

**SOCORRO INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL AND COMPLIANCE REPORTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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CERTIFICATE OF BOARD

Socorro Independent School District  
Name of School District

El Paso County  
County

071-909  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial and compliance reports of the above named School District were reviewed and (check one) \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended June 30, 2013, at a meeting of the Board of Trustees of such School District on the \_\_\_\_ day of November 2013.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is(are):

(attach list as necessary)

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Socorro Independent School District

### **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 Socorro Independent School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Socorro Independent School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Socorro Independent School District, as of June 30, 2013, and the respective changes in financial position and , where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *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 on pages 10 through 22 and 70 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.

### *Supplementary and Other Information*

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

The combining and individual nonmajor fund financial statements 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 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 the schedule of expenditures of federal awards are fairly stated in all material respects in relation the financial statements as a whole.

The required TEA schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2013, on our consideration of the Socorro 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 Socorro Independent School District's internal control over financial reporting and compliance.

Gibson, Ruddock, Patterson LLC  
El Paso, Texas  
November 5, 2013

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## **MANAGEMENT'S DISCUSSION & ANALYSIS**

## MANAGEMENT DISCUSSION AND ANALYSIS

This section of Socorro Independent School Districts annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2013. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

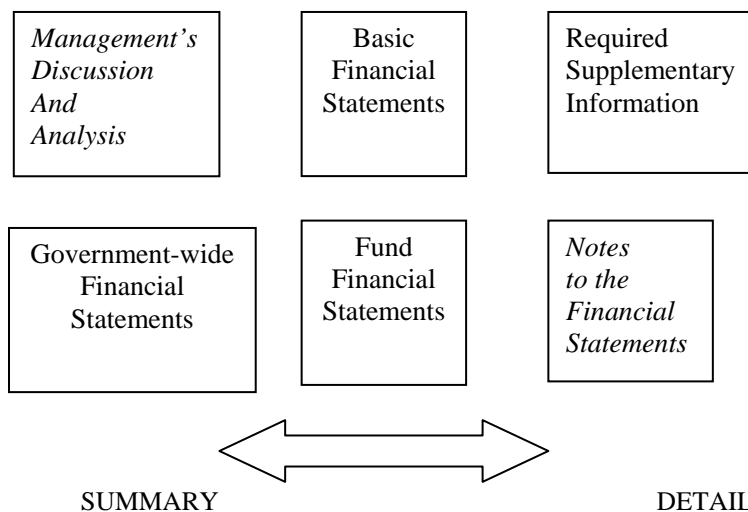
- On the government-wide financial statements, the assets of the District exceeded liabilities by \$256.5 million. Of this amount, \$43.0 million is unrestricted and may be used to meet the District's ongoing obligations. The total net position of the District increased from \$231.5 million in fiscal year 2012 to \$256.5 million in fiscal year 2013, an increase of \$25.0 million.
- The District's governmental funds financial statements reported a combined ending fund balance in fiscal year 2013 of \$202.9 million. Of this amount, \$1.2 million is reserved in the general fund for inventory, \$9.6 million is restricted for restricted federal or state funds, \$66.1 million is restricted for capital acquisitions, \$40.1 million is restricted for retirement of long-term debt, \$0.8 million is restricted for other purposes, \$1.3 million is committed for construction, \$0.3 million is committed for other purposes, \$4.5 million is assigned and \$78.3 million (27.1% of operating expenditures) is unassigned in the general fund and is an increase of \$9.0 million from the prior year. The combined ending fund balance of the District increase \$52.2 million.
- During the year, the District's general fund expenses were \$288.0 million or \$10.8 million less than the \$298.8 million generated in taxes and other revenues for general fund activities.
- The fund balance in the Debt Service Fund is \$40.1 million. This is an increase of \$5.5 million from the prior year. The District plans to use part of this balance to make the principal and interest debt service payment in August of 2014 before tax collections and state funding are received. The Interest and Sinking Interest tax rate is \$0.29, a 3 cent increase from fiscal year 2012.
- The District's total long term liabilities at the end of fiscal year 2013 were \$545.6 million, an increase of \$133.2 million.
- The Print Shop had an operating net loss of \$99,582. The total net position for this fund is \$203,156 as of the end of the fiscal year.
- The Workers' Compensation Insurance Fund had an operating increase of \$1,322,927. The ending total net position is \$2.0 million, an increase of \$1.3 million from fiscal year 2012.
- The Health Care Insurance Fund had an operating income of \$3.4 million in fiscal year 2013. The ending net position for the Health Care Fund is \$26.0 million.
- The District's Child Nutrition Program reported an ending fund balance in fiscal year 2013 of \$9.5 million, an increase of \$1.7 million from the prior year.
- The District implemented Governmental Accounting Standards Board (GASB) Statement number 63-*Financial Reporting of Deferred outflows of Resources, Deferred Inflows of Resources and Net Position*, which provides financial reporting guidance for deferred outflows and inflows of resources and identifies net position as the residual of all other elements presented in a statement of financial position. The District's Statement of Net Position as of June 30, 2013 has been presented in accordance with the guidance provided by this Statement.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Figure A-1. Required Components of The Districts Annual Financial Report



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

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

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

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

**Government-wide Statements**

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

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

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

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

## Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*-Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long and short-term financial information.
  - We use *internal service funds* to report activities that provide supplies and services for the District's other programs and activities-such as the District's Self Insurance Fund.
- *Fiduciary funds*-The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that -because of a trust arrangement-can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## Notes to the Basic Financial Statements

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

## Other Information

In addition to the basis financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Immediately following the required supplementary information, combining statements are the included for the non-major fund, the internal service funds, and the agency funds.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net position.** The District's *combined* net position for governmental funds and business activities were approximately \$256.5 million at June 30, 2013 (See Table A-1).

**Table A-1**  
**The District's Net Position**  
*(in millions of dollars)*

	Governmental & Business Activities		Percentage Change
	2013	2012	
Current and Other Assets	280.1	219.9	27.3%
Capital and Non-Current Assets	588.9	486.1	21.1%
<b>Total Assets</b>	869.1	705.9	23.1%
Current Liabilities	51.2	47.2	8.4%
Long Term Liabilities	561.3	427.2	31.4%
<b>Total Liabilities</b>	612.5	474.4	29.1%
Net Assets			
Invested in Capital Assets			
Net of related debt	96.4	85.4	12.8%
Restricted	117.1	75.6	54.8%
Unrestricted	43.0	70.5	-39.0%
<b>Total Net Position</b>	256.5	231.5	10.8%

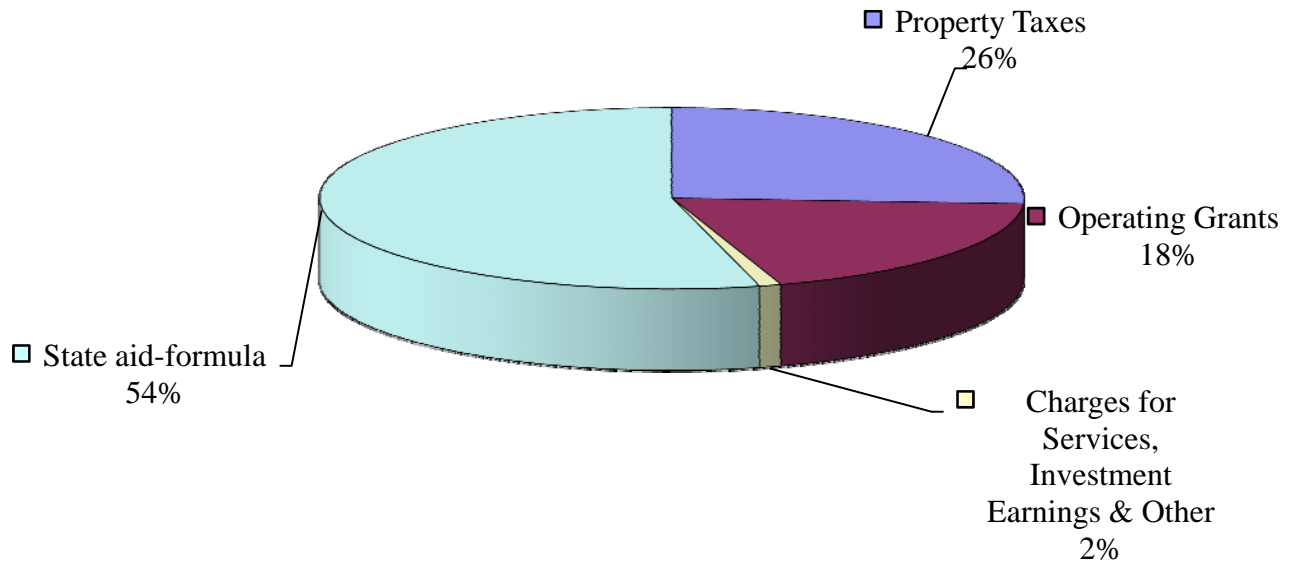
The District's combined net position increased \$25.0 million from the prior year. The increase was primarily attributable to current assets, particularly cash and cash equivalents, and occurred for several reasons. First, the District issued \$129.3 million of school construction bonds and it took time to begin construction. Second, the District did raise the tax rate by six cents and that generated additional revenues and cash for the general fund and the debt service fund. The District also saw an increase in the long-term liabilities due to the issuance of the above said bonds. The District's restricted net position includes restrictions for federal and state programs, debt service, capital projects and campus activities. The \$43.0 million of unrestricted net position represents resources available to fund programs for the District next year.

**Changes in position.** As illustrated in table A-2, the District's total revenues were \$382.8 million. A significant portion (54%) of the District's revenue comes from State aid formula grants (See table A-2), while twenty-six (26%) percent comes from property taxes, eighteen (18%) percent comes from grants and contributions, and only two (2%) percent relates to charges for services.

The total cost of all programs and services was \$358.7 million; eighty-one (81%) percent of these costs are for instructional and student services; eleven (11%) percent is for maintenance and security, six (6%) percent is for debt service, and two (2%) percent is for general administration.

**Figure A-3 District  
Sources of Revenue for Fiscal Year 2013  
Governmental Activities**

- The pie chart illustrates the distribution of revenue sources for governmental activities.



**Table A-2  
The District's Revenues, Expenditures, and Changes in Fund Balance  
(in millions of dollars)**

	Governmental & Business Activities		Total % Change
	2013	2012	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	4.7	4.7	0.0%
Operating Grants and Contributions	71.7	85.5	-16.2%
<u>General Revenues</u>			
Property Taxes	99.0	88.7	11.6%
State aid – formula	204.9	201.2	1.7%
Investment earnings	0.3	0.2	50.0%
Other	2.4	1.0	140.0%
<b>Total Revenues</b>	<b>383</b>	<b>381.2</b>	<b>4.2%</b>

<b>Expenses</b>			
Instruction and instructional related	198.6	200.5	-1.0%
Instructional leadership/school administration	25.0	24.5	2.0%
Guidance, social work, health, transportation	26.5	26.9	-1.8%
Food Services	21.7	20.2	7.4%
Extracurricular activities	10.2	9.8	4.0%
General Administration	7.0	7.3	-4.1%
Plant maintenance and security	39.6	39.7	0.2%
Data processing services	4.2	5.2	-19.2%
Community Services	1.9	1.8	0.0%
Debt service	22	17.3	27.1%
Other Intergovernmental Charges	1.3	1.3	0.0%
<b>Total Expenses</b>	<u>358</u>	<u>354.4</u>	1.0%
<b>Change in Net Position</b>	25.0	26.8	-6.7%
<b>Prior Period Adjustment</b>	0.0	-0.4	100.0%
<b>Beginning Net Position</b>	<u>231.5</u>	<u>205.1</u>	12.8%
<b>Ending Net Position</b>	<u>256.5</u>	<u>231.5</u>	14.4%

The revenues of all *governmental and enterprise* activities this year was \$383 million.

- Interest rates for the year started at thirteen basis points and then decreased toward the end of the fiscal year, however significant higher cash balances from the prior year resulted in an increase of seventy-eight (78%) percent in interest earnings.
- An increase of the average daily attendance for the year resulted in a one point seven (1.7%) percent increase in state revenues.
- A three (3) cent increase in the Maintenance and Operations tax rate and three (3) cent increase in the Interest and Sinking fund tax rate, coupled with a five (5) percent increase in assessed taxable values, resulted in a nine (9%) increase in property taxes.
- The elimination of the American Recovery and Reinvestment Act (ARRA) funds and the Education Jobs Bill Funds resulted in a decrease (16%) of revenues from grants and contributions.

The cost of all *governmental and enterprise* activities this year was \$358 million.

- The amount that our taxpayers paid for these activities through property taxes was only \$99.0 million.
- Some of the cost was paid by those who directly benefited from the programs (\$4.7 million) or by grants and contributions (\$71.7 million).

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

**Table A-3**  
**Net Cost of Selected District Functions**  
*(in millions of dollars)*

	<b>Total Cost of Services</b>		<b>% Change</b>	<b>Net Cost of Services</b>		<b>% Change</b>
	<b>2013</b>	<b>2012</b>		<b>2013</b>	<b>2012</b>	
Instruction	198.6	200.5	-0.1%	172.6	168.6	2.37%
School administration	25.0	24.5	2.0%	23.5	20.7	13.5%
Plant Maintenance & Operations	34.1	34.2	-0.3%	33.3	32.3	3.1%
Debt Service – Interest & Fiscal Charges	22.7	17.3	31.2%	6.9	0.2	3350.0%

The total cost of services for instruction decreased slightly by 0.9% from the prior year. This is the result of the District instituting a “traditional” class schedule (as opposed to a “block” schedule) which reduce the number of secondary teaching positions needed for the year. The net cost of services for debt service-interest and fiscal charges - increased Thirty-one (31%) percent due to increase in the debt service as the District issues bonds to build schools.

