

**SOCORRO INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL AND COMPLIANCE REPORTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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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, 2014, at a meeting of the Board of Trustees of such School District on the 18 day of Nov. 2014.



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



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

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

(attach list as necessary)

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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, 2014, 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, 2014, and the respective changes in financial position and , where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note X to the financial statements, in 2014, the Socorro Independent School District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## **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 21 and 74 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 7, 2014, 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 7, 2014

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

## MANAGEMENT DISCUSSION AND ANALYSIS

This section of Socorro Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2014. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

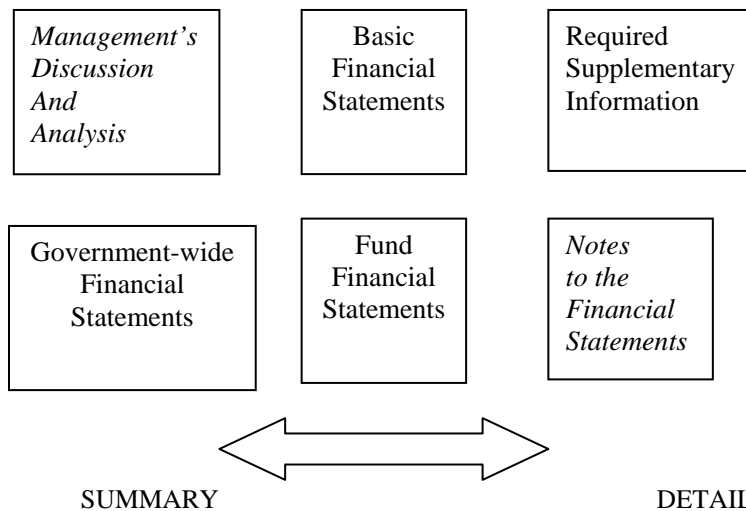
- On the government-wide financial statements, the assets of the District exceeded liabilities by \$269.6 million. Of this amount, \$119.4 million is unrestricted and may be used to meet the District's ongoing obligations. The total net position of the District increased from \$256.5 million in fiscal year 2013 to \$269.6 million in fiscal year 2014, an increase of \$13.1 million.
- The District's governmental funds financial statements reported a combined ending fund balance in fiscal year 2014 of \$258.9 million. Of this amount, \$1.6 million is reserved for inventory, \$8.8 million is restricted for restricted federal or state funds, \$99.5 million is restricted for capital acquisitions, \$47.3 million is restricted for retirement of long-term debt, \$0.3 million is committed for construction, \$1.5 million is committed for other purposes, \$5.0 million is assigned and \$94.9 million (31.8% of operating expenditures) is unassigned in the general fund and is an increase of \$16.6 million from the prior year. The combined ending fund balance of the District increased \$55.9 million.
- During the year, the District's general fund expenses were \$299.2 million or \$16.0 million less than the \$315.3 million generated in taxes and other revenues for general fund activities.
- The fund balance in the Debt Service Fund is \$47.3 million. This is an increase of \$7.2 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, the same rate as fiscal year 2013.
- The District's total long term liabilities at the end of fiscal year 2014 were \$637.9 million, an increase of \$93.8 million.
- The Print Shop had an operating net gain of \$22,067. The total net position for this fund is \$225,223 as of the end of the fiscal year.
- The Workers' Compensation Insurance Fund had an operating income of \$1,167,731. The ending total net position is \$3.3 million.
- The Health Care Insurance Fund had an operating loss of \$5.6 million in fiscal year 2014. This reduction was a planned draw down of the net position due to the decrease in the district's contribution per employee per month. The ending net position for the Health Care Fund is \$20.4 million.
- The District's Child Nutrition Program reported an ending fund balance in fiscal year 2014 of \$9.0 million, a decrease of \$0.5 million from the prior year.
- The District implemented Governmental Accounting Standards Board (GASB) Statement number 65-*Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The District's Statement of Net Position as of June 30, 2014 has been presented in accordance with the guidance provided by this Statement. This resulted in a prior period adjustment decreasing net position by \$4.6 million in the government wide statements.

## 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

<i>Type of Statements</i>	<i>Fund Statements</i>			
	<i>Government-wide</i>	<i>Governmental Funds</i>	<i>Proprietary Funds</i>	<i>Fiduciary Funds</i>
<i>Scope</i>	Entire Agency’s government (except fiduciary funds) and the Agency’s component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self-insurance	Instances in which the districts is the trustee or agent for someone else’s resources
<i>Required financial statements</i>	*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
<i>Accounting basis and measurements focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Types of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency’s funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All 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 \$269.6 million at June 30, 2014 (See Table A-1).

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

	Governmental & Business Activities		Percentage Change
	2014	2013	
Current and Other Assets	328.1	280.1	17.1%
Capital and Non-Current Assets	642.7	588.9	9.1%
<b>Total Assets</b>	<b>970.8</b>	<b>869.1</b>	<b>11.7%</b>
Deferred charge for refunding	6.2	0.0	
<b>Total Deferred Outflows of Resources</b>	<b>6.2</b>	<b>0.0</b>	
Current Liabilities	52.2	51.2	1.95%
Long Term Liabilities	655.2	561.3	16.7%
<b>Total Liabilities</b>	<b>707.4</b>	<b>612.5</b>	<b>15.5%</b>
Net Investment in Capital Assets	93.1	96.4	-3.4%
Restricted	57.1	117.1	-51.3%
Unrestricted	119.4	43.0	177.3%
<b>Total Net Position</b>	<b>269.6</b>	<b>256.5</b>	<b>5.1%</b>

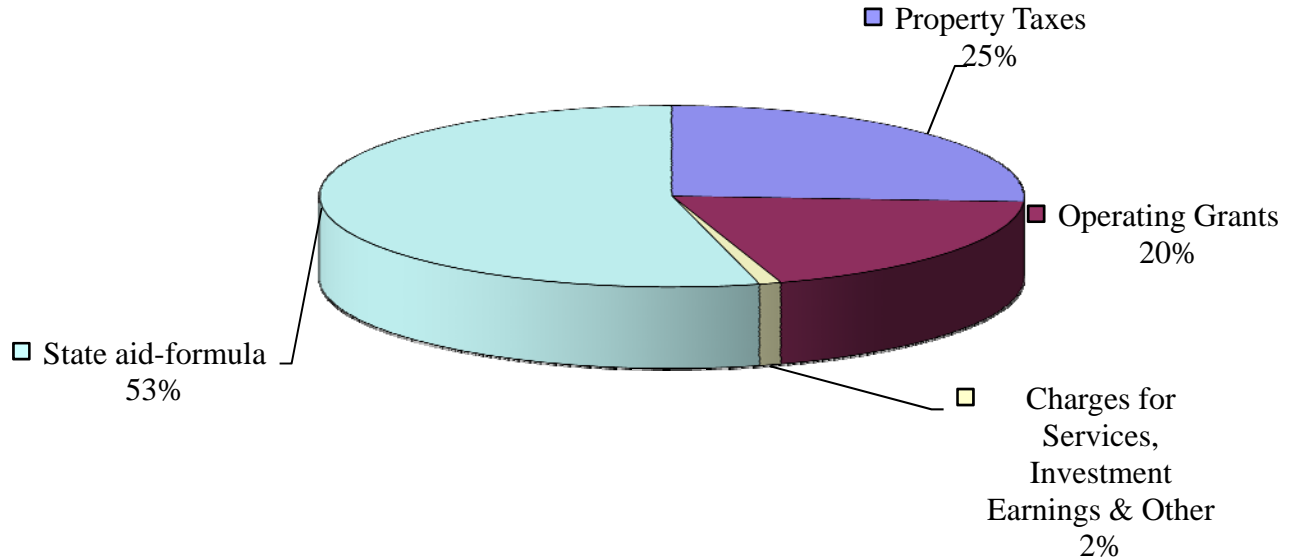
The District's combined net position increased \$13.0 million from the prior year. The increase was primarily attributable to current assets, particularly cash and cash equivalents, and occurred due to an increase in assessed property values which resulted in higher property tax collections. The District also saw an increase in the long-term liabilities due to the issuance of the bonds to refinance existing bonds to take advantage of current low market rates. The District's restricted net position includes restrictions for federal and state programs, debt service, capital projects and campus activities. The \$119.4 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 \$411.6 million. A significant portion (53%) of the District's revenue comes from State aid formula grants (See table A-2), while twenty-four (25%) percent comes from property taxes, twenty (20%) 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 \$394.1 million; seventy-eight (78%) 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 2014  
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
	2014	2013	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	4.9	4.8	3.4%
Operating Grants and Contributions	85.1	71.6	18.7%
<u>General Revenues</u>			
Property Taxes	102.1	99.0	2.9%
State aid – formula	217.5	204.9	6.2%
Grants and Contributions not Restricted	0.1	0.0	
Investment earnings	0.2	0.3	-45.3%
Other	1.8	2.4	-24.6%
<b>Total Revenues</b>	<b>411.6</b>	<b>383</b>	<b>7.5%</b>

