

**FLAMINGO ISLES MUNICIPAL
UTILITY DISTRICT**

GALVESTON COUNTY, TEXAS

FINANCIAL REPORT

March 31, 2012

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Independent Auditors' Report

Board of Directors
Flamingo Isles Municipal Utility District
Galveston County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Flamingo Isles Municipal Utility District, as of and for the year ended March 31, 2012, which collectively comprise the basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of Flamingo Isles Municipal Utility District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Flamingo Isles Municipal Utility District, as of March 31, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it 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.

Board of Directors
Flamingo Isles Municipal Utility District
Galveston County, Texas

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "W. G. G. & Co, P.C.".

Houston, Texas
June 29, 2012

Management's Discussion and Analysis

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*Flamingo Isles Municipal Utility District
Management's Discussion and Analysis
March 31, 2012*

Using this Annual Report

Within this section of the financial report of Flamingo Isles Municipal Utility District (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended March 31, 2012. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Assets and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Assets* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Assets* includes all of the assets and liabilities of the District, with the difference reported as net assets. Over time, changes in net assets may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The *Statement of Activities* reports how the District's net assets have changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

*Flamingo Isles Municipal Utility District
Management's Discussion and Analysis
March 31, 2012*

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

In the government-wide statements, the difference between assets and liabilities is called net assets. The District's net assets at March 31, 2012, were negative \$6,030,664. This amount is negative because the District has incurred debt to construct water, sewer and storm drainage facilities which it conveyed to the City of Hitchcock.

Net assets are categorized based on their availability to provide financial resources for the District. Net assets that are "Invested in capital assets, net of related debt" represent the District's investments in capital assets, less any debt used to acquire those assets that is still outstanding. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. "Restricted" net assets represent amounts that are restricted for future debt service requirements. "Unrestricted" net assets represent amounts available to meet the District's future obligations.

A comparative summary of the District's overall financial position, as of March 31, 2012 and 2011, is as follows:

	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 1,324,426	\$ 1,578,795
Capital assets	<u>16,503,073</u>	<u>16,723,853</u>
Total assets	<u>17,827,499</u>	<u>18,302,648</u>
Current liabilities	129,935	124,588
Long-term liabilities	<u>23,728,228</u>	<u>23,823,239</u>
Total liabilities	<u>23,858,163</u>	<u>23,947,827</u>
Net assets:		
Invested in capital assets, net of related debt	(3,807,173)	(3,547,166)
Restricted	789,051	864,794
Unrestricted	<u>(3,012,542)</u>	<u>(2,962,807)</u>
Total net assets	<u>\$ (6,030,664)</u>	<u>\$ (5,645,179)</u>

**Flamingo Isles Municipal Utility District
Management's Discussion and Analysis
March 31, 2012**

The total net assets of the District decreased by \$385,485. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2012</u>	<u>2011</u>
Revenues		
Property taxes, penalties and interest	\$ 406,686	\$ 432,568
Other revenues	3,059	5,173
Total Revenues	<u>409,745</u>	<u>437,741</u>
Expenses		
Operating and administrative	110,240	189,922
Interest and fiscal agent fees	241,893	246,619
Depreciation and amortization	443,097	438,396
Total Expenses	<u>795,230</u>	<u>874,937</u>
Change in net assets	(385,485)	(437,196)
Net assets, beginning of year	(5,645,179)	(5,207,983)
Net assets, end of year	<u><u>\$ (6,030,664)</u></u>	<u><u>\$ (5,645,179)</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of March 31, 2012, were \$1,047,570. The following is a summary of changes in fund balances for the prior two fiscal years:

	<u>2012</u>	<u>(Decrease)</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>2010</u>
General Fund	\$ 257,630	\$ (53,573)	\$ 311,203	\$ (54,316)	\$ 365,519
Debt Service Fund	789,940	(11,502)	801,442	(23,083)	824,525
Capital Projects Fund		(88,829)	88,829	147	88,682
	<u><u>\$ 1,047,570</u></u>	<u><u>\$ (153,904)</u></u>	<u><u>\$ 1,201,474</u></u>	<u><u>\$ (77,252)</u></u>	<u><u>\$ 1,278,726</u></u>

Fund balances in the General Fund decreased primarily as a result of ongoing expenditures exceeding revenues. Fund balance in the Debt Service Fund decreased as a result of debt service requirements exceeding property tax revenues. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements. Fund balance in the Capital Projects Fund decreased due to the District transferring surplus funds to the General Fund for dredging costs.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

***Flamingo Isles Municipal Utility District
Management's Discussion and Analysis
March 31, 2012***

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$19,805 greater than budgeted. The *Budgetary Comparison Schedule* on page 26 of this report provides variance information per financial statement line item.