## **FINANCIAL ANALYSIS OF DISTRICT’S FUNDS**

### **Governmental Funds**

The District’s total governmental fund is comprised of the General Fund, Debt Service Fund, Capital Projects Fund and Other Funds. At the end of fiscal year 2013 the total assets for governmental funds were \$368.0 million, an increase of \$119.9 million. The total liabilities amounted to \$165.0 million, an increase of \$67.6 million and ending reserves totaled \$202.9 million, an increase of \$52.2 million.

District governmental revenues totaled \$382.8 million, an increase of \$1.5 million from the previous year. The general fund had an increase in local revenues of \$7.6 million due to an increase in assessed taxable values and an increase in the maintenance and operations tax rate of \$0.03 cents. The debt service fund had an increase in local revenues due to the same reasons, an increase in assessed taxable values and an increase of three (3) cents in the interest and sinking fund tax rate.

The Other Funds amount had a decrease of \$10.9 million primarily due to elimination of the federal stimulus funding provided by the American Recovery and Reinvestment Act (\$1.9 million) and the end of the federal Education Jobs Fund (\$7.2 million).

The District’s total governmental expenditures were \$479.1 million, compared to \$389.5 in the prior year. The increase of \$89.6 million is primarily due to the building of new campuses district-wide and is reflected in the Capital Projects fund.

Finally, the fund balance in governmental funds was \$202.9 million, an increase of \$52.2 million. The increase is due to several reasons. First, the General Fund had a surplus of \$10.7 million due to smaller than projected expenditures. Second, the Debt Service fund had an increase in local tax collections due to an increase in the interest and sinking fund tax rate. Finally, the District issued \$129.3 million in school building construction bonds and \$18.8 million in refinancing bonds which increased the Capital Projects fund.

### **Proprietary Funds**

The District’s Proprietary Funds are those funds, which are primarily self-supporting. The District maintains three Proprietary Funds, which are the Internal Service Funds. These funds are the Print Shop, The Workers’ Compensation Fund, and the Health Care Fund.

The Print Shop Fund ended the year with unrestricted net position of \$203,156, a decrease of \$99,582 from the prior year. Total revenues were \$318,650, a decrease of \$177,227 from fiscal year 2012. Total operating expenses incurred were \$418,232, a decrease of \$966 from fiscal year 2012.

The Workers’ Compensation Fund experienced an operating gain of \$1,322,927. Total revenues were \$2,927,434, an increase of \$551,663 from the prior year. Total operating expenses incurred were \$1,604,507, a decrease of \$1,360,929. The ending total net position for the Workers’ Compensation Fund is \$2,090,638.

The Health Care Fund reported a surplus of \$3,424,051 for fiscal year 2013. Total revenues were \$38,258,175, a decrease of \$1,820,049. Total health Care expenditures were \$34,834,124 for fiscal year 2013, a decrease of \$1,174,169 from the prior year.

## Fiduciary Funds

The District's Fiduciary Funds (Trust and Agency) are used to account for assets held by a governmental in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. The District accounts for student activity funds that are received and held by a campus. The District accounts for student activity funds as agency funds. These funds have no equity and do not include revenues and expenditures for the District. The total amount of assets in the Fiduciary Funds was \$1,697,158, an increase of \$119,221 from the prior year.

## General Fund Budgetary Highlights

The Board of the Socorro Independent School District adopted a general fund budget of \$296,918,975 as well as the revenues to support it on June 19, 2012. Over the course of the year, the District revised its General Fund budget several times.

- The District rolled over outstanding encumbrances in the amount of \$4,284,179.
- The District increased the budget in the amount of \$815,433 due to unexpended insurance proceeds received in prior years for freeze and flood damages.
- The District increased the budget in the amount of \$1,453,650 for unexpended and unencumbered committed fund balances.
- The District increased the budget in the amount of \$2,829,125 due to projected increase in State Compensatory Education (\$1,440,591) and Career and Technology Education (\$1,388,534) program expenditure requirements.
- The District increased the budget in the amount of \$199,094 for security cameras and fencing at several high school football fields.
- The District increased the budget in the amount of \$304,974 for fine arts, library and athletic supply needs at two new campuses.

A review of the final budget to actual expenditures indicated that the District did not exceed the final budget amount, on a per function basis, in any function. Actual expenditures were \$20,722,861 below final budget amounts and total revenues were \$516,689 above budgeted amounts.

**Table A-4**  
**Budget and Actual – General Fund**  
*(in millions of dollars)*

	Final Budget	Actual	Variance
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	75.3	78.9	3.6
5800 State Program Revenues	220.7	216.4	-4.2
5900 Federal Program Revenues	3.3	3.3	0.0
5020 Total Revenues	<u>299.3</u>	<u>298.8</u>	<u>-0.5</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	178.6	172.8	5.8
0012 Instructional Resources and Media Services	4.9	4.5	0.4
0013 Curriculum and Instructional Staff Development	0.8	0.6	0.2
0021 Instructional Leadership	3.9	3.7	0.2
0023 School Leadership	21.2	20.8	0.3
0031 Guidance, Counseling and Evaluation Services	8.4	7.9	0.5
0032 Social Work Services	1.6	1.5	0.1
0033 Health Services	3.7	3.4	0.3

0034 Student (Pupil) Transportation	11.9	10.2	1.7
0035 Food Services	0.0	0.0	0.0
0036 Extracurricular Activities	10.1	8.9	1.2
0041 General Administration	7.5	6.7	0.7
0051 Facilities Maintenance and Operations	38.6	32.5	6.0
0052 Security and Monitoring Services	6.2	5.5	0.7
0053 Data Processing Services	4.5	3.9	0.5
0061 Community Services	0.8	0.7	0.0
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	0.3	0.3	0.0
0072 Debt Service - Interest on Long Term Debt	0.0	0.0	0.0
Capital Outlay:			
0081 Facilities Acquisition and Construction	3.7	2.1	1.5
Intergovernmental:			
0099 Other Intergovernmental Charges	1.2	1.2	0.0
6030 Total Expenditures	<u>308.8</u>	<u>288.0</u>	<u>20.2</u>

**OTHER FINANCING SOURCES (USES):**

7912 Sale of Real and Personal Property	0.0	0.0	0.0
7913 Capital Leases	0.0	0.0	0.0
7915 Transfers In	0.0	0.0	0.0
7080 Total Other Financing Sources (Uses)	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

1200 Net Change in Fund Balances	-9.4	10.7	20.2
0100 Fund Balance - September 1 (Beginning)	75.0	75.0	0.0
1300 Prior Period Adjustment	0.0	0.0	0.0
3000 Fund Balance - August 31 (Ending)	<u>65.6</u>	<u>85.8</u>	<u>20.2</u>

**District Fund Balance Policy**

In fiscal year 2010, the Board of Trustees adopted a minimum fund balance policy for the General Fund and Debt Service fund. The policy requires the unassigned fund balance at fiscal year-end to be at least equal to sixteen point six-six (16.66) percent, or two months of the subsequent year's budgeted general fund expenditures. In addition, the fund balance for the debt service will be at least ten (10) percent of the current year's debt service requirements for the debt service fund and no more than twenty-five (25) percent of the current year's debt service requirements.

During 2013, the unassigned fund balance in the General Fund was twenty-seven (27) percent of current year expenditures. The Debt Service fund balance was one hundred and eighteen (118) percent of current year expenditures. The change in the end date to the District's fiscal year in 2011 from August to June resulted in the Debt Service fund balance being higher than the twenty-five (25) percent threshold. Given that the first debt service payment of the fiscal year is now in August, before the District receives tax receipts or state aid, it is imperative that this higher than required fund balance exist. The Administration will look to recommend a modification of the fund balance policy to reflect this fact in the near future.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2013, the district had invested \$588.9 million in a broad range of capital assets, including land, buildings, construction-in-progress, equipment, and vehicles (See Table A-5). This amount represents a net increase (including additions and deductions) of \$102.9 million. More detailed information about the District's capital assets is presented in Notes 1 and 4 to the financial statements.

**Table A-5**  
**District's Capital Assets**  
(in millions of dollars)

	Governmental Activities		Total % Change
	2013	2012	
Land	46.4	42.8	8.4%
Buildings and improvements	593.2	488.8	21.3%
Construction in Progress	19.0	16.7	13.7%
Furniture and Equipment	42.7	38.5	10.9%
Leased property under capital lease	0.0	1.1	-100.0%
Total at historical cost	701.5	587.9	19.3%
Total accumulated depreciation	-112.5	-101.8	10.5%
Net Capital Assets	588.9	486.1	21.1%

In 2013, the District completed construction on a new \$35 million dollar combo school (middle and elementary school with shared dining and library facilities) as well as construction on phase III for Eastlake High School and various HAVC upgrades for the elementary schools. The District also started construction of a new \$18 million dollar elementary school as well as a \$59 million conversion of El Dorado Ninth Grade Academy into a comprehensive high school (to be known as Pebble Hills High School). As a result, the District's investment in capital assets has increased significantly (21.1%) from the prior year.

### Long-Term Debt

At year-end the District had \$562.1 million in bonds and leases outstanding as shown in Table A-6. More detailed information about the District's debt is presented in note IV-G to the Financial Statements.

**Table A-6**  
**District's Long Term Debt**  
(in millions of dollars)

	Governmental		Change
	2013	2012	
Lease Payable	0.0	0.3	-100.0%
Bonds Payable	561.3	426.8	31.5%
Total bonds and notes payable	561.3	427.1	31.4%

At year-end, the District had \$561.3 million in long term outstanding versus \$427.1 at the end of fiscal year 2012. This is primarily due to the District's issuance of \$129.3 million on school building bonds. This is the second issuance of the \$297 million bond election approved by the voters in 2011. The District intends to issue the remaining authorized bonds within a three year period to provide classrooms for the significant enrollment growth that it has experienced. The District also issued \$17.7 million in refunding bonds to take advantage of current lower interest rates. Finally, the District has aggressively managed its debt by competitive bidding to obtain the best interest rates available and by refinancing existing debt for lower rates when in the best interest of the District. These actions have provided an adequate cash flow so that at no time has the District been short of cash when needed, nor has the District been forced to borrow funds to meet cash obligations.

### **Bond Ratings**

The District's bonds presently carry an "AAA" rating. Underlying ratings were recalibrated in April of 2010 as follows: Fitch from "A+" to "AA-" and Moody's from "A1" to "Aa2"

### **ECONOMIC FACTORS AND NEXT YEAR BUDGETS AND RATES:**

- The appraised net taxable value used for the 2014 budget preparation was increased by \$391.1 million or 5.38% from 2013.
- Upon the budget's adoption, the District's projected 2014 refined average daily attendance is expected to be 42,176, a 2.00% increase from 2013. The current refined average daily attendance, at date of issuance, is 41,361 representing very little growth from 2013. The administration is looking closely at this matter.

For fiscal year 2014, the District adopted a proposed budget of \$383,987,743. This amount was composed of the General Fund (\$313,696,790), the Food Service fund (\$24,175,953), and the Debt Service fund (\$46,115,000). The adopted general fund budget represented a small (1.85%) increase from the 2013 amended budget. Budget variables impacting the General Fund budget consisted of an increase in state funding of \$11.7 million to the District as the state worked to restore much of the past budget reductions. The District is expecting a smaller increase in state funding in FY2015. In addition, the District increased the budget by \$0.8 million to address the impact of the Affordable Care Act (ACA), and also increased the budget to staff, equip and supply two new campuses: Puentes Middle School and Butler Elementary. The District also reduced the amount allocated for health care per employee per month by \$50 due to the large fund balance in the Health Care Fund net assets. Finally, the Administration proposed, and the Governing Board accepted, a modest 2.0% increase in compensation (hourly employees received a 2.5% increase) for the employees of the District. This resulted in a \$3.9 million impact to the general fund.

For debt service, the district will have issued all the \$297 million authorized by the 2011 bond program in school building bonds by the end of the fiscal year. Consequently, the debt service budget increased by \$6.6 million dollars and the District is projecting using fund reserves for balance the budget. The proceeds will be used to complete the master plans of two existing high schools, build a combo school, build two elementary schools, equip and furnish the said schools, renovating high school science labs, technology infrastructure, and HVAC upgrades for all elementary schools.

To support the total budget for fiscal year 2014, the Board adopted a total tax rate of \$1.27 per \$100 of assessed property valuation, the same rate as the prior year. Of this amount, \$0.98 is for maintenance and operations and the remaining \$0.29 is for debt service.



## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Financial Services Department, at the Socorro Independent School District, 12440 Rojas Dr., El Paso, Texas, 79928.

## **BASIC FINANCIAL STATEMENTS**

SOCORRO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2013

Data Control Codes	Primary Government  Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 235,578,714
1220 Property Taxes Receivable (Delinquent)	6,905,239
1230 Allowance for Uncollectible Taxes	(2,602,108)
1240 Due from Other Governments	34,338,113
1267 Due from Fiduciary Funds	473,739
1290 Other Receivables, net	953,578
1300 Inventories	1,577,200
1410 Prepayments	297,324
1420 Capitalized Bond and Other Debt Issuance Costs	2,658,008
Capital Assets:	
1510 Land	46,495,033
1520 Buildings, Net	507,306,232
1530 Furniture and Equipment, Net	16,117,669
1580 Construction in Progress	19,066,983
1000 Total Assets	869,165,724
<b>LIABILITIES</b>	
2110 Accounts Payable	21,270,461
2140 Interest Payable	8,509,311
2150 Payroll Deductions & Withholdings	3,317,267
2160 Accrued Wages Payable	12,651,206
2180 Due to Other Governments	548,371
2200 Accrued Expenses	4,654,377
2300 Unearned Revenue	248,970
Noncurrent Liabilities	
2501 Due Within One Year	17,309,107
2502 Due in More Than One Year	544,081,486
2000 Total Liabilities	612,590,556
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	96,415,958
3820 Restricted for Federal and State Programs	9,958,311
3850 Restricted for Debt Service	40,113,444
3860 Restricted for Capital Projects	66,162,626
3870 Restricted for Campus Activities	877,017
3900 Unrestricted	43,047,812
3000 Total Net Position	\$ 256,575,168

The notes to the financial statements are an integral part of this statement.