<b>Expenses</b>			
Instruction and instructional related	218.9	198.6	10.2%
Instructional leadership/school administration	26.5	25.0	6.2%
Guidance, social work, health, transportation	28.0	26.5	5.8%
Food Services	24.9	21.7	14.7%
Extracurricular activities	10.6	10.2	3.3%
General Administration	7.7	7.0	10.5%
Facilities maintenance and security	44.8	39.6	13.1%
Data processing services	4.6	4.2	7.1%
Community Services	1.8	1.9	-3.4%
Debt service	24.8	22	12.6%
Other Intergovernmental Charges	1.4	1.3	13.0%
<b>Total Expenses</b>	<b>394.0</b>	<b>358.0</b>	<b>10.1%</b>
<b>Change in Net Position</b>	17.6	25.0	-29.9%
<b>Prior Period Adjustment</b>	-4.6	0.0	
<b>Beginning Net Position</b>	<b>256.6</b>	<b>231.5</b>	<b>10.8%</b>
<b>Ending Net Position</b>	<b>269.6</b>	<b>256.5</b>	<b>5.1%</b>

The revenues of all *governmental and enterprise* activities this year was \$411.6 million.

- The implementation of the \$3.4 billion school finance plan resulted in the district receiving over \$12.6 million in additional state funding.
- A five point three eight (5.38) percent increase in assessed taxable values, resulted in a three (3%) increase in property taxes.

The cost of all *governmental and enterprise* activities this year was \$394.0 million.

- The amount that our taxpayers paid for these activities through property taxes was only \$102 million.
- Some of the cost was paid by those who were charged for services (\$4.9 million) or by grants and contributions (\$85.1 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>2014</b>	<b>2013</b>		<b>2014</b>	<b>2013</b>	
Instruction	218.9	198.6	10.2%	185.1	172.6	7.2%
Instructional Leadership	26.5	25.0	6.2%	25.0	23.5	6.3%
Facilities Maintenance & Operations	38.3	34.1	12.4%	37.4	33.3	12.0%
Debt Service – Interest & Fees	24.8	22.0	12.6%	4.6	6.9	-25.7%

The total cost of services for instruction increased by 10.2% from the prior year. This is the result of the District opening two new campuses (Puentes Middle School and Butler Elementary) as well as a modest salary increase for employees.

## **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 2014 the total assets for governmental funds were \$382.3 million, an increase of \$14.2 million. The total liabilities and deferred inflow of resources amounted to \$123.4 million, a decrease of \$41.7 million and ending reserves totaled \$258.9 million, an increase of \$55.9 million.

District governmental revenues totaled \$411.7 million, an increase of \$28.8 million from the previous year. The general fund had an increase in total revenues of \$16.5 million due to an increase in assessed taxable property values as well as additional state funding from the \$3.4 billion state funding program. The debt service fund had an increase in local revenues due to the same reason, an increase in assessed property valuation.

The Other Funds amount had a deficiency of \$0.7 million primarily due to an increase in expenditures in the Child Nutrition Fund.

The District's total governmental expenditures were \$457.2 million, compared to \$479.1 million in the prior year. The decrease of \$22.2 million is primarily due to the completion of new campuses district-wide and is reflected in the Capital Projects fund.

Finally, the fund balance in governmental funds was \$258.9 million, an increase of \$55.9 million. The increase is due to several reasons. First, the General Fund had a surplus of \$16.0 million due to smaller than projected expenditures. Second, the Debt Service fund had an increase in local tax collections due to an increase in assessed valuations. Finally, the District had \$100.3 million in 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 \$225,223, an increase of \$22,067 from the prior year. Total revenues were \$454,830, an increase of \$136,180 from fiscal year 2013. Total operating expenses incurred were \$432,763, an increase of \$14,531 from fiscal year 2013.

The Workers' Compensation Fund experienced an operating gain of \$1,167,731. Total revenues were \$3,108,498, an increase of \$181,064 from the prior year. Total operating expenses incurred were \$1,940,767, an increase of \$336,260. The ending total net position for the Workers' Compensation Fund is \$3,258,369.

The Health Care Fund reported a loss of \$5,566,608 for fiscal year 2014. Total revenues were \$35,176,486, a decrease of \$3,081,689. Total health Care expenditures were \$40,743,094 for fiscal year 2014, an increase of \$5,908,970 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 \$1,869,215, an increase of \$172,057 from the prior year.

## General Fund Budgetary Highlights

The Board of the Socorro Independent School District adopted a general fund budget of \$313,696,790 as well as the revenues to support it on June 18, 2013. 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 \$1,183,285.
- The District increased the budget in the amount of \$382,000 due to projected loss of funding in IDEA-B due to sequestration and the need to provide funding for Special Education in the general fund.
- The District increased the budget in the amount of \$1,688,784 for unexpended and unencumbered committed fund balances.
- The District increased the budget in the amount of \$675,036 to set up the Aquatics Center budget.
- The District increased the budget in the amount of \$82,650 for fund received for the AYPYN grant, which is recorded in the general fund.
- The District increased the budget in the amount of \$130,104 for textbooks.

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 \$22,444,249 below final budget amounts and total revenues were \$673,693 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	78.8	80.8	2.0
5800 State Program Revenues	232.6	231.5	-1.1
5900 Federal Program Revenues	3.2	3.0	-0.2
5020 Total Revenues	<u>314.6</u>	<u>315.3</u>	<u>0.7</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	184.7	178.6	6.1
0012 Instructional Resources and Media Services	5.1	4.9	0.2
0013 Curriculum and Instructional Staff Development	1.5	1.1	0.4
0021 Instructional Leadership	4.1	3.6	0.5
0023 School Leadership	22.6	21.7	0.9
0031 Guidance, Counseling and Evaluation Services	8.9	8.3	0.6
0032 Social Work Services	1.9	1.7	0.2
0033 Health Services	4.0	3.7	0.3
0034 Student (Pupil) Transportation	14.7	10.7	4.0
0035 Food Services	0.0	0.0	0.0
0036 Extracurricular Activities	9.7	8.8	0.8
0041 General Administration	7.8	7.3	0.5
0051 Facilities Maintenance and Operations	40.6	34.9	5.8
0052 Security and Monitoring Services	7.3	6.3	1.0
0053 Data Processing Services	4.2	3.5	0.7
0061 Community Services	0.8	0.8	0.1