Capital Assets

Capital assets held by the District at March 31, 2012 and 2011 are summarized as follows:

	<u>2012</u>	<u>2011</u>
Capital assets being depreciated:		
Infrastructure	\$ 19,454,179	\$ 19,242,644
Less accumulated depreciation	<u>(2,951,106)</u>	<u>(2,518,791)</u>
Capital assets, net	<u><u>\$ 16,503,073</u></u>	<u><u>\$ 16,723,853</u></u>

The District completed construction of the following during the current year:

- Bulkhead repairs
- Dredging and channel markers

Long-Term Debt

At March 31, 2012 and 2011, the District had total bonded debt outstanding as shown below:

<u>Series</u>	<u>2012</u>	<u>2011</u>
2007	<u><u>\$ 4,305,000</u></u>	<u><u>\$ 4,400,000</u></u>

At March 31, 2012, the District had \$52,070,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water and sanitary sewer systems; the reclamation and drainage of land; and providing for the navigation of canals within the District.

Next Year's Budget and Property Taxes

Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	<u>2012 Actual</u>	<u>2013 Budget</u>
Total revenues	\$ 147,471	\$ 117,784
Total expenditures	<u>(289,907)</u>	<u>(116,784)</u>
Revenues over expenses	(142,436)	1,000
Internal transfers	88,863	
Net change in fund balance	<u>(53,573)</u>	<u>1,000</u>
Beginning fund balance	311,203	257,630
Ending fund balance	<u><u>\$ 257,630</u></u>	<u><u>\$ 258,630</u></u>

Basic Financial Statements

*Flamingo Isles Municipal Utility District
Statement of Net Assets and Governmental Funds Balance Sheet
March 31, 2012*

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Assets
Assets					
Cash	\$ 168,461	\$ 65,555	\$ 234,016	\$	\$ 234,016
Investments	80,000	725,000	805,000		805,000
Taxes receivable	7,006	19,201	26,207		26,207
Accrued interest receivable	53	811	864		864
Other receivables	17,535		17,535		17,535
Deferred bond issuance costs, net				240,804	240,804
Capital assets, net				16,503,073	16,503,073
Total Assets	<u>\$ 273,055</u>	<u>\$ 810,567</u>	<u>\$ 1,083,622</u>	<u>16,743,877</u>	<u>17,827,499</u>
Liabilities					
Accounts payable	\$ 8,419	\$	\$ 8,419		8,419
Other payables		1,426	1,426		1,426
Deferred revenues	7,006	19,201	26,207	(26,207)	
Accrued interest payable				20,090	20,090
Due to developer				19,634,646	19,634,646
Long-term debt:					
Due within one year				100,000	100,000
Due after one year				4,093,582	4,093,582
Total Liabilities	<u>15,425</u>	<u>20,627</u>	<u>36,052</u>	<u>23,822,111</u>	<u>23,858,163</u>
Fund Balances/Net Assets					
Fund Balances:					
Restricted		789,940	789,940	(789,940)	
Unassigned	257,630		257,630	(257,630)	
Total Fund Balances	<u>257,630</u>	<u>789,940</u>	<u>1,047,570</u>	<u>(1,047,570)</u>	
Total Liabilities and Fund Balances	<u>\$ 273,055</u>	<u>\$ 810,567</u>	<u>\$ 1,083,622</u>		
Net Assets:					
Invested in capital assets, net of related debt				(3,807,173)	(3,807,173)
Restricted for debt service				789,051	789,051
Unrestricted				(3,012,542)	(3,012,542)
Total Net Assets				<u>\$(6,030,664)</u>	<u>\$(6,030,664)</u>

See notes to basic financial statements.