SOCORRO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Expenses	3	4	6	Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
<b>Primary Government:</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
11 Instruction	\$ 189,575,371	\$ 269,956	\$ 21,849,489	\$ (167,455,926)
12 Instructional Resources and Media Services	4,980,460	-	365,459	(4,615,001)
13 Curriculum and Staff Development	3,992,242	-	3,442,221	(550,021)
21 Instructional Leadership	4,055,919	-	454,416	(3,601,503)
23 School Leadership	20,903,839	-	981,372	(19,922,467)
31 Guidance, Counseling and Evaluation Services	10,436,157	-	2,937,629	(7,498,528)
32 Social Work Services	1,839,832	-	380,432	(1,459,400)
33 Health Services	3,736,256	11,398	2,725,945	(998,913)
34 Student (Pupil) Transportation	10,482,364	-	379,825	(10,102,539)
35 Food Services	21,706,584	3,713,617	18,796,037	803,070
36 Extracurricular Activities	10,256,576	405,419	522,624	(9,328,533)
41 General Administration	7,003,700	157,751	603,869	(6,242,080)
51 Facilities Maintenance and Operations	34,141,536	56,989	726,098	(33,358,449)
52 Security and Monitoring Services	5,468,649	-	226,188	(5,242,461)
53 Data Processing Services	4,248,684	102,580	126,279	(4,019,825)
61 Community Services	1,890,681	3,400	1,160,970	(726,311)
72 Debt Service - Interest on Long Term Debt	21,710,443	51,290	15,769,736	(5,889,417)
73 Debt Service - Bond Issuance Cost and Fees	314,084	-	-	(314,084)
81 Capital Outlay	-	-	196,492	196,492
99 Other Intergovernmental Charges	1,281,559	-	-	(1,281,559)
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<u>\$ 358,024,936</u>	<u>\$ 4,772,400</u>	<u>\$ 71,645,081</u>	<u>(281,607,455)</u>

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		76,131,859
DT	Property Taxes, Levied for Debt Service		22,905,035
SF	State Aid - Formula Grants		204,860,507
IE	Investment Earnings		328,978
MI	Miscellaneous Local and Intermediate Revenue		1,093,382
SI	Special Item - Insurance and Capital Assets		1,344,287
TR	Total General Revenues and Special Items		<u>306,664,048</u>
CN	Change in Net Position		25,056,593
NB	Net Position - Beginning		<u>231,518,575</u>
NE	Net Position--Ending		<u>\$ 256,575,168</u>

The notes to the financial statements are an integral part of this statement.

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**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

SOCORRO INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 38,028,642	\$ 25,320,002	\$ 147,788,588
1220 Property Taxes - Delinquent	5,439,298	1,465,941	-
1230 Allowance for Uncollectible Taxes (Credit)	(1,992,496)	(609,612)	-
1240 Receivables from Other Governments	25,240,027	151,133	-
1260 Due from Other Funds	83,249,597	14,477,084	1,361
1290 Other Receivables	843,250	-	-
1300 Inventories	1,209,764	-	-
1410 Prepayments	297,324	-	-
1000 Total Assets	<u>\$ 152,315,406</u>	<u>\$ 40,804,548</u>	<u>\$ 147,789,949</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 3,384,690	\$ 1,110	\$ 16,357,407
2150 Payroll Deductions and Withholdings Payable	3,317,267	-	-
2160 Accrued Wages Payable	12,197,746	-	-
2170 Due to Other Funds	43,994,804	1,361	65,269,916
2180 Due to Other Governments	543,883	-	-
2300 Unearned Revenues	3,011,745	688,633	-
2000 Total Liabilities	<u>66,450,135</u>	<u>691,104</u>	<u>81,627,323</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	1,209,764	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	66,162,626
3480 Retirement of Long-Term Debt	-	40,113,444	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3510 Construction	1,366,693	-	-
3545 Other Committed Fund Balance	392,209	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	4,579,388	-	-
3600 Unassigned Fund Balance	78,317,217	-	-
3000 Total Fund Balances	<u>85,865,271</u>	<u>40,113,444</u>	<u>66,162,626</u>
4000 Total Liabilities and Fund Balances	<u>\$ 152,315,406</u>	<u>\$ 40,804,548</u>	<u>\$ 147,789,949</u>

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 16,467,822	\$ 227,605,054
-	6,905,239
-	(2,602,108)
8,946,953	34,338,113
1,351,560	99,079,602
10,496	853,746
332,423	1,542,187
-	297,324
<u>\$ 27,109,254</u>	<u>\$ 368,019,157</u>
\$ 1,492,066	\$ 21,235,273
-	3,317,267
453,460	12,651,206
14,215,192	123,481,273
4,488	548,371
108,720	3,809,098
<u>16,273,926</u>	<u>165,042,488</u>
278,934	1,488,698
9,679,377	9,679,377
-	66,162,626
-	40,113,444
877,017	877,017
-	1,366,693
-	392,209
-	4,579,388
-	78,317,217
<u>10,835,328</u>	<u>202,976,669</u>
<u>\$ 27,109,254</u>	<u>\$ 368,019,157</u>



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SOCORRO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2013

<b>Total Fund Balances - Governmental Funds</b>	\$ 202,976,669
<b>1</b> The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	28,294,350
<b>2</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$587,897,114 and the accumulated depreciation was \$101,842,084. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	60,293,141
<b>3</b> Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2013 capital outlays and debt principal payments is to increase net position.	119,808,486
<b>4</b> The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(11,352,665)
<b>5</b> Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(143,444,813)
<b>19 Net Position of Governmental Activities</b>	<u>\$ 256,575,168</u>

The notes to the financial statements are an integral part of this statement.

SOCORRO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 78,974,405	\$ 23,282,657	\$ 290,291
5800 State Program Revenues	216,478,451	15,769,736	-
5900 Federal Program Revenues	3,381,807	-	-
5020 Total Revenues	<u>298,834,663</u>	<u>39,052,393</u>	<u>290,291</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	172,813,491	-	1,069,255
0012 Instructional Resources and Media Services	4,520,315	-	103,578
0013 Curriculum and Instructional Staff Development	617,353	-	-
0021 Instructional Leadership	3,784,705	-	-
0023 School Leadership	20,840,045	-	91,118
0031 Guidance, Counseling and Evaluation Services	7,961,046	-	-
0032 Social Work Services	1,538,199	-	-
0033 Health Services	3,426,116	-	13,014
0034 Student (Pupil) Transportation	10,213,194	-	-
0035 Food Services	-	-	610,168
0036 Extracurricular Activities	8,920,260	-	-
0041 General Administration	6,791,685	-	-
0051 Facilities Maintenance and Operations	32,551,192	-	1,750,510
0052 Security and Monitoring Services	5,501,078	-	34,313
0053 Data Processing Services	3,968,908	-	160,940
0061 Community Services	795,406	-	-
<b>Debt Service:</b>			
0071 Principal on Long Term Debt	375,141	12,368,182	-
0072 Interest on Long Term Debt	5,327	21,115,805	-
0073 Bond Issuance Cost and Fees	-	317,197	1,215,599
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	2,190,256	-	108,732,388
<b>Intergovernmental:</b>			
0099 Other Intergovernmental Charges	1,281,559	-	-
6030 Total Expenditures	<u>288,095,276</u>	<u>33,801,184</u>	<u>113,780,883</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,739,387</u>	<u>5,251,209</u>	<u>(113,490,592)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7911 Capital Related Debt Issued (Regular Bonds)	-	17,794,990	129,370,000
7912 Sale of Real and Personal Property	51,617	-	-
7916 Premium or Discount on Issuance of Bonds	-	2,371,049	18,846,960
8949 Other (Uses)	-	(19,869,930)	-
7080 Total Other Financing Sources (Uses)	<u>51,617</u>	<u>296,109</u>	<u>148,216,960</u>
1200 Net Change in Fund Balances	10,791,004	5,547,318	34,726,368
0100 Fund Balance - July 1 (Beginning)	<u>75,074,267</u>	<u>34,566,126</u>	<u>31,436,258</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 85,865,271</u>	<u>\$ 40,113,444</u>	<u>\$ 66,162,626</u>

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 3,793,159	\$ 106,340,512
2,115,550	234,363,737
38,760,044	42,141,851
<u>44,668,753</u>	<u>382,846,100</u>
13,969,192	187,851,938
170,159	4,794,052
3,439,593	4,056,946
289,445	4,074,150
-	20,931,163
2,547,124	10,508,170
323,937	1,862,136
318,072	3,757,202
-	10,213,194
20,761,022	21,371,190
26,536	8,946,796
115,515	6,907,200
118,599	34,420,301
2,483	5,537,874
5,161	4,135,009
1,147,524	1,942,930
-	12,743,323
-	21,121,132
-	1,532,796
233,417	111,156,061
-	1,281,559
<u>43,467,779</u>	<u>479,145,122</u>
<u>1,200,974</u>	<u>(96,299,022)</u>
-	147,164,990
3,500	55,117
-	21,218,009
-	(19,869,930)
<u>3,500</u>	<u>148,568,186</u>
1,204,474	52,269,164
9,630,854	150,707,505
<u>\$ 10,835,328</u>	<u>\$ 202,976,669</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2013

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	52,269,164
 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.		4,647,396
 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2013 capital outlays and debt principal payments is to increase net position.		126,149,915
 Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(11,352,665)
 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(146,657,217)
 <b>Change in Net Position of Governmental Activities</b>	<u>\$</u>	<u>25,056,593</u>

The notes to the financial statements are an integral part of this statement.

**PROPRIETARY FUND FINANCIAL STATEMENTS**

SOCORRO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

	Governmental Activities -
	Total Internal Service Funds
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 7,973,660
Due from Other Funds	28,336,981
Other Receivables	99,832
Inventories	35,013
Total Current Assets	<u>36,445,486</u>
Noncurrent Assets:	
Capital Assets:	
Furniture and Equipment	330,576
Depreciation on Furniture and Equipment	<u>(330,576)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>36,445,486</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	35,188
Due to Other Funds	3,461,571
Accrued Expenses	<u>4,654,377</u>
Total Liabilities	<u>8,151,136</u>
<b>NET POSITION</b>	
Unrestricted	<u>28,294,350</u>
Total Net Position	<u><u>\$ 28,294,350</u></u>

The notes to the financial statements are an integral part of this statement.

SOCORRO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 41,504,259
Total Operating Revenues	41,504,259
OPERATING EXPENSES:	
Payroll Costs	649,699
Professional and Contracted Services	36,121,030
Supplies and Materials	83,020
Other Operating Costs	1,347
Depreciation Expense	1,767
Total Operating Expenses	36,856,863
Operating Income	4,647,396
Total Net Position - July 1 (Beginning)	23,646,954
Total Net Position - June 30 (Ending)	\$ 28,294,350

The notes to the financial statements are an integral part of this statement.



SOCORRO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 41,618,157
Cash Received from Assessments - Other Funds	355,861
Cash Payments to Employees for Services	(649,699)
Cash Payments for Suppliers	(89,304)
Cash Payments for Other Operating Expenses	(41,395,460)
Net Cash Used for Operating Activities	<u>(160,445)</u>
Net Decrease in Cash and Cash Equivalents	(160,445)
Cash and Cash Equivalents at Beginning of Year	<u>8,134,105</u>
Cash and Cash Equivalents at End of Year	<u>\$ 7,973,660</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income:	\$ 4,647,396
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	1,767
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Due from Other Funds	(5,038,458)
Decrease (increase) in Receivables	113,898
Decrease (increase) in Inventories	(3,710)
Decrease (increase) in Prepaid Expenses	100,760
Increase (decrease) in Accounts Payable	10,540
Increase (decrease) in Due to Other Funds	967,006
Increase (decrease) in Accrued Expenses	(959,644)
Net Cash Used for Operating Activities	<u>\$ (160,445)</u>

The notes to the financial statements are an integral part of this statement.

**FIDUCIARY FUND FINANCIAL STATEMENTS**

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2013

	Agency Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,678,636
Other Receivables	18,522
Total Assets	<u>\$ 1,697,158</u>
<b>LIABILITIES</b>	
Due to Other Funds	\$ 473,739
Due to Other Governments	111,712
Due to Student Groups	1,111,707
Total Liabilities	<u>\$ 1,697,158</u>

The notes to the financial statements are an integral part of this statement.

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Socorro Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

**A. Reporting Entity**

Because the Board of Trustees (the "Board") is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("") in its Statement No. 61, The Financial Reporting Entity: Omnibus an amendment of No. GASB 14 and No. 34.

The decisions to include or exclude a potential component unit in the reporting entity were made by applying standards contained in GAAP. The most primary standard for including or excluding a potential component unit is whether it is financially dependent on the reporting entity. The fiscal dependency criterion also requires that a financial benefit or burden relationship be present in order for a potential component unit to be included in the financial reporting entity. Other manifestations of the ability to exercise oversight responsibility include, but certainly are not limited to, the selection of the governing authority, the designation of management, the ability to materially influence operations and accountability for fiscal matters. The second standard used to evaluate potential component units is the scope of public services. Application of this standard entails considering whether the activity benefits the District, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its citizens. The third standard involved in evaluating whether potential component units are included or excluded from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

The above standards were applied to the Foundations and the District determined that there are no component units included within the reporting entity.

**B. Government-Wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include teacher certification, school lunch charges, staff development, media production, etc. The “grants and contributions” column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District’s functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position, and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds, and between governmental and internal service funds, are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds as major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund’s principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues and expenses are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. 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 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.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues, other than property tax revenues, available if they are collectible within one year after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the “susceptible -to- accrual” concept, that is, when they are both measurable and available. The District considers them “available” if they will be collected within 60 days of the end of the year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

**D. New Accounting Pronouncements**

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, provides financial reporting guidance for deferred outflows and inflows of resources and identifies net position as the residual of all other elements presented in a statement of financial position. The District’s Statements of Net Position as of June 30, 2013 are presented in accordance with the guidance provided by this Statement.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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E. Fund Accounting

The District reports the following major governmental funds:

1. The General Fund - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. Capital Projects Fund - The proceeds from long-term debt financing will be used to construct, equip and renovate school buildings in the District and pay any associated costs.
3. Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Additionally, the District reports the following fund types:

Governmental Funds:

1. Special Revenue Funds - The District accounts for resources restricted to, or committed for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods. Lastly, the District's Internal Activity Fund is accounted for here for miscellaneous activities and Community Education.
2. Permanent Funds - The District has no permanent funds.