Debt Service:			
0071 Debt Service - Principal on Long Term Debt	0.0	0.0	0.0
0072 Debt Service - Interest on Long Term Debt	0.0	0.0	0.0
Capital Outlay:			
0081 Facilities Acquisition and Construction	2.2	1.8	0.4
Intergovernmental:			
0099 Other Intergovernmental Charges	1.4	1.4	0.0
6030 Total Expenditures	<u>321.7</u>	<u>299.2</u>	<u>22.4</u>
1100 Excess (Deficiency) of Revenues Over (under)	-7.0	16.1	23.1
Expenditures			
OTHER FINANCING SOURCES (USES):			
7913 Capital Leases	2.2	0.0	-2.2
7915 Transfers In	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
1200 Net Change in Fund Balances	-4.8	16.1	20.9
0100 Fund Balance - July 1 (Beginning)	85.9	85.9	0.0
1300 Prior Period Adjustment	0.0	0.0	0.0
3000 Fund Balance – June 30 (Ending)	<u>81.1</u>	<u>102.0</u>	<u>20.9</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 2014, the unassigned fund balance in the General Fund was thirty-one (31) percent of current year expenditures. The Debt Service fund balance was one hundred and twenty three (123) 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 fiscal year 2015.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of 2014, the district had invested \$642.7 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 \$53.7 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)

	<b>Governmental Activities</b>		<b>Total % Change</b>
	<b>2014</b>	<b>2013</b>	
Land	46.5	46.5	0.0%
Buildings and improvements	640.5	593.2	8.0%
Construction in Progress	37.0	19.0	93.8%
Furniture and Equipment	45.9	42.7	7.3%
Leased property under capital lease	0.0	0.0	0.0%
Total at historical cost	<u>769.8</u>	<u>701.5</u>	9.7%
Total accumulated depreciation	-127.2	-112.5	12.9%
Net Capital Assets	<u><u>642.6</u></u>	<u><u>588.9</u></u>	9.1%

In 2014, the District completed construction on a new \$18.2 million dollar elementary school to alleviate overcrowding at Horizon Heights Elementary school. 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 (9.1%) from the prior year.

#### **Long-Term Debt**

At year-end the District had \$655.2 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-F to the Financial Statements.

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

	<b>Governmental Activities</b>		
	<b>2014</b>	<b>2013</b>	<b>Change</b>
Bonds Payable	553.6	474.4	16.7%
Accretion Payable	45.9	43.5	5.3%
Unamortized Premium/Discount on Debt	55.7	43.5	28.1%
Total Long Term Debt	<u><u>655.2</u></u>	<u><u>561.4</u></u>	16.7%

At year-end, the District had \$655.2 million in long term outstanding versus \$561.4 at the end of fiscal year 2013. This is primarily due to the District's issuance of \$95.3 million on school building bonds. This is the last issuance of the \$297 million bond election approved by the voters in 2011. The District also issued \$55.7 million and \$44.9 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 2015 budget preparation was increased by \$204.7 million or 2.61% from 2014.
- Upon the budget's adoption, the District's projected 2015 refined average daily attendance is expected to be 42,185, a 1.25% increase from 2014. The current refined average daily attendance, at date of issuance, is 41,886 representing a 0.33% increase from 2014. The administration is looking closely at this matter.

For fiscal year 2015, the District adopted a proposed budget of \$396,502,551. This amount was composed of the General Fund (\$324,052,979), the Food Service fund (\$25,343,526), and the Debt Service fund (\$47,106,046). The adopted general fund budget represented a small (1.69%) increase from the 2014 amended budget. Budget variables impacting the General Fund budget consisted of a one-time state subsidy of \$2.8 million to assist the district pay (for the first time) a contribution into the Teacher Retirement System (TRS) for district employees. Currently this subsidy is not funded for future years and we will see if the Legislature decides to fund this endeavor in the next biennium. In addition, the District increased the budget by \$0.7 million in custodial salaries and fringes as the district continues its transition of leased employees into permanent positions. It increased the budget by \$0.5 million for the acquisition of twenty-four (24) buses via a four-year lease purchase arrangement. It increased the budget by \$0.9 million for priority II district-wide E-Rate projects. It also increased the budget to staff, equip and supply a new campus: Mission Ridge Elementary, and start-up funds for a new elementary school north of Montana Avenue just south of Fort Bliss. Finally, the Administration proposed, and the Governing Board accepted, a modest 2.0% increase in compensation for the employees of the District. This resulted in a \$3.9 million impact to the general fund.

For debt service, the budget increased slightly and the District is projecting using fund reserves (\$4.0 million) to 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. By the end of fiscal year 2015, all of the above projects will have been completed and an estimated \$35 million in savings will remain. The Administration has recommended, and the Governing Board has approved, using the savings to build another elementary school (construction to be determined later) and to provide HVAC upgrades for all the remaining middle schools that currently have evaporated cooling.

To support the total budget for fiscal year 2015, 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. The Administration did inform the Governing Board that unless the district received a substantial increase in state funding for fiscal year 2016 a maintenance and operations tax rate increase of at least three (3) cents would be needed to balance the budget.

## **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, 2014

Data Control Codes	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 294,017,210
1220 Property Taxes Receivable (Delinquent)	6,806,695
1230 Allowance for Uncollectible Taxes	(2,895,854)
1240 Due from Other Governments	26,813,060
1267 Due from Fiduciary Funds	500,156
1290 Other Receivables, net	1,164,327
1300 Inventories	1,579,763
1410 Prepayments	159,007
Capital Assets:	
1510 Land	46,495,033
1520 Buildings, Net	543,686,470
1530 Furniture and Equipment, Net	15,513,993
1580 Construction in Progress	36,954,749
1000 Total Assets	<u>970,794,609</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	6,145,389
1700 Total Deferred Outflows of Resources	<u>6,145,389</u>
<b>LIABILITIES</b>	
2110 Accounts Payable	18,813,092
2140 Interest Payable	10,340,578
2150 Payroll Deductions & Withholdings	1,382,104
2160 Accrued Wages Payable	12,733,228
2180 Due to Other Governments	643,763
2200 Accrued Expenses	6,059,396
2300 Unearned Revenue	2,227,148
Noncurrent Liabilities	
2501 Due Within One Year	17,271,738
2502 Due in More Than One Year	637,903,624
2000 Total Liabilities	<u>707,374,671</u>
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	93,106,812
3820 Restricted for Federal and State Programs	8,841,222
3850 Restricted for Debt Service	47,318,149
3870 Restricted for Campus Activities	919,321
3900 Unrestricted	119,379,823
3000 Total Net Position	<u>\$ 269,565,327</u>

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, 2014

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 208,093,646	\$ 636,181	\$ 28,637,918	\$ (178,819,547)
12 Instructional Resources and Media Services	5,540,411	-	450,302	(5,090,109)
13 Curriculum and Staff Development	5,223,546	-	4,081,439	(1,142,107)
21 Instructional Leadership	3,881,917	-	345,348	(3,536,569)
23 School Leadership	22,627,177	-	1,162,838	(21,464,339)
31 Guidance, Counseling and Evaluation Services	11,254,017	-	3,077,058	(8,176,959)
32 Social Work Services	2,115,636	-	436,548	(1,679,088)
33 Health Services	3,961,742	-	2,121,793	(1,839,949)
34 Student (Pupil) Transportation	10,707,403	-	449,157	(10,258,246)
35 Food Services	24,887,768	3,622,585	20,526,188	(738,995)
36 Extracurricular Activities	10,590,171	449,561	606,387	(9,534,223)
41 General Administration	7,736,784	-	710,675	(7,026,109)
51 Facilities Maintenance and Operations	38,318,907	222,037	741,817	(37,355,053)
52 Security and Monitoring Services	6,479,803	-	286,194	(6,193,609)
53 Data Processing Services	4,550,792	-	139,245	(4,411,547)
61 Community Services	1,825,968	5,630	1,082,390	(737,948)
72 Debt Service - Interest on Long Term Debt	23,736,581	-	20,195,775	(3,540,806)
73 Debt Service - Bond Issuance Cost and Fees	1,070,535	-	-	(1,070,535)
99 Other Intergovernmental Charges	1,448,210	-	-	(1,448,210)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 394,051,014	\$ 4,935,994	\$ 85,051,072	(304,063,948)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	78,160,576
DT	Property Taxes, Levied for Debt Service	23,795,343
SF	State Aid - Formula Grants	217,548,797
GC	Grants and Contributions not Restricted	111,928
IE	Investment Earnings	180,086
MI	Miscellaneous Local and Intermediate Revenue	1,838,904
TR	Total General Revenues	321,635,634
CN	Change in Net Position	17,571,686
NB	Net Position - Beginning	256,575,168
PA	Prior Period Adjustment	(4,581,527)
NE	Net Position--Ending	\$ 269,565,327