Flamingo Isles Municipal Utility District
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2012

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 147,167	\$ 310,147	\$	\$ 457,314	\$ (82,355)	\$ 374,959
Penalties and interest		39,403		39,403	(7,676)	31,727
Miscellaneous	85			85		85
Investment earnings	219	2,721	34	2,974		2,974
Total Revenues	147,471	352,271	34	499,776	(90,031)	409,745
Expenditures/Expenses						
Operating and administrative						
Professional fees	62,850			62,850		62,850
Contracted services	8,740	31,148		39,888		39,888
Administrative	3,619	605		4,224		4,224
Other	3,163	115		3,278		3,278
Capital outlay	211,535			211,535	(211,535)	
Debt service:						
Principal		95,000		95,000	(95,000)	
Interest and fiscal agent fees		236,905		236,905	4,988	241,893
Depreciation and amortization					443,097	443,097
Total Expenditures/Expenses	289,907	363,773		653,680	141,550	795,230
Excess (deficiency) of revenues over expenditures/expenses	(142,436)	(11,502)	34	(153,904)	(231,581)	(385,485)
Other Financing Source/Use						
Internal transfers	88,863		(88,863)			
Net change in fund balances	(53,573)	(11,502)	(88,829)	(153,904)	153,904	
Change in net assets					(385,485)	(385,485)
Fund Balance/Net Assets						
Beginning of the year	311,203	801,442	88,829	1,201,474	(6,846,653)	(5,645,179)
End of the year	\$ 257,630	\$ 789,940	\$ -	\$ 1,047,570	\$(7,078,234)	\$(6,030,664)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Flamingo Isles Municipal Utility District (the “District”) conform with accounting principles generally accepted in the United States of America. The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to a statute enacted by the Texas Legislature, effective June 17, 1965, and operates in accordance with its enabling legislation and the Texas Water Code, Chapters 49 and 51. The District became dormant for a number of years. On January 21, 2003, the Texas Commission on Environmental Quality (The “TCEQ”) appointed five directors to the District and the District was reactivated. The Board of Directors held its first meeting on February 13, 2003 and the first bonds were sold on June 26, 2007

The District is responsible for providing water and sewer facilities within the District, reclaiming land and providing for drainage of land within the District and providing for navigation of its coastal and inland waters through the construction and maintenance of bulkheading and the dredging for canals and channels. The water and sewer facilities constructed by the District are conveyed to the City of Hitchcock for maintenance and operation. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The Governmental Accounting Standards Board has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Assets* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. The District has three governmental funds types, which are all reported as major funds.

Note 1 – Summary of Significant Accounting Policies (continued)

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District and all other financial transactions not reported in other funds. The principal source of revenue is property taxes. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer and drainage facilities, bulkhead and dredging facilities. During the current year, the District expended the balance of funds in the Capital Projects Fund. Accordingly, the District's *Statement of Net Assets and Governmental Funds Balance Sheet* does not include a column for the Capital Projects Fund.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use 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 the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred revenues because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At March 31, 2012, an allowance for uncollectible accounts was not considered necessary.

Note 1 – Summary of Significant Accounting Policies (continued)

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets, which primarily consist of bulkheads, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. The District has not capitalized interest incurred during the construction of its capital assets.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	45 years

Fund Balances – Governmental Funds

During the current fiscal year, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Types*, which requires the classification of fund balances in governmental funds using the following hierarchy:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of property taxes levied for debt service in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned - all other spendable amounts in the General Fund.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectibility of receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; and the value of capital assets for which the developer has not been fully reimbursed. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Flamingo Isles Municipal Utility District
Notes to Basic Financial Statements
March 31, 2012