Proprietary Funds:

3. Enterprise Funds - The District has no enterprise funds.
4. Internal Service Funds - Revenues and expenses related to services provided to organizations inside the District on a cost-reimbursement basis are accounted for in an internal service fund. The District operates three internal service funds. The District's internal service funds are the Print Shop, and two insurance funds that cover workers' compensation and medical claims.

Fiduciary Funds:

5. Private Purpose Trust Funds - The District has no private purpose trust funds.
6. Pension (and Other Employee Benefit) Trust Funds - The District has no pension trust funds.
7. Investment Trust Fund - The District has no investment trust funds.
8. Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. Assets equal liabilities - this fund does not include measurements or results of operations. The District's agency fund is the student activity account.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Other Accounting Policies**

1. For the purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. All investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year end. Investments with an original maturity of less than one year are reported at amortized cost.
3. The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.
4. The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. Management asserts that the District is in substantial compliance with the requirements of the Act and with local policies.
5. Additional policies and contractual provisions governing deposits and investments for the District are specified below:

***Credit Risk:***

Deposits - not applicable.

(Continued)



**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Temporary Investments - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in commercial paper, corporate bonds, mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2013, the district's investments in TexPool, LoneStar and LOGIC and TexasTERM were rated AAAM by Standard & Poor's. See Note IV for further detail.

***Custodial Credit Risk:***

Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has minimal custodial credit risk for deposits.

Temporary Investments - To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. Investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form.

***Concentration of Credit Risk:***

Deposits - not applicable.

Temporary Investments - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. Concentration of Credit Risk is not applicable to investment pools since the purpose of these pools is to diversify the District's investment portfolio.

***Interest Rate Risk:***

Deposits - not applicable

Temporary Investments - To limit the risk that changes in interest rates will adversely affect the fair value of the investments, the District requires its investment portfolio to have maturities of less than one year on a weighted average maturity (WAM) basis. All of the District's investment pools qualify as a 2a7-like pools and are excluded from the interest rate risk disclosure requirement. See Note IV for further details.

***Foreign Currency Risk:***

Deposits - The District attempts to limit the risk that changes in exchange rates will adversely affect a deposit by avoiding deposits denominated in a foreign currency.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Temporary Investments - The District attempts to limit the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding investment pools or securities which are denominated in a foreign currency.

6. 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 located in the District 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 31 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 school fiscal year.
7. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on 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.
8. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. 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 unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
9. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

All individually federally funded assets with a cost of \$5,000 or more shall be capitalized in accordance with the afore mentioned policies. Only COWS (computers on wheels), computer labs, or Web-based software purchased with federal funds shall be capitalized if the following criteria are met: computers and accessories for a computer lab are housed in the same location; the aggregate cost of the like items is equal to or exceeds \$5,000; and the useful life is greater than one year.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 to 70
Improvements	15 to 20
Vehicles	10
Other Equipment	7 to 10
Computer/Software	5
Furniture	20
Portable Structures	25

10. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District.
11. The District reports the following fund balance categories which describe the nature and relative strength of the spending constraints:

**Nonspendable fund balance** - represents amounts that are in nonspendable form, such as inventory, or that are required to maintain intact.

**Restricted fund balance** - represents amounts constrained to specific purposes by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation.

**Committed fund balance** - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, i.e., Board of Trustees. To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

**Assigned fund balance** - amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.

**Unassigned fund balance** - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as an assignment or commitment of the fund (such as for construction projects, capital expenditures, and claims/judgments). An assignment of fund balance does not require the Board of Trustees approval but can be made through the Superintendent or designated District fund managers.

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, as needed, unless the Board of Trustees, the Superintendent or the District fund managers have provided otherwise in their commitment or assignment actions.

In fiscal year 2010, the Board of Trustees adopted a minimum fund balance policy for the general fund and debt service fund. The policy requires the unassigned fund balance at fiscal year-end to be at least equal to 16.66 percent (two months) of the subsequent year's budgeted general fund expenditures. In addition, the fund balance for the debt service will be at least 10 percent of the current year's debt service requirements for the debt service fund and no more than 25 percent of the current year's debt service requirements.

12. Since internal service funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
13. The District sponsors self-insurance plans to provide health care benefits to employees and their dependents, and worker's compensation benefits to employees. Revenues of Internal Service Funds are received from both the General and Special Revenue Funds, as well as from interest on investments and premiums charged to employees. Expenses are comprised of claims incurred during the fiscal year, professional and contracted services and other miscellaneous expenses. The General Fund is contingently liable for liabilities of these funds.
14. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. The Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide data base for policy development and funding plans.
15. The District receives substantial amounts of funding from special revenue sources. The majority of this money is cost reimbursement to the District by the federal government or Texas Education Agency. The portion of revenue allowable for indirect cost is credited as revenue to the General Fund and as a reduction to revenue in the Special Revenue Fund, as appropriate. These indirect costs are then fully allocated to function 41, General Administration, on the Government-wide Statement of Activities.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

16. In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets as least the minimum requirements prescribed by the Texas State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.
17. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position from governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds.

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net position.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(Continued)**

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items.

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Data**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the special revenue funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-3 and J-4. The Board does not adopt a budget for special revenue funds since the budgets are designated by the grantor.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. The budget is prepared prior to June 19 for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. On June 19, 2012, the budget was legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At June 30, 2013 the carrying amount of the District's general fund, major and nonmajor governmental funds, internal service funds, and agency funds deposits (cash, certificates of deposit, and interest-bearing savings accounts) were \$5,227,038, \$8,070,732, \$3,314,777, \$4,398,950 and \$1,678,636, and the related bank balance was \$26,992,913. The District's cash deposits at June 30, 2013 and during the fiscal year ended June 30, 2013, were fully covered by federal depository insurance or pledged collateral held by the District's agent bank in the District's name.

The Sweep Account and the Public Funds Money Market account included in cash were entirely covered by separate collateral.

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

- a. Depository: Wells Fargo - El Paso, Texas.
- b. The market value of bonds and securities pledged, and depository bond insurance, as of the date of the highest combined balance on deposit was \$15,000,000.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$10,532,183 and occurred during the month of May 2013.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$500,000.

Due to the immediate availability of these funds, these temporary investments are included in cash and cash equivalents. The District's temporary investments as of June 30, 2013, are shown as follows:

Name	Amortized Cost	Fair Value	WAM (in days)	Rating
Tex Pool Investment Pool	\$ 62,631,572	\$ 62,631,572	52	AAAm(S&P)
Lone Star - Government Overnight Fund	56,007,074	56,007,074	57	AAAm(S&P)
LOGIC	46,366,601	46,366,601	57	AAAm(S&P)
Texas TERM Investment Pool	49,561,970	49,561,970	47	AAAm(S&P)
Total	<u>\$ 214,567,217</u>	<u>\$ 214,567,217</u>		

During the year ended June 30, 2013, the District also invested in repurchase agreements. These operating funds were invested overnight and available for use the following day, thus they were considered cash and cash equivalents.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

TexPool is a local government investment pool in the State of Texas. The State Comptroller of Public Accounts oversees TexPool. There is also a TexPool Advisory Board, composed of participants, which advises on TexPool's Investment policy and approves fee increases. The Lone Star Investment Pool is a member owned, member-governed public funds investment pool. It is managed by an eleven member Board of Trustees and the Board is authorized to adopt and maintain bylaws. LOGIC (Local Government Investment Cooperative) is a local government investment pool administered by First Southwest Asset Management, Inc and JPMorgan Chase. TexasTERM Local Government Investment Pool is owned and operated by the Pool's investors. The Pool's investors elect Advisory Board Members who are responsible for overall management of the Pool, including formulation and implementation of investment and operating policies.

**B. Other Receivables**

Accounts receivable of \$843,250 in the general fund, and \$10,496 in nonmajor governmental funds are shown at gross value. Accounts receivable shown in the General Fund partly correspond to E-rate, and in the nonmajor governmental funds corresponds to the Child Nutrition Head Start Program. Management believes an allowance for doubtful accounts is not necessary for fair presentation.

**C. Interfund Receivables and Payables**

During the normal course of operations transactions occur that generate a balance between funds. These balances are the result of normal operations and are cleared out periodically. Management intends to pay out these balances within one year. Interfund balances at June 30, 2013 consisted of the following individual fund balances:

	Due from Other Funds	Due to Other Funds
General Fund:		
General Fund	\$ 548,227	\$ 548,227
Debt Service	-	14,148,526
Capital Projects	64,551,074	-
Nonmajor Governmental Funds	14,214,986	-
Internal Service	3,461,571	961,069
Agency Funds	473,739	28,336,981
Total General Fund	83,249,597	43,994,803
Debt Service Fund:		
General Fund	14,148,526	-
Capital Projects	328,558	1,361
Nonmajor Governmental Funds	-	-
Total Debt Service Fund	14,477,084	1,361

(Continued)



**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Capital Projects:		
General Fund	-	64,551,074
Nonmajor Governmental Funds	-	390,284
Debt Service	<u>1,361</u>	<u>328,558</u>
Total Capital Projects	<u>1,361</u>	<u>65,269,916</u>
Nonmajor Governmental Funds:		
General Fund	961,069	14,214,986
Capital Projects	390,284	-
Nonmajor Governmental Funds	<u>207</u>	<u>207</u>
Total Nonmajor Governmental Funds	<u>1,351,560</u>	<u>14,215,193</u>
Internal Service Funds:		
General Fund	<u>28,336,981</u>	<u>3,461,571</u>
Agency Funds:		
General Fund	<u>-</u>	<u>473,739</u>
Total	<u>\$ 127,416,583</u>	<u>\$ 127,416,583</u>

**D. Capital Asset Activity**

Capital asset activity for the District for the year ended June 30, 2013, was as follows:

	<u>Primary Government</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletion, Reclassification and Adjustment</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Land	\$ 42,799,402	\$ 3,695,631	\$ -	\$ 46,495,033
Buildings and improvements	488,785,136	88,513,750	15,930,719	593,229,605
Furniture and equipment	38,489,814	3,264,057	1,030,787	42,784,658
Capital leases	1,109,770	-	(1,109,770)	-
Construction in progress	<u>16,712,992</u>	<u>18,979,291</u>	<u>(16,625,300)</u>	<u>19,066,983</u>
Totals at historic cost	<u>587,897,114</u>	<u>114,452,729</u>	<u>(773,564)</u>	<u>701,576,279</u>

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

	Primary Government			
	Beginning Balance	Additions	Deletion, Reclassification and Adjustment	Ending Balance
Less accumulated depreciation for:				
Buildings and improvements	78,778,314	7,677,917	(532,858)	85,923,373
Furniture and equipment	22,860,313	3,674,748	131,928	26,666,989
Capital leases	203,457	-	(203,457)	-
Total accumulated depreciation	101,842,084	11,352,665	(604,387)	112,590,362
Governmental activities capital assets, net	\$ 486,055,030	\$ 103,100,064	\$ (169,177)	\$ 588,985,917

Depreciation expense was charged to governmental functions as follows:

11	Instruction	\$	5,081,797
12	Instructional Resources and Media Services		258,640
13	Curriculum Development and Instructional Staff Development		2,950
21	Instructional Leadership		42,003
23	School Leadership		324,741
31	Guidance, Counseling and Evaluation Services		109,612
33	Health Services		82,265
34	Student (Pupil) Transportation		1,045,450
35	Food Services		899,970
36	Extracurricular Activities		1,486,311
41	General Administration		196,875
51	Facilities Maintenance and Operations		955,674
52	Security and Monitoring Services		77,247
53	Data Processing Services		788,338
61	Community Services		792
	Total depreciation expense	\$	11,352,665

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	357,354,637	147,164,990	30,163,182	474,356,445	14,174,943
Accretion Payable	41,827,109	2,714,883	1,000,000	43,541,992	-
Unamortized Premium net of Discount on Issuance of Bonds	27,622,931	21,218,009	3,545,788	45,295,152	3,246,280
Unamortized Loss on Refunded Bonds	-	(1,915,793)	106,585	(1,809,208)	(112,116)
	426,804,677	169,182,089	34,815,555	561,384,381	17,309,107
<b>Other Liabilities:</b>					
Capital Leases	375,141	-	375,141	-	-
Arbitrage	5,554	658	-	6,212	-
Total Other Liabilities	380,695	658	375,141	6,212	-
Total Governmental Long-term Liabilities	427,185,372	169,182,747	35,190,696	561,390,593	17,309,107

**F. General Long-Term Debt**

Long-term debt activity for the year ended June 30, 2013, was as follows:

Description	Interest Rate	Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Refunding Bonds 1998	4.25 - 5.25						
Current interest bonds		6,960,000	-	-	-	-	-
Term bonds due 8-15-26		8,505,000	-	-	-	-	-
Capital appreciation bonds		1,754,235	1,754,235	-	-	1,754,235	-
Bond Series 2000	5.00-6.00						
Current interest bonds		25,879,985	-	-	-	-	-
Capital appreciation bonds		-	159,985	-	-	159,985	-
Unlimited Tax Building and Refunding Bond Series 2001	3.00 - 5.375						
Current interest bonds		47,430,000	-	-	-	-	-
Capital appreciation bonds		-	150,000	-	-	150,000	-
Term bonds due 8-15-23		-	-	-	-	-	-
Term bonds due 8-15-26		-	-	-	-	-	-