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, 2014

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 98,122,137	\$ 57,543,065	\$ 111,906,612
1220 Property Taxes - Delinquent	5,393,913	1,412,782	-
1230 Allowance for Uncollectible Taxes (Credit)	(2,217,424)	(678,430)	-
1240 Receivables from Other Governments	21,321,240	-	-
1260 Due from Other Funds	46,888,074	14,486,043	609,098
1290 Other Receivables	972,461	-	-
1300 Inventories	1,186,768	-	-
1410 Prepayments	159,007	-	-
1000 Total Assets	<u>\$ 171,826,176</u>	<u>\$ 72,763,460</u>	<u>\$ 112,515,710</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 3,733,718	\$ -	\$ 12,316,842
2150 Payroll Deductions and Withholdings Payable	1,382,104	-	-
2160 Accrued Wages Payable	12,280,647	-	-
2170 Due to Other Funds	48,817,930	22,773,863	718,842
2180 Due to Other Governments	643,763	-	-
2300 Unearned Revenues	111,259	2,048,817	-
2000 Total Liabilities	<u>66,969,421</u>	<u>24,822,680</u>	<u>13,035,684</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	2,904,751	622,631	-
2600 Total Deferred Inflows of Resources	<u>2,904,751</u>	<u>622,631</u>	<u>-</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	-	-	99,480,026
3480 Retirement of Long-Term Debt	-	47,318,149	-
Committed Fund Balance:			
3510 Construction	303,574	-	-
3545 Other Committed Fund Balance	553,844	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	4,978,495	-	-
3600 Unassigned Fund Balance	94,906,327	-	-
3000 Total Fund Balances	<u>101,952,004</u>	<u>47,318,149</u>	<u>99,480,026</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 171,826,176</u>	<u>\$ 72,763,460</u>	<u>\$ 112,515,710</u>

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

Other Funds	Total Governmental Funds
\$ 17,574,275	\$ 285,146,089
-	6,806,695
-	(2,895,854)
5,491,820	26,813,060
1,705,742	63,688,957
15,633	988,094
360,223	1,546,991
-	159,007
<u>\$ 25,147,693</u>	<u>\$ 382,253,039</u>
\$ 2,696,100	\$ 18,746,660
-	1,382,104
452,581	12,733,228
11,811,174	84,121,809
-	643,763
67,072	2,227,148
<u>15,026,927</u>	<u>119,854,712</u>
-	3,527,382
<u>-</u>	<u>3,527,382</u>
360,223	1,569,987
8,841,222	8,841,222
-	99,480,026
-	47,318,149
-	303,574
919,321	1,473,165
-	4,978,495
-	94,906,327
<u>10,120,766</u>	<u>258,870,945</u>
<u>\$ 25,147,693</u>	<u>\$ 382,253,039</u>



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SOCORRO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2014

<b>Total Fund Balances - Governmental Funds</b>	\$ 258,870,945
1 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.	23,917,540
2 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 \$701,576,279 and the accumulated depreciation was \$588,985,917. 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.	30,253,032
3 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 2014 capital outlays and debt principal payments is to increase net position.	72,869,871
4 GASB Statement No. 65 requires that unamortized debt issuance costs from prior periods be written off. The net effect is to decrease net position.	(4,581,527)
5 The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(14,628,249)
6 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.	(97,136,285)
<b>19 Net Position of Governmental Activities</b>	<u>\$ 269,565,327</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, 2014

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 80,833,942	\$ 24,282,095	\$ 119,931
5800 State Program Revenues	231,468,956	20,195,775	-
5900 Federal Program Revenues	3,023,119	-	-
5020 Total Revenues	<u>315,326,017</u>	<u>44,477,870</u>	<u>119,931</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	178,641,989	-	2,145,681
0012 Instructional Resources and Media Services	4,872,551	-	115,786
0013 Curriculum and Instructional Staff Development	1,124,976	-	-
0021 Instructional Leadership	3,601,391	-	-
0023 School Leadership	21,667,603	-	273,731
0031 Guidance, Counseling and Evaluation Services	8,303,764	-	39,909
0032 Social Work Services	1,726,730	-	-
0033 Health Services	3,673,564	-	31,913
0034 Student (Pupil) Transportation	10,745,278	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	8,846,608	-	-
0041 General Administration	7,322,612	-	-
0051 Facilities Maintenance and Operations	34,854,452	-	685,162
0052 Security and Monitoring Services	6,307,032	-	83,340
0053 Data Processing Services	3,516,824	-	184,023
0061 Community Services	754,865	-	-
<b>Debt Service:</b>			
0071 Principal on Long Term Debt	-	14,174,943	-
0072 Interest on Long Term Debt	-	23,429,061	-
0073 Bond Issuance Cost and Fees	-	780,912	289,623
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	1,830,835	-	63,255,863
<b>Intergovernmental:</b>			
0099 Other Intergovernmental Charges	1,448,210	-	-
6030 Total Expenditures	<u>299,239,284</u>	<u>38,384,916</u>	<u>67,105,031</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,086,733</u>	<u>6,092,954</u>	<u>(66,985,100)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7911 Capital Related Debt Issued (Regular Bonds)	-	100,520,000	95,290,000
7916 Premium or Discount on Issuance of Bonds	-	12,659,394	5,012,500
8949 Other (Uses)	-	(112,067,643)	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>1,111,751</u>	<u>100,302,500</u>
1200 Net Change in Fund Balances	16,086,733	7,204,705	33,317,400
0100 Fund Balance - July 1 (Beginning)	<u>85,865,271</u>	<u>40,113,444</u>	<u>66,162,626</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 101,952,004</u>	<u>\$ 47,318,149</u>	<u>\$ 99,480,026</u>

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

Other Funds	Total Governmental Funds
\$ 3,707,981	\$ 108,943,949
6,246,922	257,911,653
41,777,025	44,800,144
51,731,928	411,655,746
19,020,690	199,808,360
211,521	5,199,858
4,054,281	5,179,257
176,778	3,778,169
-	21,941,334
2,619,798	10,963,471
367,500	2,094,230
102,253	3,807,730
-	10,745,278
24,626,256	24,626,256
44,087	8,890,695
133,429	7,456,041
11,728	35,551,342
8,343	6,398,715
-	3,700,847
1,044,348	1,799,213
-	14,174,943
-	23,429,061
-	1,070,535
25,478	65,112,176
-	1,448,210
52,446,490	457,175,721
(714,562)	(45,519,975)
-	195,810,000
-	17,671,894
-	(112,067,643)
-	101,414,251
(714,562)	55,894,276
10,835,328	202,976,669
\$ 10,120,766	\$ 258,870,945

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, 2014

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	55,894,276
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 loss of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net position.		(4,376,810)
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 2014 capital outlays and debt principal payments is to increase net position.		81,379,182
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.		(14,628,249)
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.		(100,696,713)
<b>Change in Net Position of Governmental Activities</b>	<u>\$</u>	<u>17,571,686</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, 2014

	Governmental Activities -
	Total Internal Service Funds
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 8,871,121
Due from Other Funds	31,512,070
Other Receivables	176,233
Inventories	32,772
Total Current Assets	<u>40,592,196</u>
Noncurrent Assets:	
Capital Assets:	
Furniture and Equipment	361,575
Depreciation on Furniture and Equipment	<u>(331,341)</u>
Total Noncurrent Assets	<u>30,234</u>
Total Assets	<u>40,622,430</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	66,432
Due to Other Funds	10,579,062
Accrued Expenses	<u>6,059,396</u>
Total Liabilities	<u>16,704,890</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	30,234
Unrestricted Net Position	<u>23,887,306</u>
Total Net Position	<u><u>\$ 23,917,540</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, 2014

