 97,609</u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT

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

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--
5900 <i>Federal Program Revenues</i>	103,009	99,995	7,375
5020 Total Revenues	<u>103,009</u>	<u>99,995</u>	<u>7,375</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	100,818	99,995	7,375
0012 <i>Instructional Resources and Media Services</i>	--	--	--
0013 <i>Curriculum and Staff Development</i>	--	--	--
0021 <i>Instructional Leadership</i>	2,191	--	--
0023 <i>School Leadership</i>	--	--	--
0033 <i>Health Services</i>	--	--	--
0034 <i>Student Transportation</i>	--	--	--
0035 <i>Food Service</i>	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--
0041 <i>General Administration</i>	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--
6030 Total Expenditures	<u>103,009</u>	<u>99,995</u>	<u>7,375</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	<u>--</u>	<u>--</u>	<u>--</u>
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
0100 Fund Balances - Beginning	<u>--</u>	<u>--</u>	<u>--</u>
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting	410 State Textbook Fund	461 Campus Activity Funds	481 Conoco Phillips Grant
\$ 218,472	\$ --	\$ --	\$ 84,290	\$ 12,000
2,630	--	134,806	--	--
366,701	33,800	--	--	--
<u>587,803</u>	<u>33,800</u>	<u>134,806</u>	<u>84,290</u>	<u>12,000</u>
--	28,119	134,011	21,193	12,463
--	--	--	15,748	--
--	--	500	--	--
--	5,681	--	--	--
--	--	--	14,842	--
--	--	--	46	--
--	--	--	31	--
599,446	--	--	--	--
--	--	--	28,323	--
--	--	295	298	--
6,068	--	--	199	--
<u>605,514</u>	<u>33,800</u>	<u>134,806</u>	<u>80,680</u>	<u>12,463</u>
<u>(17,711)</u>	--	--	3,610	(463)
17,711	--	--	--	--
<u>17,711</u>	--	--	--	--
--	--	--	3,610	(463)
--	--	--	35,762	3,884
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 39,372</u>	<u>\$ 3,421</u>

VAN VLECK INDEPENDENT SCHOOL DISTRICT

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

Data Control Codes	485 Powerset Program	486 WIT Program	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 4,763	\$ 5,278	\$ 324,803
5800 <i>State Program Revenues</i>	--	--	137,436
5900 <i>Federal Program Revenues</i>	--	--	610,880
5020 Total Revenues	<u>4,763</u>	<u>5,278</u>	<u>1,073,119</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	--	--	403,974
0012 <i>Instructional Resources and Media Services</i>	--	--	15,748
0013 <i>Curriculum and Staff Development</i>	--	--	500
0021 <i>Instructional Leadership</i>	--	--	7,872
0023 <i>School Leadership</i>	--	--	14,842
0033 <i>Health Services</i>	--	--	46
0034 <i>Student Transportation</i>	--	--	31
0035 <i>Food Service</i>	--	--	599,446
0036 <i>Cocurricular/Extracurricular Activities</i>	4,268	3,077	35,668
0041 <i>General Administration</i>	--	--	593
0051 <i>Facilities Maintenance and Operations</i>	--	--	6,267
6030 Total Expenditures	<u>4,268</u>	<u>3,077</u>	<u>1,084,987</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>495</u>	<u>2,201</u>	<u>(11,868)</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	--	--	17,711
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>17,711</u>
1200 Net Change in Fund Balances	495	2,201	5,843
0100 Fund Balances - Beginning	366	3,219	43,231
3000 Fund Balances - Ending	<u>\$ 861</u>	<u>\$ 5,420</u>	<u>\$ 49,074</u>

Other Supplementary Information

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

VAN VLECK INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2014*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2005 and Prior Years	\$ Various	\$ Various	\$ Various
2006	1.4076	--	311,575,769
2007	1.28	--	405,648,203
2008	.98	--	438,256,327
2009	.9819	--	532,851,818
2010	1.01	--	562,900,000
2011	1.04	--	520,525,385
2012	1.04	--	513,686,635
2013	1.04	--	501,441,731
2014 (School Year Under Audit)	1.04	--	517,330,000