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

Description	Interest Rate	Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Unlimited Tax Building Bond Series 2004	2.50 - 5.00						
Current interest bonds		20,060,000	15,450,000	-	13,875,000	1,575,000	770,000
Term bonds due 08-15-29		4,660,000	4,660,000	-	4,660,000	-	-
Unlimited Tax Refunding Bond Series 2005	3.00 - 5.25						
Current interest bonds		82,865,000	79,645,000	-	1,675,000	77,970,000	4,385,000
Unlimited Tax Building Bond Series 2005A	3.00 - 5.00						
Current interest bonds		74,920,000	66,835,000	-	2,190,000	64,645,000	2,300,000
Term bonds due 08-15-32		11,305,000	11,305,000	-	-	11,305,000	-
Unlimited Tax Refunding Bond Series 2006	3.75 - 5.00						
Current Interest Bonds		30,955,000	28,020,000	-	995,000	27,025,000	-
Capital Appreciation Bonds		2,940,417	2,940,417	-	-	2,940,417	-
Unlimited Tax Building Bond Series 2006A	4.00 - 5.00						
Current Interest Bonds		48,210,000	41,860,000	-	1,000,000	40,860,000	3,950,000
Term bonds due 08-15-31		22,475,000	22,475,000	-	-	22,475,000	-
Unlimited Tax Refunding Bond Series 2008	4.00-4.75						
Current Interest Bonds		13,695,000	10,545,000	-	1,420,000	9,125,000	30,000
Capital Appreciation Bonds		1,439,984	-	-	-	-	-
Unlimited Tax Refunding Bond Series 2009	3.00						
Current Interest Bonds		11,055,000	5,350,000	-	2,840,000	2,510,000	2,510,000
Unlimited Tax Refunding Bond Series 2010	2.00-4.00						
Current Interest Bonds		15,215,000	14,860,000	-	-	14,860,000	55,000
Capital Appreciation Bonds		1,000,000	1,000,000	-	1,000,000	-	-
Unlimited Tax Building and Refunding Bond Series 2011	2.00-5.00						
Current Interest Bonds		50,345,000	50,345,000	-	130,000	50,215,000	105,000
Unlimited Tax Refunding Bond Series 2012							
Current Interest Bonds	3.00-5.00	16,840,000	-	16,840,000	-	16,840,000	-
Capital Appreciation Bonds		954,990	-	954,990	378,182	576,808	69,943
Unlimited Tax School Building Bonds Series 2012							
Current Interest Bonds	5.00	129,370,000	-	129,370,000	-	129,370,000	-
<b>Total</b>		<b>628,834,611</b>	<b>357,354,637</b>	<b>147,164,990</b>	<b>30,163,182</b>	<b>474,356,445</b>	<b>14,174,943</b>

The total interest charged during the year ended June 30, 2013 was \$21,115,805.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

Accretion Payable for the year ended June 30, 2013, is as follows:

Description	Beginning Balance	Accrual of Accretion	Accretion Retired	Accretion Outstanding 06/30/12
Refunding Bonds 1998	\$ 6,288,120	\$ 445,980	\$ -	\$ 6,734,100
Series 2000 Building Bonds	926,480	69,111	-	995,591
Unlimited Tax Building & Refunding 2001	1,563,395	97,472	-	1,660,867
Unlimited Tax Refunding 2006	32,052,343	1,588,960	-	33,641,303
Unlimited Tax Refunding 2010	996,771	3,229	1,000,000	-
Unlimited Tax Refunding 2012	-	510,131	-	510,131
	<u>\$ 41,827,109</u>	<u>\$ 2,714,883</u>	<u>\$ 1,000,000</u>	<u>\$ 43,541,992</u>

Net Unamortized Premium and Discount on Issuance of Bonds for the year ended June 30, 2013 are as follows:

Description	Outstanding 07/01/12	Discount and Premiums on New Issues	Net Amortization Recognized	Outstanding 06/30/12	Due Within One Year
Series 2004	\$ 285,260	\$ -	\$ 267,579	\$ 17,681	\$ 15,359
Series 2005	3,224,859	-	200,004	3,024,855	199,871
Series 2005A	2,920,630	-	161,128	2,759,502	161,044
Series 2006	15,053,296	-	1,649,676	13,403,620	1,649,676
Series 2006A	2,489,938	-	130,263	2,359,675	130,263
Series 2008	253,134	-	18,579	234,555	18,579
Series 2009	117,266	-	104,236	13,030	13,030
Series 2010	1,106,434	-	78,332	1,028,102	78,332
Series 2011	2,172,114	-	90,036	2,082,078	90,288
Series 2012	-	2,371,049	131,915	2,239,134	138,758
Series 2012	-	18,846,960	714,040	18,132,920	751,080
Total Premium and Discount Payable	<u>\$ 27,622,931</u>	<u>\$ 21,218,009</u>	<u>\$ 3,545,788</u>	<u>\$ 45,295,152</u>	<u>\$ 3,246,280</u>

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

Debt service requirements are as follows:

Year Ending June 30,	GENERAL OBLIGATIONS		Total Requirements
	Principal	Interest	
2014	\$ 14,174,943	\$ 22,593,711	\$ 36,768,654
2015	11,336,406	30,510,992	41,847,398
2016	11,270,373	30,745,156	42,015,529
2017	11,952,785	29,898,287	41,851,072
2018	11,840,809	30,001,151	41,841,960
2019 - 2023	106,718,842	105,597,880	212,316,722
2024 - 2028	113,487,288	62,227,772	175,715,060
2029 - 2033	114,505,000	33,201,963	147,706,963
2034 - 2038	79,070,000	9,694,838	88,764,838
<b>Total</b>	<b>\$ 474,356,446</b>	<b>\$ 354,471,750</b>	<b>\$ 828,828,196</b>

On July 19, 2012, the District issued general obligation Unlimited Tax School Building bonds, Series 2012 in the amount of \$129,370,000 which will be used to construct, equip, acquire and renovate school buildings in the District and to purchase necessary sites for school buildings, and to pay the costs associated with the issuance and sale of the Bonds. The bonds are payable August 15 and February 15 of each year, commencing February 15, 2013 and ending on August 15, 2037.

On July 19, 2012, the District issued general obligation Unlimited Tax Refunding bonds, Series 2012 in the amount of \$17,794,990. The bonds were issued in part as current interest bonds, and in part as premium capital appreciation bonds, and collectively with the Current interest bonds. The bonds are payable August 15 and February 15 of each year, commencing on August 15, 2012 and ending on August 15, 2029. The 2012 bonds were issued to refund portions of the Unlimited Tax School Building Bonds Series 2004 and to pay the costs associated with the issuance and sale of the Bonds. As a result, \$17,795,000 of the 2004 Series bonds are considered to be defeased and not presented in these financial statements. The amount of defeased debt still outstanding at June 30, 2013 was \$17,795,000 and the related escrow balance was \$19,027,650. The refunding resulted in a economic savings of \$1,901,731 and positive cash flow of \$1,483,099. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,915,793. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is amortized through the life of the bond using the straight line method.

The District has a number of capital appreciation bonds outstanding that were issued at deep discounts. These discounts are being accreted over the life of the bonds. In the year ended June 30, 2013, \$2,714,883 was accreted and the accumulated accreted balance is presented within the long-term liabilities.

(Continued)

SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

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IV. DETAILED NOTES ON ALL FUNDS (Continued)

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2013.

G. Commitments under Leases

Operating Leases

The District is obligated under various operating lease agreements for copy machine equipment. Operating leases with a term of more than one year provide for minimum future rental payments as of June 30, 2013, as follows:

<u>Year Ending June 30,</u>	
2014	\$ 632,683
2015	89,997
2016	<u>3,516</u>
Total Potential Minimum Rentals	<u>\$ 726,196</u>

Rental Expenditures for the year ended June 30, 2013 totaled \$1,047,212.

H. Accumulated Unpaid Vacation and Sick Leave Benefits

Upon termination of employment, employees are not paid for any accrued sick leave or vacation leave. As such, no accrual is recorded in these financial statements.

I. Defined Benefit Pension Plan

**Plan Description:** Socorro Independent School 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](http://www.trs.state.tx.us), under the TRS Publication 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.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**Funding Policy:** Contribution requirements are not actuarially determined but are legally established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member’s annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute prohibits benefit improvements if, as a result of a the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Contribution rates and contributions for fiscal years 2013-2011 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 and on the portion of the employees’s salaries that exceeded the statutory minimum.

**Contribution Rates and Contribution Amounts**

Period/ Year Ended	Member		State		Federal & Statutory Minimum Amount
	Rate	Amount	Rate	Amount	Amount
2013	6.4%	\$ 13,216,539	6.400%	\$ 10,090,879	\$ 3,092,568
2012	6.4%	\$ 13,492,088	6.000%	\$ 9,614,066	\$ 3,034,767
2011	6.4%	\$ 12,120,501	6.644%	\$ 9,425,410	\$ 3,157,185

**J. School District Retiree Health Plan**

**Plan Description:** The Socorro Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care 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 maybe obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://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.

(Continued)



**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**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 fiscal years 2013-2011.

**Contribution Rates**

Period/ Year Ended	Member		State		School District		Federal	
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
2013	0.65%	\$ 1,342,296	0.5%	\$ 949,538	0.55%	\$ 1,123,755	0.5%	\$ 82,126
2012	0.65%	\$ 1,370,349	1.0%	\$ 1,942,533	0.55%	\$ 1,126,530	1.0%	\$ 165,605
2011	0.65%	\$ 1,230,894	1.0%	\$ 1,745,658	0.55%	\$ 1,041,524	1.0%	\$ 148,170

The contributions made by the State on behalf of the District have been recorded in the governmental fund financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

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. Medicare Part D contributions made on behalf of the District's employees for the year ended August 31, 2011 was \$585,899. Medicare Part D contributions made on behalf of the District's employees for the year ended June 30, 2013 and 2012 were \$575,218 and \$480,901, respectively. These amounts are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

**K. Healthcare Coverage**

Beginning September 1, 2000, the District established a health self-insurance plan (the "plan"). The District contributes \$550 per month per employee to the plan and the employees, at their option, authorize payroll withholdings to pay premiums for dependents' health insurance coverage. A third party administrator acting on behalf of the District processes health claim payments.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

Claims incurred after September 1, 2002 are subject to an individual stop-loss of \$400,000 per participant annually. Individual employee health claims are self-insured by the District up to \$400,000 annually and the Cigna Employee Benefits provides stop-loss benefits above \$400,000. At June 30, 2013, the District has recorded current health claim short term liabilities of \$1,980,407 in the Health Insurance Fund, an Internal Service Fund, representing claims reported but not paid and incurred but not reported.

These liabilities are based on requirements of Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of loss can be reasonably estimated.

The latest financial statements available for Cigna Employee Benefits are filed with the Texas State Board of Insurance, Austin, Texas, and are public records. The District does not provide any post-retirement health benefits to its employees.

Changes in the medical claims liability amounts as of and as of June 30, 2013 and 2012 are presented below:

	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2012 - Medical	\$ 2,299,279	\$ 26,494,290	\$ 26,008,949	\$ 2,784,620
2013 - Medical	\$ 2,784,620	\$ 25,836,051	\$ 26,640,264	\$ 1,980,407

**L. Self-Insured Workers' Compensation**

The District sponsored a modified self-insurance plan with respect to worker's compensation claims through June 30, 2013. Effective October 1, 1999, the District obtained worker's compensation insurance from a third party provider, Claims Administrative Services. All claims active after the effective date of the change will continue to be paid from the District's self funded worker's compensation program. The District has accrued \$2,673,970 to cover these claims. Claims incurred are subject to an individual stop-loss of \$1,605,814 for the 2012-2013 plan year. The third party provider has performed an actuarial study.

This liability reported in the fund at June 30, 2013, is based on the requirements of Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

Changes in the workers' compensation claims liability amounts as of June 30, 2013 and 2012 are presented below:

	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Other Costs Billed to the Program	Balance at Fiscal Year-End
2012 - Workers' Compensation	\$ 2,092,322	\$ 2,187,395	\$ 1,450,316	\$ -	\$ 2,829,401
2013 - Workers' Compensation	\$ 2,829,401	\$ 942,306	\$ 1,097,737	\$ -	\$ 2,673,970

**M. Unearned Revenue**

Unearned revenue at year end consisted of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property Tax	\$ 2,871,495	\$ 688,633	\$ -	\$ 3,560,128
Commodity Inventory	-	-	53,489	53,489
Federal Grants	127,847	-	-	127,847
State Grants	-	-	55,231	55,231
Other	12,403	-	-	12,403
<b>Total Unearned Revenue</b>	<b>\$ 3,011,745</b>	<b>\$ 688,633</b>	<b>\$ 108,720</b>	<b>\$ 3,809,098</b>

**N. Receivables from Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. A majority of the federal grants are passed through TEA. Amounts due from federal and state governments as of June 30, 2013, are summarized below.