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 38,739,814
Total Operating Revenues	<u>38,739,814</u>
OPERATING EXPENSES:	
Payroll Costs	595,255
Professional and Contracted Services	42,423,604
Supplies and Materials	97,001
Depreciation Expense	764
Total Operating Expenses	<u>43,116,624</u>
Operating Income (Loss)	(4,376,810)
Total Net Position - July 1 (Beginning)	<u>28,294,350</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 23,917,540</u></u>

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, 2014

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 35,955,767
Cash Payments to Employees for Services	(595,255)
Cash Payments for Insurance Claims	(34,197,510)
Cash Payments for Suppliers	(234,542)
Net Cash Provided by Operating Activities	<u>928,460</u>
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>	
Acquisition of Capital Assets	<u>(30,999)</u>
Net Increase in Cash and Cash Equivalents	897,461
Cash and Cash Equivalents at Beginning of Year	<u>7,973,660</u>
Cash and Cash Equivalents at End of Year	<u>\$ 8,871,121</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ (4,376,810)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	764
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(76,401)
Decrease (increase) in Inventories	2,241
Increase (decrease) in Accounts Payable	31,244
Increase (decrease) in Due to/from Other Funds	3,942,403
Increase (decrease) in Accrued Expenses	1,405,019
Net Cash Provided by Operating Activities	<u>\$ 928,460</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, 2014

	Agency Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,849,006
Other Receivables	20,209
Total Assets	<u>\$ 1,869,215</u>
<b>LIABILITIES</b>	
Due to Other Funds	\$ 500,156
Due to Other Governments	118,233
Due to Student Groups	1,250,826
Total Liabilities	<u>\$ 1,869,215</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, 2014**

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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 ("GASB").

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, charges to school districts for services, state funds, grants and other intergovernmental revenues.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

In addition to assets, the statement of net financial position reports a separate section of deferred outflows of resources. This separate financial statement category represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net financial position reports a separate section for deferred inflows of resources. This separate financial statement category represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The 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.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

**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.

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, deferred outflows of resources, current liabilities, deferred inflows of resources 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, fees for services provided to other districts, and investment income. 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.

Unavailable revenue from property taxes arises only under modified accrual basis of accounting. The governmental funds report this unavailable revenue as a deferred inflow of resources, which is recognized as revenue in the period the amounts become 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.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

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, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets net of related debt, restricted net position, and unrestricted net position.

**D. 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. 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.
3. 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.

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.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

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.

**E. 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.

(Continued)



**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

5. Additional policies and contractual provisions governing deposits and investments for the District are specified below:

***Credit Risk:***

Deposits - not applicable.

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, 2014, 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. 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.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

***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.

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 which are received at no cost are recorded as revenue and expenditures at market value supplied by the Texas Department of Human Services when received. At year end, the commodities inventory is recorded to inventory and unearned revenue.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

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.

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. Net Position on the Statement of Net Position include the following:

*Net investment in capital assets* - this component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

*Restricted for federal and state programs* - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agency(s).

*Restricted for Debt Service* - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenant(s) for the purpose of future debt service payments.

*Restricted for Capital Projects* - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenant(s) for the purpose of capital acquisition.

*Unrestricted net position* - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

12. 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, 2014**

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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.

13. 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.
14. 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 the General Fund, Special Revenue Funds, and other Internal Service 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.
15. 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.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

16. 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 reported as revenue in 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.
17. 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.
18. 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. Premiums and discounts are presented as a component of liabilities while deferred charges on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight line method. Long-term debt is reported net of the applicable premium or discount.

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.

- F. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65") establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The District's Statements of Net Position as of June 30, 2014 are presented in accordance with the guidance provided by this Statement. See Note X, Prior Period Adjustments, for more information regarding implementation of this new pronouncement.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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**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.

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-2 and J-3. 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.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

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 18, 2013, 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.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At June 30, 2014 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 \$4,242,525, \$8,029,940, \$1,194,394, \$3,602,114 and \$1,849,006, and the related bank balance was \$25,101,098. The District's cash deposits at June 30, 2014 and during the fiscal year ended June 30, 2014, were fully covered by federal depository insurance or pledged collateral held by the District's agent bank in the District's name.

The Public Funds Money Market account, which is held at the District's main depository bank, is included in cash and was 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 \$11,198,356.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$10,440,124 and occurred during the month of April 2014.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$500,000.

(Continued)



**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

Additionally, at June 30, 2014, the District maintained a non-interest bearing cash account with a carrying amount of \$1,683,425 with J.P. Morgan Chase Bank N.A. to provide funds for health insurance claims. These funds was covered by federal depository insurance (FDIC) in the amount of \$250,000. The remaining balance of \$1,433,425 was collateralized by securities by the pledging financial institution held in the District’s name.

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, 2014, are shown as follows:

Name	Amortized Cost	Fair Value	WAM (in days)	Rating
Tex Pool Investment Pool	\$ 77,666,980	\$ 77,666,980	51	AAAm(S&P)
Lone Star - Government Overnight Fund	79,138,981	79,138,981	56	AAAm(S&P)
LOGIC	59,124,079	59,124,079	51	AAAm(S&P)
Texas TERM Investment Pool	59,334,772	59,334,772	47	AAAm(S&P)
Total	<u>\$ 275,264,812</u>	<u>\$ 275,264,812</u>		

During the year ended June 30, 2014, 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.

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 \$972,461 in the general fund, and \$15,633 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 Program. Management believes an allowance for doubtful accounts is not necessary for fair presentation.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

**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, 2014 consisted of the following individual fund balances:

	Due from Other Funds	Due to Other Funds
General Fund:		
General Fund	\$ 1,225,385	\$ 1,225,385
Debt Service	22,772,503	14,157,485
Capital Projects	-	607,738
Nonmajor Governmental Funds	22,890,186	32,827,322
Total General Fund	46,888,074	48,817,930
Debt Service Fund:		
General Fund	14,157,485	22,772,503
Capital Projects	328,558	1,360
Nonmajor Governmental Funds	-	-
Total Debt Service Fund	14,486,043	22,773,863
Capital Projects:		
General Fund	607,738	-
Debt Service	1,360	328,558
Nonmajor Governmental Funds	-	390,284
Total Capital Projects	609,098	718,842
Nonmajor Governmental Funds:		
General Fund	1,315,251	11,810,967
Capital Projects	390,284	-
Nonmajor Governmental Funds	207	207
Total Nonmajor Governmental Funds	1,705,742	11,811,174
Internal Service Funds:		
General Fund	31,512,070	10,579,062
Agency Funds:		
General Fund	-	500,156
Total	\$ 95,201,027	\$ 95,201,027

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

**D. Capital Asset Activity**

Capital asset activity for the District for the year ended June 30, 2014, was as follows:

	Primary Government			
	Beginning Balance	Additions	Deletion, Reclassification and Adjustment	Ending Balance
<u>Governmental activities:</u>				
Land	\$ 46,495,033	\$ -	\$ -	\$ 46,495,033
Buildings and improvements	593,229,605	35,071,919	12,152,491	640,454,015
Furniture and equipment	42,784,658	3,181,166	(55,661)	45,910,163
Construction in progress	19,066,983	30,040,257	(12,152,491)	36,954,749
Totals at historic cost	<u>701,576,279</u>	<u>68,293,342</u>	<u>(55,661)</u>	<u>769,813,960</u>
Less accumulated depreciation for:				
Buildings and improvements	85,923,373	10,844,172		96,767,545
Furniture and equipment	26,666,989	3,784,842	(55,661)	30,396,170
Total accumulated depreciation	<u>112,590,362</u>	<u>14,629,014</u>	<u>(55,661)</u>	<u>127,163,715</u>
Governmental activities capital assets, net	<u>\$588,985,917</u>	<u>\$ 53,664,328</u>	<u>\$ -</u>	<u>\$642,650,245</u>