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets

Total fund balance, governmental funds		\$ 1,047,570
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	\$ 19,454,179	
Less accumulated depreciation	<u>(2,951,106)</u>	
Change due to capital assets		16,503,073
Bond issuance costs are recorded as expenditures in the funds, but are deferred and amortized in the government wide statements.		
Historical cost	291,120	
Less accumulated amortization	<u>(50,316)</u>	
Change due to bond issue costs		240,804
Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		
Property taxes receivable	22,756	
Penalty and interest receivable	<u>3,451</u>	
Change due to property taxes		26,207
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds, the difference consists of:		
Bonds payable, net	(4,193,582)	
Interest payable on bonds	<u>(20,090)</u>	
Change due to long-term debt		(4,213,672)
Amounts due to the District's developer for prefunded construction are recorded as a liability in the <i>Statement of Net Assets</i> .		
		(19,634,646)
Total net assets - governmental activities		<u><u>\$ (6,030,664)</u></u>

Flamingo Isles Municipal Utility District
Notes to Basic Financial Statements
March 31, 2012

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

Net change in fund balances - total governmental funds		\$ (153,904)
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the <i>Statement of Activities</i> when earned. The difference is for property taxes and related penalties and interest.		(90,031)
In the <i>Statement of Activities</i> , capital assets are depreciated or amortized over their estimated useful lives.		
Capital outlay expenditures	\$ 211,535	
Depreciation expense	<u>(432,315)</u>	
		(220,780)
Governmental funds report issuance costs and discounts when the related debt is first issued, whereas these amounts are deferred and amortized in the <i>Statement of Activities</i> .		
Principal payments	95,000	
Amortization of bond issuance costs	(10,782)	
Interest expense accrual	<u>(4,988)</u>	
		79,230
Change in net assets of governmental activities		<u><u>\$ (385,485)</u></u>

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Flamingo Isles Municipal Utility District
Notes to Basic Financial Statements
March 31, 2012

Note 3 – Deposits and Investments (continued)

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of March 31, 2012, the District's investments consist of the following:

<u>Fund</u>	<u>Investment</u>	<u>Carrying Value</u>	<u>Percentage of Total</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
General	Certificates of deposit	\$ 80,000	9.94%	N/A	N/A
Debt Service	Certificates of deposit	725,000	90.06%	N/A	N/A
Total		<u>\$ 805,000</u>	<u>100.00%</u>		

Note 4 – Internal Transfers

During the current fiscal year, the District transferred surplus funds in the amount of \$88,863 from the Capital Projects Fund to the General Fund for dredging costs.

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended March 31, 2012, follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Ending Balances</u>
Capital assets being depreciated:			
Infrastructure	\$ 19,242,644	\$ 211,535	\$ 19,454,179
Less accumulated depreciation	(2,518,791)	(432,315)	(2,951,106)
Capital assets, net	<u>\$ 16,723,853</u>	<u>\$ (220,780)</u>	<u>\$ 16,503,073</u>

Depreciation expense for the current year was \$432,315.

Flamingo Isles Municipal Utility District
Notes to Basic Financial Statements
March 31, 2012

Note 6 – Due to Developers

The District has entered into a restated and amended financing agreement with its former developer and its current developer for the financing of the construction of additional water, sewer, drainage, bulkhead and navigational facilities. Under the agreement, the current developer will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ. The District does not record the capital asset and related liability on the government wide statements until construction of the facilities is complete.

The amount due to developers at March 31, 2012 remained unchanged from the prior year at \$19,634,646.

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 4,305,000
Unamortized discounts	(111,418)
Bonds payable, net	<u>\$ 4,193,582</u>
Due within one year	<u>\$ 100,000</u>

The District's bonds payable at March 31, 2012, consists of unlimited tax bonds as follows:

<u>Series</u>	<u>Amounts Outstanding</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date, Serially, Beginning/Ending</u>	<u>Interest Payment Dates</u>	<u>Call Dates</u>
2007	\$ 4,305,000	\$ 4,490,000	5.2% to 5.5%	March 1, 2011, March 1, 2035	September 1, March 1	March 1, 2015

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolution.

Flamingo Isles Municipal Utility District
Notes to Basic Financial Statements
March 31, 2012

Note 7 – Long-Term Debt (continued)

At March 31, 2012, the District had authorized but unissued bonds in the amount of \$52,070,000 for acquiring, constructing and improving water and sanitary sewer facilities; the reclamation and drainage of land; and providing for the navigation of canals within the District.