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
State Support	\$ 23,692,057	\$ -	\$ -	\$ 23,692,057
Federal Grants	1,547,970	-	8,867,074	10,415,044
State Grants	-	151,133	79,879	231,012
<b>Total</b>	<b>\$ 25,240,027</b>	<b>\$ 151,133</b>	<b>\$ 8,946,953</b>	<b>\$ 34,338,113</b>

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**O. Revenue from Local and Intermediate Sources**

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Total
Property Taxes	\$ 75,875,082	\$ 23,004,873	\$ -	\$ -	\$ 98,879,955
Penalties and Interest on Taxes	703,282	197,555	-	-	900,837
Tuition and Fees	30,589	-	-	3,415	34,004
Investment income	50,933	30,633	235,855	11,557	328,978
Rent	166,570	-	-	16,861	183,431
Insurance Recovery	1,429,002	-	-	29,343	1,458,345
Food Service Activity	-	-	-	3,702,219	3,702,219
Athletic Activities	158,940	-	-	854	159,794
Extracurricular	108,304	-	-	14,760	123,064
Other	451,703	49,596	54,436	14,150	569,885
<b>Total</b>	<b>\$ 78,974,405</b>	<b>\$ 23,282,657</b>	<b>\$ 290,291</b>	<b>\$ 3,793,159</b>	<b>\$ 106,340,512</b>

**P. Fund Balance**

As of June 30, 2013, fund balances are comprised of the following:

	General Fund	Debt Service Fund	Capital Projects Bond	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>					
Inventories	\$ 1,209,764	\$ -	\$ -	\$ 278,934	\$ 1,488,698
<b>Restricted:</b>					
Federal or State Funds					
Grants Restriction	-	-	-	9,679,377	9,679,377
Capital Acquisition and Contractual Obligation	-	-	66,162,626	-	66,162,626
Retirement of Long-Term Debt	-	40,113,444	-	-	40,113,444
Other Restricted Fund	-	-	-	877,017	877,017
<b>Committed:</b>					
Construction	1,366,693	-	-	-	1,366,693
Other Committed Fund Balance	392,209	-	-	-	392,209
<b>Assigned:</b>					
Other Assigned	4,579,388	-	-	-	4,579,388
Unassigned Fund Balance	78,317,217	-	-	-	78,317,217
<b>Total</b>	<b>\$ 85,865,271</b>	<b>\$ 40,113,444</b>	<b>\$ 66,162,626</b>	<b>\$ 10,835,328</b>	<b>\$ 202,976,669</b>

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

The other committed fund balance consists of funds committed for the purchase of a new Student and Finance Software System and other non construction expenditures related to the completion of Capital Improvement Projects District-wide in the amount of \$392,209. The construction committed fund balance of \$1,366,693 is also related to the completion of Capital Improvement Projects District-wide.

Other assigned fund balance consists of \$1,318,441 of encumbrances and \$3,260,947 in E-Rate reserves, both of which were assigned by the Board of Trustees. A total of \$424,157 of these encumbrances relate to budgeted expenditures in the nonmajor governmental funds.

**Q. Encumbrances**

Encumbrance accounting is employed as an extension of formal budgetary integration for the general fund, special revenue funds, and capital projects funds. At June 30, 2013, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances included in:			Total
	Restricted Fund Balance	Other Committed	Other Assigned Fund Balance	
General Fund	-	\$ 295,211	\$ 1,318,441	\$ 1,613,652
Capital Projects Fund	25,267,554	-	-	25,267,554
Nonmajor Governmental Funds	588,048	-	-	588,048
<b>Total</b>	<b>\$ 25,855,602</b>	<b>\$ 295,211</b>	<b>\$ 1,318,441</b>	<b>\$ 27,469,254</b>

**R. Litigation**

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material effect on the accompanying basic financial statements and accordingly, no provision has been accrued.

**S. Construction and Other Significant Commitments and Contingencies**

**Construction Commitments**

The District had ongoing construction projects under non-cancelable contracts at June 30, 2013. Commitments for services yet to be performed totaled approximately \$21,373,466.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

Project Name	Spent To Date	Remaining Commitment
New Combo (Elementary and Middle School)	37,150,462	2,608,318
New Elementary El Dorado (Montana)	176,432	742,500
New Elementary Eastlake (Sparks)	4,677,154	201,662
Eastlake High School Phase III	38,359,930	12,373,907
Pebble Hills High School/ED9 Completion	2,743,160	557,472
Socorro High School Science Lab Upgrade	1,484,320	362,521
Montwood High School Science Lab Upgrade	1,467,602	364,429
Americas High School Science Lab Upgrade	1,467,884	364,146
Benito HVAC	4,941,260	6,125
Campestre HVAC	2,887,273	5,568
Hueco HVAC	3,386,415	5,568
Myrtle Cooper HVAC	3,465,591	1,220,002
O'Shea Keleher HVAC	3,482,368	520,103
Robert Rojas HVAC	3,456,242	1,220,002
Escontrias HVAC	1,908,110	46,221
HD Hilley HVAC	1,915,121	44,596
Helen Ball HVAC	1,851,099	66,200
Horizon Heights HVAC	1,761,063	44,326
Vista Del Sol HVAC	1,741,291	42,922
Sierra Vista HVAC	4,619,514	483,178
Walter Clarke HVAC	281,100	93,700
	<u>\$ 123,223,388</u>	<u>\$ 21,373,466</u>
Total		

Federal and State Funding

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of 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 at June 30, 2013 may be impaired. In the opinion of administration, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Rebatable Arbitrage - Arbitrage is evaluated and estimated on an annual basis by a third party arbitrage rebate service company. The arbitrage rebate service company estimated a possible liability of \$6,212, assuming the District does not use the bond funds within a specific period. However, the District's management intends to use the bond proceeds within the required time frame.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

**T. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board maintains insurance policies acquired from independent insurance carriers covering all structural property, automobiles, dishonesty, errors and omissions, boiler and machinery, personal property, and general liability. There have been no significant reductions insurance coverage from prior years and settlements have not exceeded insurance coverage.

For the year ended June 30, 2013, the District carried insurance for building and contents in the amount of \$848,907,998 with a deductible of \$250,000 per occurrence. Automobile liability is limited to \$100,000 per person and \$300,000 per occurrence with a \$10,000 deductible per occurrence. Automobile physical damage is limited to actual cash value with a \$1,000 deductible per claim.

**U. Related Party Transactions**

From time to time, the District may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the year ended June 30, 2013.

**V. Related Organizations**

The William G. Barber Scholarship Foundation (the "Foundation"), a not-for-profit entity which was organized to provide scholarship funds, is a "related organization" of the District as defined by Governmental Accounting Standards Board Statement. The members of the board of the Foundation are appointed by an outside taxpayer group. The Foundation's financial condition and results of operations are not included in the District's financial statements.

The Foundation for Excellence in Education (the "Foundation"), a not-for-profit entity was organized to perform charitable, scientific and educational activities, is a "related organization" of the District as defined by Governmental Accounting Standards Board Statement. The members of the board of the Foundation are appointed by an outside taxpayer group. The Foundation's financial condition and results of operations are not included in the District's financial statements.

**W. Subsequent Event**

On July 18, 2013 the District issued Unlimited Tax School Building Bonds Series 2013 in the amount of \$95,290,000. This liability is not reflected in these financial statements. Management also expects the issuance of a \$55,670,000 bond which was previously approved by the voters.

**REQUIRED SUPPLEMENTARY INFORMATION**



SOCORRO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 73,260,894	\$ 75,342,231	\$ 78,974,405	\$ 3,632,174
5800 State Program Revenues	220,708,081	220,708,081	216,478,451	(4,229,630)
5900 Federal Program Revenues	2,950,000	3,301,039	3,381,807	80,768
5020 Total Revenues	296,918,975	299,351,352	298,834,663	(516,689)
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	175,020,594	178,630,344	172,813,491	5,816,853
0012 Instructional Resources and Media Services	4,814,548	4,948,700	4,520,315	428,385
0013 Curriculum and Instructional Staff Development	791,215	845,725	617,353	228,372
0021 Instructional Leadership	3,987,359	3,982,738	3,784,705	198,033
0023 School Leadership	21,171,351	21,230,796	20,840,045	390,751
0031 Guidance, Counseling and Evaluation Services	8,492,367	8,490,877	7,961,046	529,831
0032 Social Work Services	1,642,154	1,691,154	1,538,199	152,955
0033 Health Services	3,566,465	3,750,207	3,426,116	324,091
0034 Student (Pupil) Transportation	11,642,859	11,916,859	10,213,194	1,703,665
0036 Extracurricular Activities	9,103,396	10,124,011	8,920,260	1,203,751
0041 General Administration	7,461,820	7,547,653	6,791,685	755,968
0051 Facilities Maintenance and Operations	36,446,782	38,633,993	32,551,192	6,082,801
0052 Security and Monitoring Services	6,092,498	6,225,940	5,501,078	724,862
0053 Data Processing Services	3,705,274	4,508,678	3,968,908	539,770
0061 Community Services	813,134	883,333	795,406	87,927
Debt Service:				
0071 Principal on Long Term Debt	377,141	377,141	375,141	2,000
0072 Interest on Long Term Debt	5,328	5,328	5,327	1
Capital Outlay:				
0081 Facilities Acquisition and Construction	318,690	3,728,660	2,190,256	1,538,404
Intergovernmental:				
0099 Other Intergovernmental Charges	1,466,000	1,296,000	1,281,559	14,441
6030 Total Expenditures	296,918,975	308,818,137	288,095,276	20,722,861
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(9,466,785)	10,739,387	20,206,172
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	-	-	51,617	51,617
7080 Total Other Financing Sources (Uses)	-	-	51,617	51,617
1200 Net Change in Fund Balances	-	(9,466,785)	10,791,004	20,257,789
0100 Fund Balance - July 1 (Beginning)	75,074,267	75,074,267	75,074,267	-
3000 Fund Balance - June 30 (Ending)	\$ 75,074,267	\$ 65,607,482	\$ 85,865,271	\$ 20,257,789

**SUPPLEMENTARY INFORMATION**

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013

Data Control Codes	206 ESEA Title X, Pt.C Homeless	209 Energy Conservation Inst. Bldgs.	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240 Receivables from Other Governments	2,737	99,974	5,428,740	24,885
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>\$ 2,737</u>	<u>\$ 99,974</u>	<u>\$ 5,428,740</u>	<u>\$ 24,885</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ -	\$ -	\$ 580,053	\$ 875
2160 Accrued Wages Payable	-	-	74,298	-
2170 Due to Other Funds	2,737	99,974	4,771,639	24,010
2180 Due to Other Governments	-	-	2,750	-
2300 Unearned Revenues	-	-	-	-
2000 Total Liabilities	<u>2,737</u>	<u>99,974</u>	<u>5,428,740</u>	<u>24,885</u>
<b>FUNDBALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 2,737</u>	<u>\$ 99,974</u>	<u>\$ 5,428,740</u>	<u>\$ 24,885</u>

220 Adult Education Federal	223 TANF Family Assistance	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition
\$ -	\$ -	\$ -	\$ -	\$ 13,951,532	\$ -	\$ -	\$ -
336,991	13,415	1,980,368	31,957	291,847	93,319	316,652	104,865
1,254	-	-	-	428,818	-	-	-
-	-	-	-	10,496	-	-	-
-	-	-	-	332,423	-	-	-
<u>\$ 338,245</u>	<u>\$ 13,415</u>	<u>\$ 1,980,368</u>	<u>\$ 31,957</u>	<u>\$ 15,015,116</u>	<u>\$ 93,319</u>	<u>\$ 316,652</u>	<u>\$ 104,865</u>
\$ 35,444	\$ -	\$ 2,640	\$ -	\$ 434,742	\$ 3,596	\$ 239,046	\$ 535
-	624	188,027	4,308	176,939	7,035	-	2,229
302,801	12,791	1,789,701	27,649	4,762,748	80,950	77,606	102,101
-	-	-	-	-	1,738	-	-
-	-	-	-	53,489	-	-	-
<u>338,245</u>	<u>13,415</u>	<u>1,980,368</u>	<u>31,957</u>	<u>5,427,918</u>	<u>93,319</u>	<u>316,652</u>	<u>104,865</u>
-	-	-	-	278,934	-	-	-
-	-	-	-	9,308,264	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,587,198</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 338,245</u>	<u>\$ 13,415</u>	<u>\$ 1,980,368</u>	<u>\$ 31,957</u>	<u>\$ 15,015,116</u>	<u>\$ 93,319</u>	<u>\$ 316,652</u>	<u>\$ 104,865</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013

Data Control Codes	271 Workforce Investment Act	272 Medicaid Admin. Claim MAC	289 Other Federal Special Revenue Funds	381 Adult Basic Education State
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240 Receivables from Other Governments	15,695	125,629	-	40,404
1260 Due from Other Funds	-	-	-	27,934
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>\$ 15,695</u>	<u>\$ 125,629</u>	<u>\$ -</u>	<u>\$ 68,338</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 11,685	\$ 1,137	\$ -	\$ -
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	4,010	124,492	-	68,338
2180 Due to Other Governments	-	-	-	-
2300 Unearned Revenues	-	-	-	-
2000 Total Liabilities	<u>15,695</u>	<u>125,629</u>	<u>-</u>	<u>68,338</u>
<b>FUNDBALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 15,695</u>	<u>\$ 125,629</u>	<u>\$ -</u>	<u>\$ 68,338</u>

397 Advanced Placement Incentives	404 Student Success Initiative	409 High School Completion and Success	410 State Textbook Fund	429 Other State Special Revenue Funds	461 District Internal Funds	Total Nonmajor Governmental Funds
\$ 47,899	\$ -	\$ 8,180	\$ 2,358,793	\$ 390	\$ 101,028	\$ 16,467,822
-	39,177	-	298	-	-	8,946,953
-	-	-	-	-	893,554	1,351,560
-	-	-	-	-	-	10,496
-	-	-	-	-	-	332,423
<u>\$ 47,899</u>	<u>\$ 39,177</u>	<u>\$ 8,180</u>	<u>\$ 2,359,091</u>	<u>\$ 390</u>	<u>\$ 994,582</u>	<u>\$ 27,109,254</u>
\$ 1,238	\$ 3,500	\$ -	\$ 177,450	\$ -	\$ 125	\$ 1,492,066
-	-	-	-	-	-	453,460
-	35,677	-	1,810,528	-	117,440	14,215,192
-	-	-	-	-	-	4,488
46,661	-	8,180	-	390	-	108,720
<u>47,899</u>	<u>39,177</u>	<u>8,180</u>	<u>1,987,978</u>	<u>390</u>	<u>117,565</u>	<u>16,273,926</u>
-	-	-	-	-	-	278,934
-	-	-	371,113	-	-	9,679,377
-	-	-	-	-	877,017	877,017
<u>-</u>	<u>-</u>	<u>-</u>	<u>371,113</u>	<u>-</u>	<u>877,017</u>	<u>10,835,328</u>
<u>\$ 47,899</u>	<u>\$ 39,177</u>	<u>\$ 8,180</u>	<u>\$ 2,359,091</u>	<u>\$ 390</u>	<u>\$ 994,582</u>	<u>\$ 27,109,254</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	206 ESEA Title X, Pt.C Homeless	209 Energy Conservation Inst. Bldgs.	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	35,643	99,974	9,121,337	163,446
5020	Total Revenues	<u>35,643</u>	<u>99,974</u>	<u>9,121,337</u>	<u>163,446</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	29,301	-	6,203,707	97,769
0012	Instructional Resources and Media Services	-	-	170,118	-
0013	Curriculum and Instructional Staff Development	1,282	-	1,184,320	1,731
0021	Instructional Leadership	-	-	38,895	54,055
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	291,667	-
0033	Health Services	-	-	2,674	5,571
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	759	-
0041	General Administration	-	-	115,515	-
0051	Facilities Maintenance and Operations	-	99,974	2,183	1,857
0052	Security and Monitoring Services	-	-	701	-
0053	Data Processing Services	-	-	5,161	-
0061	Community Services	5,060	-	1,105,637	2,463
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>35,643</u>	<u>99,974</u>	<u>9,121,337</u>	<u>163,446</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of Real and Personal Property	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