Depreciation expense was charged to governmental functions as follows:

11 Instruction	\$ 5,937,640
12 Instructional Resources and Media Services	270,551
13 Curriculum Development and Instructional Staff Development	9,925
21 Instructional Leadership	54,387
23 School Leadership	363,731
31 Guidance, Counseling and Evaluation Services	119,821
33 Health Services	94,865
34 Student (Pupil) Transportation	766,964
35 Food Services	1,039,953
36 Extracurricular Activities	1,630,016
41 General Administration	195,749
51 Facilities Maintenance and Operations	3,173,227
52 Security and Monitoring Services	74,293
53 Data Processing Services	894,752
61 Community Services	2,375
Total governmental depreciation expense	<u>14,628,249</u>
In addition, depreciation on capital assets held by the District's internal service fund is charged to the various functions based on the usage of the assets	<u>765</u>
Total governmental activities depreciation expense	<u>\$ 14,629,014</u>

E. Deferred charges for refunding of bonds for the fiscal year ended June 30, 2014 was as follow:

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

Description	Beginning Balance	Deferred Charge on New Issues	Net Amortization Recognized	Ending Balance
Series 2012	\$ 1,809,207	\$ -	\$ 112,115	\$ 1,697,092
Series 2012A	-	2,333,822	87,531	2,246,291
Series 2014	-	2,266,871	64,865	2,202,006
	<u>\$ 1,809,207</u>	<u>\$ 4,600,693</u>	<u>\$ 264,511</u>	<u>\$ 6,145,389</u>

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

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	474,356,445	195,810,000	116,529,943	553,636,502	13,071,406
Accretion Payable	43,541,992	2,319,644	20,057	45,841,579	-
Unamortized Premium/ Discount on Debt	47,218,672	17,310,727	8,838,632	55,690,767	4,200,332
	<u>565,117,109</u>	<u>215,440,371</u>	<u>125,388,632</u>	<u>655,168,848</u>	<u>17,271,738</u>
<b>Other Liabilities:</b>					
Arbitrage	6,212	302	-	6,514	-
Total Other Liabilities	<u>6,212</u>	<u>302</u>	<u>-</u>	<u>6,514</u>	<u>-</u>
Total Governmental Long-term Liabilities	<u>565,123,321</u>	<u>215,440,673</u>	<u>125,388,632</u>	<u>655,175,362</u>	<u>17,271,738</u>

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

**G. General Long-Term Debt**

Long-term debt activity for the year ended June 30, 2014, was as follows:

Description	Interest Rate and Maturity Date	Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Refunding Bonds 1998	4.25 - 5.25						
Capital appreciation bonds	8-15-2021	1,754,235	1,754,235	-	-	1,754,235	307,667
Bond Series 2000	5.00-6.00						
Capital appreciation bonds	2-15-2024	-	159,985	-	-	159,985	-
Unlimited Tax Building and Refunding Bond Series 2001	3.00 - 5.375						
Capital appreciation bonds	8-15-2022	-	150,000	-	-	150,000	-
Unlimited Tax Building Bond Series 2004	2.50 - 5.00						
Current interest bonds	8-15-2014	20,060,000	1,575,000	-	770,000	805,000	805,000
Unlimited Tax Refunding Bond Series 2005	3.00 - 5.25						
Current interest bonds	8-15-2028	82,865,000	77,970,000	-	49,340,000	28,630,000	4,620,000
Unlimited Tax Building Bond Series 2005A	3.00 - 5.00						
Current interest bonds	8-15-2015	74,920,000	64,645,000	-	59,700,000	4,945,000	2,410,000
Term bonds	8-15-2032	11,305,000	11,305,000	-	-	11,305,000	-
Unlimited Tax Refunding Bond Series 2006	3.75 - 5.00						
Current Interest Bonds	8-15-2021	30,955,000	27,025,000	-	-	27,025,000	-
Capital Appreciation Bonds	8-15-2018	2,940,417	2,940,417	-	-	2,940,417	928,453
Unlimited Tax Building Bond Series 2006A	4.00 - 5.00						
Current Interest Bonds	8-15-2026	48,210,000	40,860,000	-	3,950,000	36,910,000	2,015,000
Term bonds due	8-15-2031	22,475,000	22,475,000	-	-	22,475,000	-
Unlimited Tax Refunding Bond Series 2008	4.00-4.75						
Current Interest Bonds	2-15-2026	13,695,000	9,125,000	-	30,000	9,095,000	30,000
Unlimited Tax Refunding Bond Series 2009	3.00						
Current Interest Bonds	8-15-2013	11,055,000	2,510,000	-	2,510,000	-	-
Unlimited Tax Refunding Bond Series 2010	2.00-4.00						
Current Interest Bonds	8-15-2026	15,215,000	14,860,000	-	55,000	14,805,000	55,000
Unlimited Tax Building and Refunding Bond Series 2011	2.00-5.00						
Current Interest Bonds	8-15-2036	50,345,000	50,215,000	-	105,000	50,110,000	110,000
Unlimited Tax Refunding Bond Series 2012	3.00-5.00						
Current Interest Bonds	8-15-2038	16,840,000	16,840,000	-	-	16,840,000	-
Capital Appreciation Bonds	8-15-2038	954,990	576,808	-	69,943	506,865	55,286
Unlimited Tax School Building Bonds Series 2012	5.00						
Current Interest Bonds	8-15-2037	129,370,000	129,370,000	-	-	129,370,000	-

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

Description	Interest Rate and Maturity Date	Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Unlimited Tax School Building Bonds Series 2013	5.00						
Current Interest Bonds	8-15-2038	95,290,000	-	95,290,000	-	95,290,000	-
Unlimited Tax Refunding Bonds Series 2013A	1.5-5.0						
Current Interest Bonds	8-15-2030	55,670,000	-	55,670,000	-	55,670,000	630,000
Unlimited Tax Refunding Bonds Series 2014	4.78						
Current Interest Bonds	8-15-2023	44,850,000	-	44,850,000	-	44,850,000	1,105,000
<b>Total</b>		<b>728,769,642</b>	<b>474,356,445</b>	<b>195,810,000</b>	<b>116,529,943</b>	<b>553,636,502</b>	<b>13,071,406</b>

The total interest charged during the year ended June 30, 2014 was \$23,429,061.

Accretion Payable for the year ended June 30, 2014, is as follows:

Description	Beginning Balance	Additions	Reductions	Accretion Outstanding 06/30/14
Refunding Bonds 1998	\$ 6,734,100	\$ 470,716	\$ -	\$ 7,204,816
Series 2000 Building Bonds	995,591	73,508	-	1,069,099
Unlimited Tax Building & Refunding 2001	1,660,867	103,016	-	1,763,883
Unlimited Tax Refunding 2006	33,641,303	1,661,166	-	35,302,469
Unlimited Tax Refunding 2012	510,131	11,238	20,057	501,312
	<b>\$ 43,541,992</b>	<b>\$ 2,319,644</b>	<b>\$ 20,057</b>	<b>\$ 45,841,579</b>

Unamortized Premium/Discount on Debt for the year ended June 30, 2014 are as follows:

Description	Restated Beginning Balance	Discount and Premiums on New Issues	Net Amortization Recognized	Outstanding 06/30/14	Due Within One Year
Series 2004	\$ 25,561	\$ -	\$ 22,721	\$ 2,840	\$ 2,840
Series 2005	3,407,349	-	2,119,573	1,287,776	91,093
Series 2005A	3,291,022	-	3,040,917	250,105	15,499
Series 2006	13,616,312	-	1,675,854	11,940,458	1,675,854
Series 2006A	2,684,006	-	148,167	2,535,839	148,167
Series 2008	309,572	-	24,521	285,051	24,521
Series 2009	14,686	-	14,686	-	-
Series 2010	1,117,720	-	85,160	1,032,560	85,160
Series 2011	2,380,390	-	103,513	2,276,877	103,224
Series 2012	2,239,134	-	138,758	2,100,376	138,758