The change in the District’s long term debt during the year is as follows:

Bonds payable, beginning of year	\$ 4,400,000
Bonds retired	(95,000)
Bonds payable, end of year	<u>\$ 4,305,000</u>

As of March 31, 2012, annual debt service requirements on bonds outstanding are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 100,000	\$ 231,368	\$ 331,368
2014	105,000	226,118	331,118
2015	110,000	220,605	330,605
2016	120,000	214,830	334,830
2017	125,000	208,590	333,590
2018	130,000	202,090	332,090
2019	140,000	195,330	335,330
2020	150,000	188,050	338,050
2021	155,000	180,250	335,250
2022	165,000	172,190	337,190
2023	175,000	163,610	338,610
2024	185,000	154,510	339,510
2025	195,000	144,890	339,890
2026	205,000	134,750	339,750
2027	215,000	123,475	338,475
2028	230,000	111,650	341,650
2029	240,000	99,000	339,000
2030	255,000	85,800	340,800
2031	265,000	71,775	336,775
2032	260,000	57,200	317,200
2033	260,000	42,900	302,900
2034	260,000	28,600	288,600
2035	260,000	14,300	274,300
	<u>\$ 4,305,000</u>	<u>\$ 3,271,880</u>	<u>\$ 7,576,880</u>

Note 8 – Property Taxes

On December 2, 2004, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$2.00 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

*Flamingo Isles Municipal Utility District
Notes to Basic Financial Statements
March 31, 2012*

Note 8 – Property Taxes (continued)

All property values and exempt status, if any, are determined by the Galveston Central Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2012 fiscal year was financed through the 2011 tax levy. The District levied property taxes of \$0.5875 per \$100 of assessed value, of which \$0.1875 was allocated to maintenance and operations and \$0.40 was allocated to debt service. The resulting tax levy was \$369,639 on the adjusted taxable value of \$62,913,761.

Net property taxes receivable, at March 31, 2012, consisted of the following:

Current year taxes receivable	\$ 15,253
Prior years taxes receivable	7,503
	<u>22,756</u>
Penalty and interest receivable	3,451
Net property taxes receivable	<u>\$ 26,207</u>

Note 9 – Agreement with the City of Hitchcock

On February 1, 2005, the District entered into an agreement with the City of Hitchcock (the “City”) for the term of ninety-nine years. Pursuant to the agreement, the District’s developer will finance the construction of water and sewer system facilities to serve the District. Portions of the costs of constructing these facilities will be reimbursed to the developer by Reinvestment Zone One, City of Hitchcock, Texas (the “Zone”) and by the District. The District has agreed to reimburse a developer from the proceeds of bonds to be issued for certain eligible project costs associated with the construction of the facilities. The Zone will reimburse the developer from tax proceeds arising from taxation within the Zone. The facilities will be conveyed to the City at no cost to the City. Upon the City’s acceptance of each segment of the expansion of the facilities, the water and sewer facilities will be owned and operated by the City as part of the City’s water and sewer system. The City will charge its customary water and sewer rates to users within the District who will be customers of the City.

The developer advanced funds on behalf of the Zone and the District to dredge channels and build bulkheads on the channels. The District has agreed to accept each segment of bulkhead as it is completed and to maintain the bulkhead that is completed by the developer. The District levies a property tax to pay debt service on its bonds and to pay maintenance and operating expenses, including bulkhead maintenance.

To the extent that the City has the legal authority to do so, the City consents to the organization and operation of the District as it is currently constituted and agrees that it will not take any action to dissolve the District during the term of the agreement.