1000 Totals

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

10 Beginning Balance 9/1/13	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/14
\$ 304,289	\$ --	\$ 7,343	\$ --	\$ (12,157)	\$ 284,789
24,632	--	1,115	--	(953)	22,564
37,219	--	2,618	--	(1,216)	33,385
34,759	--	6,501	--	(942)	27,316
60,608	--	10,270	--	(1,506)	48,832
77,046	--	11,949	--	(1,389)	63,708
85,983	--	19,390	--	(1,481)	65,112
113,501	--	32,399	--	(1,338)	79,764
212,939	--	81,896	--	(4,934)	126,109
--	5,380,232	5,190,714	--	16,137	205,655
<u>\$ 950,976</u>	<u>\$ 5,380,232</u>	<u>\$ 5,364,195</u>	<u>\$ --</u>	<u>\$ (9,779)</u>	<u>\$ 957,234</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

VAN VLECK INDEPENDENT SCHOOL DISTRICT

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT J-2

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 218,487	\$ 218,472	\$ (15)
5800 <i>State Program Revenues</i>	2,630	2,630	--
5900 <i>Federal Program Revenues</i>	364,390	366,701	2,311
5020 Total Revenues	<u>585,507</u>	<u>587,803</u>	<u>2,296</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0034 <i>Student (Pupil) Transportation</i>	695	--	695
0035 <i>Food Services</i>	620,563	599,446	21,117
Total Support Services - Student (Pupil)	<u>621,258</u>	<u>599,446</u>	<u>21,812</u>
Support Services - Nonstudent Based:			
0051 <i>Plant Maintenance and Operations</i>	7,000	6,068	932
Total Support Services - Nonstudent Based	<u>7,000</u>	<u>6,068</u>	<u>932</u>
6030 Total Expenditures	<u>628,258</u>	<u>605,514</u>	<u>22,744</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(42,751)</u>	<u>(17,711)</u>	<u>25,040</u>
Other Financing Sources (Uses):			
7915 <i>Transfers In</i>	42,751	17,711	(25,040)
7080 Total Other Financing Sources and (Uses)	<u>42,751</u>	<u>17,711</u>	<u>(25,040)</u>
0100 Fund Balance - Beginning	--	--	--
3000 Fund Balance - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Reed & Associates, PC

*Certified Public Accountants
2300 Avenue I
Bay City, Texas 77414
(979) 245-7361 ~ auditors@swbell.net*

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

Board of Trustees
Van Vleck Independent School District
142 S Fourth Street
Van Vleck, Texas 77482

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Van Vleck Independent School District, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise Van Vleck Independent School District's basic financial statements, and have issued our report thereon dated November 14, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Reed & Associates, PC
Bay City, Texas
November 14, 2014

Reed & Associates, PC

*Certified Public Accountants
2300 Avenue I
Bay City, Texas 77414
(979) 245-7361 ~ auditors@swbell.net*

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

Board of Trustees
Van Vleck Independent School District
142 S Fourth Street
Van Vleck, Texas 77482

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited Van Vleck Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Van Vleck Independent School District's major federal program for the year ended August 31, 2014. Van Vleck Independent School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Van Vleck Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Van Vleck Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Van Vleck Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2014.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

Reed & Associates, PC
Bay City, Texas
November 14, 2014

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

VAN VLECK INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2014

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None Noted		

VAN VLECK INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2014

Not Applicable

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

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Department of Health and Human Services:			
Medicaid Administrative Claiming (MAC) *	93.778	Unknown	\$ 2,237
Total U. S. Department of Health and Human Services			<u>2,237</u>
U. S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs *	84.010	14610101158906	103,009
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	14694501158906	33,800
Total Passed Through State Department of Education			<u>136,809</u>
Passed Through Bay City ISD:			
IDEA-B Formula *	84.027	146600011589016000	99,995
IDEA-B Preschool *	84.173	146610011589016000	7,375
Total Passed Through Bay City ISD			<u>107,370</u>
Total U. S. Department of Education			<u>244,179</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	71401301	14,770
School Breakfast Program *	10.553	71401401	109,975
Total CFDA Number 10.553			<u>124,745</u>
National School Lunch Program *	10.555	71301301	23,951
National School Lunch Program *	10.555	71301401	188,396
Total CFDA Number 10.555			<u>212,347</u>
Total Passed Through State Department of Education			<u>337,092</u>
Passed Through State Department of Agriculture:			
Commodity Supplemental Food Program (Non-cash) *	10.565	158906A	29,610
Total U. S. Department of Agriculture			<u>366,702</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 613,118</u>

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

The accompanying notes are an integral part of this schedule.

VAN VLECK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2014

Basis of Presentation

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

VAN VLECK INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2014*

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