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

Description	Restated Beginning Balance	Discount and Premiums on New Issues	Net Amortization Recognized	Outstanding 06/30/14	Due Within One Year
Series 2012	18,132,920	-	751,080	17,381,840	751,080
Series 2013	-	5,012,500	189,905	4,822,595	222,806
Series 2013A	-	7,642,762	320,727	7,322,035	453,742
Series 2014	-	4,655,465	203,050	4,452,415	487,588
Total	\$ 47,218,672	\$ 17,310,727	\$ 8,838,632	\$ 55,690,767	\$ 4,200,332

Debt service requirements are as follows:

Year Ending June 30,	GENERAL OBLIGATIONS		
	Principal	Interest	Total Requirements
2015	\$ 13,071,406	\$ 34,978,431	\$ 48,049,837
2016	11,270,371	34,997,536	46,267,907
2017	11,982,785	34,131,259	46,114,044
2018	11,720,809	34,319,261	46,040,070
2019	12,613,517	33,385,532	45,999,049
2020 - 2024	115,942,614	114,341,926	230,284,540
2025 - 2029	130,070,000	77,690,616	207,760,616
2030 - 2034	135,930,000	43,560,688	179,490,688
2035 - 2039	111,035,000	12,589,688	123,624,688
Total	\$ 553,636,502	\$ 419,994,937	\$ 973,631,439

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, 2014 was \$17,795,000 and the related escrow balance was \$18,206,321.

On July 18, 2013, the District issued general obligation Unlimited Tax School Building Bonds, Series 2013 in the amount of \$95,290,000 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 of each year, commencing August 15, 2023 and ending on August 15, 2038.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

On October 15, 2013, the District issued \$55,670,000 in Unlimited Tax Refunding Bonds, Series 2013A. The bonds are payable February 15 and August 15 of each year commencing August 15, 2014 and ending on August 15, 2030. The bonds were issued to refund portions of the Unlimited Tax School Building Bonds, Series 2005A and to pay the costs associated with the issuance and sale of the Bonds. As a result, \$57,400,000 of the 2005A Series bonds are considered to be defeased and not presented in these financial statements. The amount of defeased debt still outstanding at June 30, 2014 was \$57,400,000 and the related escrow balance was \$61,103,756. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,333,822. This difference, reported in the accompanying financial statements in the deferred outflows of resources category, is amortized through the life of the bond using the straight line method. In addition, the refunding resulted in an economic savings of \$3,247,565 (difference between the present values of the old and new debt service payments).

On January 29, 2014, the District issued \$44,850,000 in Unlimited Tax Refunding Bonds, Series 2014. The bonds are payable August 15 of each year commencing August 15, 2014 and ending on August 15, 2023. The bonds were issued to refund portions of the Unlimited Tax School Building Bonds, Series 2005 and to pay the costs associated with the issuance and sale of the Bonds. As a result, \$44,955,000 of the 2005 Series bonds are considered to be defeased and not presented in these financial statements. The amount of defeased debt still outstanding at June 30, 2014 was \$44,955,000 and the related escrow balance was \$48,265,228. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,266,871. This difference, reported in the accompanying financial statements in the deferred outflows of resources category, is amortized through the life of the bond using the straight line method. In addition, the refunding resulted in an economic savings of \$2,683,763 (difference between the present values of the old and new debt service payments).

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, 2014, \$2,319,644 was accreted and the accumulated accreted balance is presented within the long-term liabilities.

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, 2014.

**H. 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, 2014, as follows:

(Continued)



SOCORRO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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IV. DETAILED NOTES ON ALL FUNDS (Continued)

<u>Year Ending June 30,</u>	
2015	\$ 229,245
2016	<u>121,078</u>
Total Potential Minimum Rentals	<u>\$ 350,323</u>

Rental Expenditures for the year ended June 30, 2014 totaled \$1,168,090.

I. 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.

J. 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.

**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.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

Contribution rates and amounts are equal to the required contributions for each year and are shown in the table below for fiscal years 2012 to 2014. 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
2014	6.4%	\$ 13,808,197	6.8%	\$ 11,186,908	\$ 3,484,301
2013	6.4%	\$ 13,216,539	6.4%	\$ 10,090,879	\$ 3,092,568
2012	6.4%	\$ 13,492,088	6.0%	\$ 9,614,066	\$ 3,034,767

**K. 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 may be 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.

**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 equal to the required contributions for each year and are shown in the table below for fiscal years 2012 to 2014.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

**Contribution Rates**

Period/ Year Ended	Member		State		School District		Federal	
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
2014	0.65%	\$ 1,403,026	1.00%	\$ 2,012,891	0.55%	\$ 1,331,319	1.00%	\$ 144,640
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

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 June 30, 2014, 2013 and 2012 were \$607,065, \$575,218, and \$480,901, respectively. These amounts are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

**L. Healthcare Coverage**

Beginning September 1, 2000, the District established a health self-insurance plan (the “plan”). The District contributes \$500 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.

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, 2014, the District has recorded current health claim short term liabilities of \$3,235,827 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.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

Changes in the medical claims liability amounts as of and as of June 30, 2014 and 2013 are presented below:

	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2013 - Medical	\$ 2,784,620	\$ 25,836,051	\$ 26,640,264	\$ 1,980,407
2014 - Medical	\$ 1,980,407	\$ 26,163,173	\$ 24,907,753	\$ 3,235,827

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

The District sponsored a modified self-insurance plan with respect to worker's compensation claims through June 30, 2014. 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 \$2,823,569 to cover these claims. Claims incurred are subject to an individual stop-loss of \$1,502,380 for the 2013-2014 plan year. The third party provider has performed an actuarial study.

This liability reported in the fund at June 30, 2014, 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.

Changes in the workers' compensation claims liability amounts as of June 30, 2014 and 2013 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
2013 - Workers' Compensation	\$ 2,829,401	\$ 942,306	\$ 1,097,737	\$ -	\$ 2,673,970
2014 - Workers' Compensation	\$ 2,673,970	\$ 1,150,141	\$ 1,000,542	\$ -	\$ 2,823,569

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

N. Unearned Revenue

Unearned revenue at year end consisted of the following:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Commodity Inventory	\$ -	\$ -	\$ 6,655	\$ 6,655
Federal Grants	109,234	-	-	109,234
State Grants	-	2,048,817	60,417	2,109,234
Other	2,025	-	-	2,025
<b>Total Unearned Revenue</b>	<b>\$ 111,259</b>	<b>\$ 2,048,817</b>	<b>\$ 67,072</b>	<b>\$ 2,227,148</b>

O. 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, 2014, are summarized below.

	General Fund	Nonmajor Governmental Funds	Total
SHARS	\$ 1,709,750	\$ -	\$ 1,709,750
State Support	19,493,179	-	19,493,179
Federal Grants	118,311	4,557,260	4,675,571
State Grants	-	934,560	934,560
<b>Total</b>	<b>\$ 21,321,240</b>	<b>\$ 5,491,820</b>	<b>\$ 26,813,060</b>

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

**P. 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	\$ 78,841,505	\$ 24,001,088	\$ -	\$ -	\$ 102,842,593
Penalties and Interest on Taxes	732,540	240,263	-	-	972,803
Tuition and Fees	22,545	-	-	5,603	28,148
Investment income	19,514	35,825	119,931	4,816	180,086
Rent	219,087	-	-	24,909	243,996
Insurance Recovery	12,475	-	-	-	12,475
Food Service Activity	-	-	-	3,601,178	3,601,178
Athletic Activities	181,846	-	-	19,139	200,985
Extracurricular	119,779	-	-	28,345	148,124
Other	684,651	4,919	-	23,991	713,561
<b>Total</b>	<b>\$ 80,833,942</b>	<b>\$ 24,282,095</b>	<b>\$ 119,931</b>	<b>\$ 3,707,981</b>	<b>\$ 108,943,949</b>