Flamingo Isles Municipal Utility District
Notes to Basic Financial Statements
March 31, 2012

Note 10 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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Required Supplementary Information

*Flamingo Isles Municipal Utility District
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended March 31, 2012*

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Property taxes	\$ 130,000	\$ 147,167	\$ 17,167
Miscellaneous		85	85
Investment earnings	1,000	219	(781)
Total Revenues	<u>131,000</u>	<u>147,471</u>	<u>16,471</u>
Expenditures:			
Operating and administrative			
Professional fees	47,000	62,850	(15,850)
Contracted services	8,500	8,740	(240)
Administrative	3,000	3,619	(619)
Other	7,378	3,163	4,215
Capital outlay	<u>227,500</u>	<u>211,535</u>	<u>15,965</u>
Total Expenditures	<u>293,378</u>	<u>289,907</u>	<u>3,471</u>
Deficiency of Revenues Under Expenditures	(162,378)	(142,436)	19,942
Other Financing Source:			
Internal transfers	<u>89,000</u>	<u>88,863</u>	<u>(137)</u>
Net change in fund balance	(73,378)	(53,573)	19,805
Fund Balance:			
Beginning of the year	311,203	311,203	
End of the year	<u>\$ 237,825</u>	<u>\$ 257,630</u>	<u>\$ 19,805</u>

Flamingo Isles Municipal Utility District
Notes to Required Supplementary Information
March 31, 2012

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year

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Texas Supplementary Information

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Flamingo Isles Municipal Utility District
TSI-1. Services and Rates
March 31, 2012

1. Services provided by the District During the Fiscal Year:

- | | | |
|---|---|-------------------------------------|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks / Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste / Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |

Other (Specify) Navigation, dredging, bulkheading - water and sewer services provided by the City of Hitchcock

2. Retail Service Providers

(You may omit this information if your district does not provide retail services)

a. Retail Rates for a 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate</u>	<u>Rate per 1,000 Gallons Over Minimum Usage</u>	<u>Usage Levels</u>
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
					_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water _____ Wastewater _____

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC'S</u>
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.

*Flamingo Isles Municipal Utility District
TSI-2 General Fund Expenditures
For the Year Ended March 31, 2012*

Professional fees	
Legal	\$ 44,191
Audit	9,100
Engineering	9,559
	<u>62,850</u>
Contracted services	
Bookkeeping	8,140
Financial advisor	600
	<u>8,740</u>
Administrative	
Insurance	2,292
Other	1,327
	<u>3,619</u>
Other	<u>3,163</u>
Capital outlay	<u>211,535</u>
Total expenditures	<u><u>\$ 289,907</u></u>

See accompanying auditors' report.

Flamingo Isles Municipal Utility District
TSI-3. Investments
March 31, 2012

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable</u>
General Fund					
Certificate of deposit	1008657767	0.15%	06/14/12	\$ 10,000	\$ 7
Certificate of deposit	1008657759	0.15%	05/15/12	10,000	7
Certificate of deposit	1008657742	0.35%	03/19/13	15,000	2
Certificate of deposit	1008657734	0.20%	02/15/12	15,000	14
Certificate of deposit	1111766037	0.35%	07/16/12	15,000	11
Certificate of deposit	4483	0.20%	04/17/12	15,000	13
				<u>80,000</u>	<u>53</u>
Debt Service Fund					
Certificate of deposit	540000031	0.85%	08/20/13	240,000	363
Certificate of deposit	540010238	0.40%	08/16/12	245,000	354
Certificate of deposit	8393	0.80%	02/20/13	120,000	40
Certificate of deposit	31024493	0.25%	07/26/12	120,000	54
				<u>725,000</u>	<u>811</u>
Total - All Funds				<u>\$ 805,000</u>	<u>\$ 864</u>

See accompanying auditors' report.

Flamingo Isles Municipal Utility District
TSI-4. Taxes Levied and Receivable
March 31, 2012