220 Adult Education Federal	223 TANF Family Assistance	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition
\$ -	\$ -	\$ -	\$ -	\$ 3,757,269	\$ -	\$ -	\$ -
-	-	-	-	120,069	-	-	-
910,276	64,320	6,561,174	108,508	18,872,460	578,345	999,474	995,452
910,276	64,320	6,561,174	108,508	22,749,798	578,345	999,474	995,452
427,395	63,668	3,338,845	108,508	-	558,876	67,909	962,898
-	-	-	-	-	-	-	-
473,376	652	314,036	-	-	15,667	904,291	29,542
-	-	121,836	-	-	3,802	27,274	3,012
-	-	2,547,124	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	239,333	-	-	-	-	-
-	-	-	-	20,761,022	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,505	-	-	-	-	-	-	-
-	-	-	-	233,417	-	-	-
910,276	64,320	6,561,174	108,508	20,994,439	578,345	999,474	995,452
-	-	-	-	1,755,359	-	-	-
-	-	-	-	3,500	-	-	-
-	-	-	-	3,500	-	-	-
-	-	-	-	1,758,859	-	-	-
-	-	-	-	7,828,339	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ 9,587,198	\$ -	\$ -	\$ -



SOCORRO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	271 Workforce Investment Act	272 Medicaid Admin. Claim MAC	289 Other Federal Special Revenue Funds	381 Adult Basic Education State
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	93,949
5900 Federal Program Revenues	38,118	166,623	39,790	-
5020 Total Revenues	<u>38,118</u>	<u>166,623</u>	<u>39,790</u>	<u>93,949</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	5,848	84,535	36,808	93,949
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	32,270	-	-	-
0033 Health Services	-	70,494	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	11,594	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	2,982	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>38,118</u>	<u>166,623</u>	<u>39,790</u>	<u>93,949</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

397 Advanced Placement Incentives	404 Student Success Initiative	409 High School Completion and Success	410 State Textbook Fund	429 Other State Special Revenue Funds	461 District Internal Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,890	\$ 3,793,159
20,582	71,094	9,758	1,034,881	765,217	-	2,115,550
5,104	-	-	-	-	-	38,760,044
<u>25,686</u>	<u>71,094</u>	<u>9,758</u>	<u>1,034,881</u>	<u>765,217</u>	<u>35,890</u>	<u>44,668,753</u>
3,064	9,820	9,758	1,572,729	293,805	-	13,969,192
-	-	-	-	41	-	170,159
22,622	61,274	-	-	430,800	-	3,439,593
-	-	-	-	40,571	-	289,445
-	-	-	-	-	-	2,547,124
-	-	-	-	-	-	323,937
-	-	-	-	-	-	318,072
-	-	-	-	-	-	20,761,022
-	-	-	-	-	25,777	26,536
-	-	-	-	-	-	115,515
-	-	-	-	-	2,991	118,599
-	-	-	-	-	1,782	2,483
-	-	-	-	-	-	5,161
-	-	-	-	-	21,877	1,147,524
-	-	-	-	-	-	233,417
<u>25,686</u>	<u>71,094</u>	<u>9,758</u>	<u>1,572,729</u>	<u>765,217</u>	<u>52,427</u>	<u>43,467,779</u>
-	-	-	(537,848)	-	(16,537)	1,200,974
-	-	-	-	-	-	3,500
-	-	-	-	-	-	3,500
-	-	-	(537,848)	-	(16,537)	1,204,474
-	-	-	908,961	-	893,554	9,630,854
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,113</u>	<u>\$ -</u>	<u>\$ 877,017</u>	<u>\$ 10,835,328</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2013

	752 Print Shop	753 Workers Compensation	754 Health Care Insurance	Total Internal Service Funds
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 3,038,279	\$ 673,712	\$ 4,261,669	\$ 7,973,660
Due from Other Funds	-	4,698,331	23,638,650	28,336,981
Other Receivables	-	-	99,832	99,832
Inventories	35,013	-	-	35,013
Total Current Assets	<u>3,073,292</u>	<u>5,372,043</u>	<u>28,000,151</u>	<u>36,445,486</u>
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment	330,576	-	-	330,576
Depreciation on Furniture and Equipment	(330,576)	-	-	(330,576)
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>3,073,292</u>	<u>5,372,043</u>	<u>28,000,151</u>	<u>36,445,486</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	16,000	-	19,188	35,188
Due to Other Funds	2,854,136	607,435	-	3,461,571
Accrued Expenses	-	2,673,970	1,980,407	4,654,377
Total Liabilities	<u>2,870,136</u>	<u>3,281,405</u>	<u>1,999,595</u>	<u>8,151,136</u>
<b>NET POSITION</b>				
Unrestricted	<u>203,156</u>	<u>2,090,638</u>	<u>26,000,556</u>	<u>28,294,350</u>
Total Net Position	<u>\$ 203,156</u>	<u>\$ 2,090,638</u>	<u>\$ 26,000,556</u>	<u>\$ 28,294,350</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	752 Print Shop	753 Workers Compensation	754 Health Care Insurance	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
Local and Intermediate Sources	\$ 318,650	\$ 2,927,434	\$ 38,258,175	\$ 41,504,259
Total Operating Revenues	<u>318,650</u>	<u>2,927,434</u>	<u>38,258,175</u>	<u>41,504,259</u>
<b>OPERATING EXPENSES:</b>				
Payroll Costs	200,331	177,351	272,017	649,699
Professional and Contracted Services	132,329	1,427,156	34,561,545	36,121,030
Supplies and Materials	83,020	-	-	83,020
Other Operating Costs	785	-	562	1,347
Depreciation Expense	1,767	-	-	1,767
Total Operating Expenses	<u>418,232</u>	<u>1,604,507</u>	<u>34,834,124</u>	<u>36,856,863</u>
Operating Income (Loss)	(99,582)	1,322,927	3,424,051	4,647,396
Total Net Position - July 1 (Beginning)	<u>302,738</u>	<u>767,711</u>	<u>22,576,505</u>	<u>23,646,954</u>
Total Net Position June 30 (Ending)	<u>\$ 203,156</u>	<u>\$ 2,090,638</u>	<u>\$ 26,000,556</u>	<u>\$ 28,294,350</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	752	753	754	Total
	Print Shop	Workers Compensation	Health Care Insurance	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 318,650	\$ 2,927,434	\$ 38,372,073	\$ 41,618,157
Cash Received from Assessments - Other Funds	355,861	-	-	355,861
Cash Payments to Employees for Services	(200,331)	(177,351)	(272,017)	(649,699)
Cash Payments for Suppliers	(89,304)	-	-	(89,304)
Cash Payments for Other Operating Expenses	(133,114)	(2,724,168)	(38,538,178)	(41,395,460)
Net Cash Provided by (Used for) Operating Activities	<u>251,762</u>	<u>25,915</u>	<u>(438,122)</u>	<u>(160,445)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	251,762	25,915	(438,122)	(160,445)
Cash and Cash Equivalents at Beginning of Year	<u>2,786,517</u>	<u>647,797</u>	<u>4,699,791</u>	<u>8,134,105</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,038,279</u>	<u>\$ 673,712</u>	<u>\$ 4,261,669</u>	<u>\$ 7,973,660</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ (99,582)	\$ 1,322,927	\$ 3,424,051	\$ 4,647,396
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	1,767	-	-	1,767
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Due from Other Funds	-	(1,849,776)	(3,188,682)	(5,038,458)
Decrease (increase) in Receivables	-	-	113,898	113,898
Decrease (increase) in Inventories	(3,710)	-	-	(3,710)
Decrease (increase) in Prepaid Expenses	-	100,760	-	100,760
Increase (decrease) in Accounts Payable	(6,284)	-	16,824	10,540
Increase (decrease) in Due to Other Funds	359,571	607,435	-	967,006
Increase (decrease) in Accrued Expenses	-	(155,431)	(804,213)	(959,644)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 251,762</u>	<u>\$ 25,915</u>	<u>\$ (438,122)</u>	<u>\$ (160,445)</u>

**OTHER INFORMATION - REQUIRED TEA SCHEDULES**

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED JUNE 30, 2013

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2004 and prior years	Various	Various	\$ Various
2005	1.368400	0.269300	3,591,466,682
2006	1.358300	0.269300	4,169,243,229
2007	1.244389	0.249300	4,887,625,808
2008	0.945567	0.222628	5,839,504,419
2009	0.965567	0.222628	6,553,015,165
2010	0.946140	0.233640	6,889,758,592
2011	0.946140	0.233550	7,059,956,800
2012	0.946140	0.263654	7,375,023,946
2013 (School year under audit)	0.976140	0.298654	7,785,663,642
1000 TOTALS			

(10) Beginning Balance 7/1/2012	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2013
\$ 1,308,510	\$ -	\$ 50,278	\$ 13,558	\$ (13,843)	\$ 1,230,831
244,455	-	9,663	1,902	(1,266)	231,624
279,471	-	15,728	3,119	(1,480)	259,144
282,896	-	20,589	4,125	(5,514)	252,668
318,779	-	35,612	8,385	1,284	276,066
416,995	-	75,083	17,311	11,033	335,634
573,791	-	88,603	21,880	(17,943)	445,365
948,367	-	268,333	66,237	(4,048)	609,749
2,146,853	-	803,483	223,900	(145,103)	974,367
-	99,251,173	74,245,630	22,715,752	-	2,289,791
<u>\$ 6,520,117</u>	<u>\$ 99,251,173</u>	<u>\$ 75,613,002</u>	<u>\$ 23,076,169</u>	<u>\$ (176,880)</u>	<u>\$ 6,905,239</u>



SOCORRO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

**FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST**

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 542,085	\$ 3,492,363	\$ 1,322,305	\$ -	\$ 5,356,753
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	1,780	-	-	1,780
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	-	-	251,467	-	251,467
6212	Audit Services	-	-	-	85,000	-	-	85,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	1,281,559	-	-	-	-	1,281,559
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	-	540	-	-	540
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	60,730	-	60,730
6250	Utilities	-	-	-	-	1,032	-	1,032
6260	Rentals	-	-	9,222	52,564	9,183	-	70,969
6290	Miscellaneous Contr.	-	-	12,635	248,986	8,400	-	270,021
6320	Textbooks and Reading	-	-	4,148	2,223	300	-	6,671
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	-	-	18,124	210,255	108,669	-	337,048
6410	Travel, Subsistence, Stipends	24,086	-	10,009	39,950	7,311	-	81,356
6420	Ins. and Bonding Costs	-	-	-	145,448	-	-	145,448
6430	Election Costs	14,289	-	-	-	-	-	14,289
6490	Miscellaneous Operating	5,667	-	67,204	108,777	41,788	-	223,436
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	5,821	5,821
6000	<b>TOTAL</b>	<b>\$ 44,042</b>	<b>\$ 1,281,559</b>	<b>\$ 663,427</b>	<b>\$ 4,387,886</b>	<b>\$ 1,811,185</b>	<b>\$ 5,821</b>	<b>\$ 8,193,920</b>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 331,563,055

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 4,823,305
Total Debt & Lease(6500)	(11)	380,468
Plant Maintenance (Function 51, 6100-6400)	(12)	32,156,475
Food (Function 35, 6341 and 6499)	(13)	8,667,843
Stipends (6413)	(14)	69,228
Column 4 (above) - Total Indirect Cost		<u>4,387,886</u>

SubTotal: 50,485,204

Net Allowed Direct Cost \$ 281,077,850

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 589,467,965
Historical Cost of Building over 50 years old	(16)	\$ 60,832
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ 1,824,823
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 42,784,659
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 75,144
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 6,373,338

(8) NOTE A: \$5,161 in Function 53 expenditures are included in this report on administrative costs.