	Maintenance			
	Taxes	Debt Service	Total	
Taxes Receivable, Beginning of Year	\$ 34,493	\$ 75,938	\$ 110,431	
2011 Original Tax Levy	117,963	251,655	369,618	
Adjustments		21	21	
Adjusted Tax Levy	117,963	251,676	369,639	
Total to be accounted for	152,456	327,614	480,070	
Tax collections:				
Current year	113,102	241,285	354,387	
Prior years	32,348	70,579	102,927	
Total Collections	145,450	311,864	457,314	
Taxes Receivable, End of Year	\$ 7,006	\$ 15,750	\$ 22,756	
Taxes Receivable, By Years				
2011	\$ 4,612	\$ 10,641	\$ 15,253	
2010	1,620	3,456	5,076	
2009	215	460	675	
2008 and prior	559	1,193	1,752	
Taxes Receivable, End of Year	\$ 7,006	\$ 15,750	\$ 22,756	
	2011	2010	2009	2008
Property Valuations:				
Land	\$ 34,638,300	\$ 42,351,240	\$ 59,802,530	\$ 59,708,010
Improvements	28,364,195	29,640,900	28,850,750	27,259,910
Personal Property	83,006	50,656	42,880	81,476
Exemptions	(171,740)	(174,449)	(174,200)	(216,149)
Total Property Valuations	\$ 62,913,761	\$ 71,868,347	\$ 88,521,960	\$ 86,833,247
Tax Rates per \$100 Valuation:				
Debt service tax rates	\$ 0.4000	\$ 0.4000	\$ 0.40	\$ 0.40
Maintenance tax rates	0.1875	0.1875	0.10	0.10
	\$ 0.5875	\$ 0.5875	\$ 0.50	\$ 0.50
Adjusted Tax Levy:	\$ 369,639	\$ 422,227	\$ 442,610	\$ 434,166
Percentage of Taxes Collected to Taxes Levied **	95.9%	98.8%	99.8%	99.8%

* Maximum Maintenance Tax Rate Approved by Voters: \$2.00 on November 2, 2004

** Calculated as taxes collected for a tax year divided by taxes levied for that tax year

See accompanying auditors' report.

*Flamingo Isles Municipal Utility District
 TSI-5. Long-Term Debt Service Requirements
 Series 2007--by Years
 March 31, 2012*

Due During Fiscal Years Ending	Principal Due March 1,	Interest Due September 1, March 1,	Total
2013	\$ 100,000	\$ 231,368	\$ 331,368
2014	105,000	226,118	331,118
2015	110,000	220,605	330,605
2016	120,000	214,830	334,830
2017	125,000	208,590	333,590
2018	130,000	202,090	332,090
2019	140,000	195,330	335,330
2020	150,000	188,050	338,050
2021	155,000	180,250	335,250
2022	165,000	172,190	337,190
2023	175,000	163,610	338,610
2024	185,000	154,510	339,510
2025	195,000	144,890	339,890
2026	205,000	134,750	339,750
2027	215,000	123,475	338,475
2028	230,000	111,650	341,650
2029	240,000	99,000	339,000
2030	255,000	85,800	340,800
2031	265,000	71,775	336,775
2032	260,000	57,200	317,200
2033	260,000	42,900	302,900
2034	260,000	28,600	288,600
2035	260,000	14,300	274,300
	<u>\$ 4,305,000</u>	<u>\$ 3,271,880</u>	<u>\$ 7,576,880</u>

See accompanying auditors' report.

*Flamingo Isles Municipal Utility District
 TSI-6. Change in Long-Term Bonded Debt
 March 31, 2012*

	<u>Bond Issue</u> <u>Series 2007</u>
Interest rate	5.20% - 5.50%
Dates interest payable	9/1 & 3/1
Maturity dates	3/1/11 to 3/1/35
Beginning bonds outstanding	\$ 4,400,000
Bonds retired during the year	<u>(95,000)</u>
Ending bonds outstanding	<u>\$ 4,305,000</u>
Interest paid during fiscal year	<u>\$ 236,355</u>
Paying agent's name and city	

Series 2007 Wells Fargo Bank, N.A. Houston, Texas

Bond Authority:	Water, Sewer and <u>Drainage Bonds</u>
Amount Authorized by Voters	\$ 56,560,000
Amount Issued	<u>(4,490,000)</u>
Remaining To Be Issued	<u>\$ 52,070,000</u>

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and temporary investments balances as of March 31, 2012:	<u>\$ 790,555</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 329,430</u>

See accompanying auditors' report.

Flamingo Isles Municipal Utility District
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2012	2011	2010	2009	2008
Revenues:					
Property taxes	\$ 147,167	\$ 123,660	\$ 102,050	\$ 87,695	\$ 108,014
Intergovernmental revenue			72,317		
Miscellaneous	85				
Investment earnings	219	598	838	5,832	7,712
Total Revenues	<u>147,471</u>	<u>124,258</u>	<u>175,205</u>	<u>93,527</u>	<u>115,726</u>
Expenditures:					
Operating and administrative					
Professional fees	62,850	93,652	44,176	57,528	43,040
Contracted services	8,740	8,488	7,651	6,819	8,340
Repairs and maintenance		63,900	37,693	43,672	
Administrative	3,619	5,880	11,889	16,078	8,788
Other	3,163	6,654	4,855	4,953	101
Capital outlay	<u>211,535</u>				
Total Expenditures	<u>289,907</u>	<u>178,574</u>	<u>106,264</u>	<u>129,050</u>	<u>60,269</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (142,436)</u>	<u>\$ (54,316)</u>	<u>\$ 68,941</u>	<u>\$ (35,523)</u>	<u>\$ 55,457</u>

* Amounts negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2012	2011	2010	2009	2008
100%	100%	59%	94%	93%
		41%		
*				
*	*	*	6%	7%
100%	100%	100%	100%	100%
43%	75%	25%	62%	37%
6%	7%	4%	7%	7%
	51%	22%	47%	
2%	5%	7%	17%	8%
2%	5%	3%	5%	*
143%				
196%	143%	61%	138%	52%
-96%	-43%	39%	-38%	49%

Flamingo Isles Municipal Utility District
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2012	2011	2010	2009	2008
Revenues:					
Property taxes	\$ 310,147	\$ 304,109	\$ 277,873	\$ 345,266	\$ 295,619
Penalties and interest	39,403	11,358	9,985	8,577	9,279
Accrued interest on bonds at date of sale					16,742
Investment earnings	2,721	4,428	5,425	10,850	13,128
Total Revenues	<u>352,271</u>	<u>319,895</u>	<u>293,283</u>	<u>364,693</u>	<u>334,768</u>
Expenditures:					
Tax collection services	31,868	11,348	12,512	11,183	9,764
Debt service					
Principal	95,000	90,000			
Interest and fiscal agent fees	236,905	241,630	241,630	241,630	160,720
Total Expenditures	<u>363,773</u>	<u>342,978</u>	<u>254,142</u>	<u>252,813</u>	<u>170,484</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (11,502)</u>	<u>\$ (23,083)</u>	<u>\$ 39,141</u>	<u>\$ 111,880</u>	<u>\$ 164,284</u>

* Amounts negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2012	2011	2010	2009	2008
88%	95%	95%	95%	88%
12%	4%	3%	2%	3%
				5%
*	1%	2%	3%	4%
100%	100%	100%	100%	100%
9%	4%	4%	3%	3%
27%	28%			
67%	76%	82%	66%	48%
103%	108%	86%	69%	51%
-3%	-8%	14%	31%	49%

Flamingo Isles Municipal Utility District
TSI-8. Board Members, Key Personnel and Consultants
March 31, 2012

Complete District Mailing Address: 1301 McKinney Street, Suite 5100, Houston, Texas 77010-3093
District Business Telephone Number: (713) 651-3601
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): December 9, 2010
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members:				
Arnold J. Cross	09/10 - 05/14	\$	\$	President
Ronald Holley	09/10 - 11/12		417	Vice President
Richard Couch	09/10 - 05/14			Secretary
Michael Andries	09/10 - 05/14			Treasurer
Donald Tarpey	09/10 - 11/12			Assistant Secretary
Consultants:				
		Amounts Paid		
Fulbright & Jaworski, LLP	03/03	\$ 39,923		Attorney
Municipal Accounts and Consulting Inc.	08/11	6,116		Bookkeeper
Municipal Business Services, Inc.	03/03	2,024		Former Bookkeeper
Assessments of the Southwest, Inc.	02/03	5,643		Tax Collector
Galveston Central Appraisal District	Legislation	3,606		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LLP	04/05	21,899		Delinquent Tax Attorney
Shelmark Engineering, LLC.	08/08	24,699		Engineer
McGrath & Co., PLLC	Annual	9,100		Auditor
The GMS Group, Inc.	03/03	600		Financial Advisor

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.
See accompanying auditors' report.