\$1,281,559 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 3,752,347	\$ 3,781,690	\$ 3,757,269	\$ (24,421)
5800 State Program Revenues	118,847	118,847	120,069	1,222
5900 Federal Program Revenues	18,266,159	18,324,163	18,872,460	548,297
5020 Total Revenues	22,137,353	22,224,700	22,749,798	525,098
<b>EXPENDITURES:</b>				
0035 Food Services	22,137,353	24,797,701	20,761,022	4,036,679
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	349,850	233,417	116,433
6030 Total Expenditures	22,137,353	25,147,551	20,994,439	4,153,112
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(2,922,851)	1,755,359	4,678,210
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	-	-	3,500	3,500
7080 Total Other Financing Sources (Uses)	-	-	3,500	3,500
1200 Net Change in Fund Balances	-	(2,922,851)	1,758,859	4,681,710
0100 Fund Balance - July 1 (Beginning)	7,828,339	7,828,339	7,828,339	-
3000 Fund Balance - June 30 (Ending)	\$ 7,828,339	\$ 4,905,488	\$ 9,587,198	\$ 4,681,710

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - DEBT SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 21,237,862	\$ 21,237,862	\$ 23,282,657	\$ 2,044,795
5800	State Program Revenues	17,901,000	17,901,000	15,769,736	(2,131,264)
5020	Total Revenues	39,138,862	39,138,862	39,052,393	(86,469)
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long Term Debt	15,485,000	15,485,000	12,368,182	3,116,818
0072	Interest on Long Term Debt	23,623,861	23,623,861	21,115,805	2,508,056
0073	Bond Issuance Cost and Fees	30,000	2,401,040	317,197	2,083,843
6030	Total Expenditures	39,138,861	41,509,901	33,801,184	7,708,717
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	1	(2,371,039)	5,251,209	7,622,248
<b>OTHER FINANCING SOURCES (USES):</b>					
7911	Capital Related Debt Issued (Regular Bonds)	-	17,794,990	17,794,990	-
7916	Premium or Discount on Issuance of Bonds	-	2,371,049	2,371,049	-
8949	Other (Uses)	-	(17,795,000)	(19,869,930)	(2,074,930)
7080	Total Other Financing Sources (Uses)	-	2,371,040	296,109	(2,074,931)
1200	Net Change in Fund Balances	1	1	5,547,318	5,547,317
0100	Fund Balance - July 1 (Beginning)	34,566,126	34,566,126	34,566,126	-
3000	Fund Balance - June 30 (Ending)	\$ 34,566,127	\$ 34,566,127	\$ 40,113,444	\$ 5,547,317

**FEDERAL AWARD SECTION**

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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*

To the Board of Trustees  
Socorro Independent School District

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 Socorro Independent School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Socorro Independent School District's basic financial statements and have issued our report thereon dated November 5, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Socorro 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 the Socorro Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Socorro 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 designated to identify all deficiencies in internal control over financial reporting 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 Socorro Independent School District's financial statements are free of 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.

Gibson, Ruddock, Patterson LLC  
El Paso, Texas  
November 5, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees  
Socorro Independent School District

**Report on Compliance for Each Major Federal Program**

We have audited Socorro Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Socorro Independent School District's major federal programs for the year ended June 30, 2013. The Socorro Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

**Opinion of Each Major Federal Program**

In our opinion, Socorro Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.



## Report on Internal Control Over Compliance

Management of Socorro 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 Socorro 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 Socorro 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 consider 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.

Gibson, Ruddock, Patterson LLC  
El Paso, Texas  
November 5, 2013

**SOCORRO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<b>Schedule Reference Number</b>	<b>PROGRAM</b>	<b>DESCRIPTION</b>
<b><u>SUMMARY OF AUDITOR'S RESULTS</u></b>		
<b><u>Financial Statements</u></b>		
	<b>Type of Auditor's Report issued:</b>	Unqualified
	<b>Internal control over financial reporting:</b>	
	<b>Material weaknesses identified?</b>	None
	<b>Significant deficiency identified that are not considered to be material weaknesses?</b>	None reported
	<b>Noncompliance material to the financial statements:</b>	No
<b><u>Federal Awards</u></b>		
	<b>Internal control over major programs:</b>	
	<b>Material weaknesses identified?</b>	No
	<b>Significant deficiency identified that are not considered to be material weaknesses?</b>	None reported
	<b>Type of auditor's report issued on compliance for major programs:</b>	Unqualified
	<b>Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?</b>	No
	<b>Major Federal Programs:</b>	<p><b>Child Nutrition Cluster:</b>  10.553 School Breakfast Program (SBP);  and  10.555 National School Lunch Program (NSLP).</p> <p><b>Special Education Cluster (IDEA)</b>  84.027A IDEA Part B Formula  84.173A IDEA Part B Preschool</p>

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<b>Schedule Reference Number</b>	<b>PROGRAM</b>	<b>DESCRIPTION</b>
	<b>Major Federal Programs: (Continued)</b>	<b>Title III Part A English Language Acquisition Fund: 84.365A</b>
		<b>Medicaid Administrative Claiming Program: 93.778 MAC</b>
	<b>Dollar threshold used to distinguish between type A and type B programs:</b>	<b>\$ 1,196,558</b>
	<b>Auditee qualified as low-risk auditee?</b>	<b>Yes</b>

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<b>Schedule Reference Number</b>	<b>PROGRAM</b>	<b>DESCRIPTION</b>
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**FINANCIAL STATEMENTS FINDINGS AND QUESTIONED COSTS**

There were no current year findings.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no current year findings.

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF STATUS OF PRIOR FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2013**

<b>Schedule Reference Number</b>	<b>PRIOR YEAR FINDING/ NONCOMPLIANCE</b>	<b>STATUS OF PRIOR YEAR'S FINDINGS/NONCOMPLIANCE</b>
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**FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

There were no prior year findings.

**FEDERAL AWARD FINDING AND QUESTIONED COSTS**

There were no prior year findings.

SOCORRO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<u>Passed Through Texas Department of Transportation</u>			
Easter Seals Project Action	20.514	DC-26-5270	\$ 2,982
Total Passed Through Texas Department of Transportation			\$ 2,982
			\$ 2,982
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<u>Passed Through Department of the Army</u>			
Army Youth Program in Your Neighborhood	12.000	NAFBA1-12-C-0004	\$ 39,969
Army Youth Program in Your Neighborhood	12.000	NAFBA1-12-C-0056	6,250
Total CFDA Number 12.000			46,219
Total Passed Through Department of the Army			\$ 46,219
<u>Passed Through Department of the Navy</u>			
Naval Junior Reserve Officer Training Corp	12.000	JROTC014S	\$ 271,654
Total Passed Through Department of the Navy			\$ 271,654
			\$ 317,873
<b>TOTAL DEPARTMENT OF DEFENSE</b>			
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874 (Note A)	84.041B	S041B-2013-5132	\$ 579,136
Total Direct Programs			\$ 579,136
<u>Passed Through Region 10</u>			
ESEA Title X Part C Ed. for the Homeless	84.196A	4600-13-011	\$ 35,643
ESEA Title X Part C Ed. for the Homeless IDC	84.196A	4600-13-011	415
Total CFDA Number 84.196A			36,058
Total Passed Through Region 10			\$ 36,058
<u>Passed through Harris County</u>			
Adult Education (ABE) - Federal	84.002A	323-12	\$ 174,116
Adult Education (ABE) - Federal IDC	84.002A	323-12	1,914
Total CFDA Number 84.002A			176,030
Total Passed through Harris County			\$ 176,030
<u>Passed Through State Department of Education</u>			
Adult Education (ABE) - Federal	84.002A	124100037110057	\$ 290,615
Adult Education (ABE) - Federal IDC	84.002A	124100037110057	3,510
Adult Education (ABE) - Federal	84.002A	134100087110498	92,485
Adult Education (ABE) - Federal IDC	84.002A	134100087110498	1,115
Adult Education (ABE) - Federal	84.002A	134100017110476	353,060
Adult Education (ABE) - Federal IDC	84.002A	134100017110476	4,258
Total CFDA Number 84.002A			745,043
ESEA Title I Part A - Improving Basic Programs	84.010A	12610101071909	516,568
ESEA Title I Part A - Improving Basic Prog IDC	84.010A	12610101071909	6,263
ESEA Title I Part A - Improving Basic Programs	84.010A	13610101071909	8,535,397
ESEA Title I Part A - Improving Basic Prog IDC	84.010A	13610101071909	102,937
ESEA Title I Part D-Subpart 2 Delinquent Prog	84.010A	13610103071909	25,192
ESEA Title I Part D-Subpart 2 Delinquent Prog IDC	84.010A	13610103071909	304
ESEA Title I School Improvement Program	84.010A	13610104071909002	3,627
ESEA Title I School Improvement Program	84.010A	13610104071909004	9,807
ESEA Title I School Improvement Program	84.010A	13610104071909048	4,084

SOCORRO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
ESEA Title I School Improvement Program	84.010A	13610104071909116	11,861
ESEA Title I School Improvement Program	84.010A	13610104071909117	14,801
Total CFDA Number 84.010A			9,230,841
Total Title I, Part A Cluster			9,230,841
ESEA, Title I, Part C - Migratory Children	84.011A	12615001071909	22,177
ESEA, Title I, Part C - Migratory Children IDC	84.011A	12615001071909	268
ESEA, Title I, Part C - Migratory Children	84.011A	13615001071909	141,269
ESEA, Title I, Part C - Migratory Children IDC	84.011A	13615001071909	1,703
Total CFDA Number 84.011A			165,417
IDEA - Part B, Formula*	84.027A	126600010719096600	291,978
IDEA - Part B, Formula*	84.027A	136600010719096600	6,269,196
IDEA - Part B, Formula IDC*	84.027A	136600010719096600	74,778
Total CFDA Number 84.027A			6,635,952
IDEA - Part B, Preschool*	84.173A	126610010719096610	4,671
IDEA - Part B, Preschool*	84.173A	136610010719096610	103,837
IDEA - Part B, Preschool IDC*	84.173A	136610010719096610	1,045
Total CFDA Number 84.173A			109,553
Total Special Education Cluster (IDEA)			6,745,505
Career and Technical - Basic Grant	84.048A	13420006071909	578,345
Career and Technical - Basic Grant IDC	84.048A	13420006071909	4,872
Total CFDA Number 84.048A			583,217
Advanced Placement Incentives	84.330B	2501201	5,104
Title III Part A - English Language Acquisition	84.365A	12671001071909	114,850
Title III Part A - English Language Acq. IDC	84.365A	12671001071909	1,385
Title III Part A - English Language Acquisition	84.365A	13671001071909	880,602
Title III Part A - English Language Acq. IDC	84.365A	13671001071909	10,620
Total CFDA Number 84.365A			1,007,457
ESEA Title II, Part A, Teacher/Principal Training	84.367A	12694501071909	186,134
ESEA Title II, Part A, Teacher/Principal IDC	84.367A	12694501071909	2,244
ESEA Title II, Part A, Teacher/Principal Training	84.367A	13694501071909	813,340
ESEA Title II, Part A, Teacher/Principal IDC	84.367A	13694501071909	9,809
Total CFDA Number 84.367A			1,011,527
Summer School LEP	84.369A	69551202	36,808
Total Passed Through State Department of Education			\$ 19,530,919
<b>TOTAL DEPARTMENT OF EDUCATION</b>			\$ 20,322,143
<b>U.S. DEPARTMENT OF ENERGY</b>			
<u>Passed Through Texas Comptroller of Public Account</u>			
Energy Conservation for Institutional Buildings	81.041	CM1344	\$ 99,974
Total Passed Through Texas Comptroller of Public Account			\$ 99,974
<b>TOTAL DEPARTMENT OF ENERGY</b>			\$ 99,974
<b>U.S. DEPARTMENT OF LABOR</b>			
<u>Passed through Upper Rio Grande Workforce</u>			
Workforce Investment Act Youth Activities	17.259	PY11-297-100-B-11	\$ 38,118
Total Passed through Upper Rio Grande Workforce			\$ 38,118
<b>TOTAL DEPARTMENT OF LABOR</b>			\$ 38,118

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2013

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HCAT# 529-07-0157-00	\$ 166,623
Temporary Assistance for Needy Families (TANF)	93.558	133625017110449	64,320
Temporary Assistance for Needy Families (TANF)	93.558	133625017110449	776
Total CFDA Number 93.558			<u>65,096</u>
Total Passed Through Texas Dept of Human Services			<u>\$ 231,719</u>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>\$ 231,719</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program**	10.553	714012	\$ 6,216,819
National School Lunch Program - Cash Assistance**	10.555	713012	11,456,488
National School Lunch Prog-Non-Cash Assistance**	10.555	713012	1,143,963
Total CFDA Number 10.555			<u>12,600,451</u>
Total Child Nutrition Cluster			<u>18,817,270</u>
Fresh Fruit & Vegetable Program	10.582	6TX310375	55,190
Total Passed Through the State Department of Agriculture			<u>\$ 18,872,460</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u>\$ 18,872,460</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 39,885,269</u></u>

\* and \*\*Clustered Programs as required by the OMB A-133 Compliance Supplement March 2013



# SOCORRO INDEPENDENT SCHOOL DISTRICT

## NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

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1. For all federal programs, the District uses the fund types specified in the Texas Education Agency's *Financial Accountability System Resource Guide*. Special Revenue Funds are used to account for resources restricted to, or committed for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, if balances have not been expended by the end of the project period, grantors may require the District to refund all or part of the unused amount.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for either in the General Fund or in a Special Revenue Fund, which is a Governmental Fund type. See reconciliation at item number 4. Indirect costs were accounted for in the General Fund. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund Types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Due to the nature of the reporting process for the SHARS program, the District recognizes revenue upon receipt of the reimbursement notice from the granting agency.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement - March 2013.
4. Commodity assistance is reported by the CFDA numbers of the programs under which USDA donated the commodities.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

5. Of the federal expenditures presented in the schedule, the District accounted for certain funds in the General Fund as follows:

Program Title	Federal CFDA Number	Amount
Naval Junior Reserve Officer Training Corp	12.000	\$ 271,653
Army Youth Program in Your Neighborhood	12.000	46,219
Impact Aid (Title VIII of ESEA)	84.041B	579,136
Indirect Cost - Other	84.XXX	227,441
Indirect Cost - TANF	93.558	776
SHARS (not included on Exhibit K-1)		<u>2,256,582</u>
Total General Fund Federal Revenue per Exhibit C-3		<u><u>\$ 3,381,807</u></u>

6. The total federal revenue presented on Exhibit K-1 can be reconciled to Exhibit C-3 as follows:

Expenditures of federal awards per Exhibit K-1	\$ 39,885,269
School Health and Related Services (SHARS) reimbursements	<u>2,256,582</u>
Total Federal Revenue per Exhibit C-3	<u><u>\$ 42,141,851</u></u>

SCHOOLS FIRST QUESTIONNAIRE

Socorro Independent School District

Fiscal Year 2013

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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 unqualified 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	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	43541992