**Q. Fund Balance**

As of June 30, 2014, 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	\$ -	\$ -	\$ 360,223	\$ 1,569,987
<b>Restricted:</b>					
Federal or State Funds					
Grants Restriction	-	-	-	8,841,222	8,841,222
Capital Acquisition and Contractual Obligation	-	-	99,480,026	-	99,480,026
Retirement of Long-Term Debt	-	47,318,149	-	-	47,318,149
<b>Committed:</b>					
Construction	303,574	-	-	919,321	1,222,895
Security Enhancements	536,932	-	-	-	536,932
Other	16,912	-	-	-	16,912
<b>Assigned:</b>					
E-Rate Projects	3,260,947	-	-	-	3,260,947
Other Assigned	1,717,548	-	-	-	1,717,548
Unassigned Fund Balance	94,906,327	-	-	-	94,906,327
<b>Total</b>	<b>\$ 101,952,004</b>	<b>\$ 47,318,149</b>	<b>\$ 99,480,026</b>	<b>\$ 10,120,766</b>	<b>\$ 258,870,945</b>

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

R. 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, 2014, 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:			
	Restricted Fund Balance	Other Committed	Other Assigned Fund Balance	Total
General Fund	\$ -	\$ -	\$ 1,117,548	\$ 1,117,548
Capital Projects Fund	21,654,830	-	-	21,654,830
Nonmajor Governmental Funds	1,091,758	-	-	1,091,758
Total	\$ 22,746,588	\$ -	\$ 1,117,548	\$ 23,864,136

S. 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.

T. Construction and Other Significant Commitments and Contingencies

Construction Commitments

The District had ongoing construction projects under non-cancelable contracts at June 30, 2014. Construction commitments as of June 30, 2014 are as follows:

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

Project Name	Spent To Date	Remaining Commitment
Press Box (Socorro HS)	\$ 38,010	\$ 3,990
Press Box (El Dorado HS)	38,010	3,990
New Combo (Elementary and Middle School)	39,029,284	266,788
New Elementary El Dorado (Montana)	3,545,746	16,221,283
New Elementary Eastlake (Sparks)	20,970,221	2,043,975
Eastlake High School Phase III	43,600,734	174,385
Pebble Hills High School/ED9 Completion	24,986,617	38,004,312
Socorro High School Science Lab Upgrade	1,944,261	8,409
Montwood High School Science Lab Upgrade	1,924,209	8,409
Americas High School Science Lab Upgrade	1,924,269	8,409
Escontrias HVAC	3,333,578	956,363
HD Hilley HVAC	3,338,963	875,407
Helen Ball HVAC	4,758,741	57,005
Horizon Heights HVAC	2,920,699	15,625
Vista Del Sol HVAC	2,899,523	15,625
Total	<u>\$ 155,252,865</u>	<u>\$ 58,663,975</u>

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; therefor, 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, 2014 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 \$6,512, 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.

U. 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.

(Continued)



**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

For the year ended June 30, 2014, the District carried insurance for building and contents in the amount of \$927,103,047 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.

**V. 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, 2014.

**W. 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.

**X. Prior Period Adjustment**

The District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the fiscal year ended June 30, 2014. In accordance with GASB 65, debt issuance costs should be recognized as expenses in the period incurred. Previously, these costs were recorded as assets and amortized over the life of the debt. The implementation of GASB 65 resulted in a prior period adjustment, decreasing governmental net position by \$4,581,527.

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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

**Y. New Accounting Pronouncements**

The District has not completed the process of evaluating the impact on its financial position that will result from adopting Governmental Accounting Standards Board Statements No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statements No. 27*, effective for fiscal years beginning after June 15, 2014, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, to be applied simultaneously with GASB Statement No. 68. The Statements require that the net present value of pension liabilities be reported in the financial statements and that any contributions between the measurement date of the reported net pension liability and the end of the reporting period be recognized as a deferred outflow of resources.

**Z. Subsequent Events**

On July 2, 2014 the District issued Unlimited School Refunding Bonds Series 2014 in the amount of \$49,220,000. This liability is not reflected in these financial statements.

On May 20, 2014 the District approved a four year lease purchase of 24 school buses in the amount of \$2,224,843. This lease was necessary due to growth and replacement of obsolete buses. However, the buses were not received until after year end, and, as such, this lease is not reflected in these financial statements.

**AA. Budget Overages**

The debt service fund experienced budget overages in other financing sources category as a result of a timing issue. The District planned for a bond issuance in the amount of \$49,220,000, as discussed in Note Z above, and amended the budget accordingly. However, the official closing date of the Series 2014 bonds occurred immediately after year end, on July 2, 2014. In addition, the overage in Function 71 resulted from expenditures that were budgeted in Function 72.

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**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, 2014

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	\$ 78,152,126	\$ 78,827,162	\$ 80,833,942	\$ 2,006,780
5800	State Program Revenues	232,634,664	232,634,664	231,468,956	(1,165,708)
5900	Federal Program Revenues	2,910,000	3,190,497	3,023,119	(167,378)
5020	Total Revenues	313,696,790	314,652,324	315,326,017	673,693
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	185,638,298	184,707,568	178,641,989	6,065,579
0012	Instructional Resources and Media Services	5,063,987	5,092,704	4,872,551	220,153
0013	Curriculum and Instructional Staff Development	922,249	1,521,971	1,124,976	396,995
0021	Instructional Leadership	4,352,811	4,138,372	3,601,391	536,981
0023	School Leadership	22,401,898	22,558,922	21,667,603	891,319
0031	Guidance, Counseling and Evaluation Services	8,874,145	8,918,322	8,303,764	614,558
0032	Social Work Services	1,775,161	1,880,161	1,726,730	153,431
0033	Health Services	3,725,649	4,004,563	3,673,564	330,999
0034	Student (Pupil) Transportation	12,188,903	14,744,684	10,745,278	3,999,406
0036	Extracurricular Activities	9,078,511	9,678,928	8,846,608	832,320
0041	General Administration	7,570,679	7,812,590	7,322,612	489,978
0051	Facilities Maintenance and Operations	39,879,729	40,646,352	34,854,452	5,791,900
0052	Security and Monitoring Services	6,155,194	7,279,375	6,307,032	972,343
0053	Data Processing Services	3,585,879	4,185,368	3,516,824	668,544
0061	Community Services	783,697	847,697	754,865	92,832
Capital Outlay:					
0081	Facilities Acquisition and Construction	300,000	2,215,956	1,830,835	385,121
Intergovernmental:					
0099	Other Intergovernmental Charges	1,400,000	1,450,000	1,448,210	1,790
6030	Total Expenditures	313,696,790	321,683,533	299,239,284	22,444,249
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(7,031,209)	16,086,733	23,117,942
<b>OTHER FINANCING SOURCES (USES):</b>					
7913	Capital Leases	-	2,224,843	-	(2,224,843)
1200	Net Change in Fund Balances	-	(4,806,366)	16,086,733	20,893,099
0100	Fund Balance - July 1 (Beginning)	85,865,271	85,865,271	85,865,271	-
3000	Fund Balance - June 30 (Ending)	\$ 85,865,271	\$ 81,058,905	\$ 101,952,004	\$ 20,893,099

## **SUPPLEMENTARY INFORMATION**

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2014

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	220 Adult Education Federal	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	6,208	1,352,575	73,113	29,972
1260	Due from Other Funds	-	-	-	1,254
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 6,208</u>	<u>\$ 1,352,575</u>	<u>\$ 73,113</u>	<u>\$ 31,226</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 278,564	\$ 61,426	\$ -
2160	Accrued Wages Payable	1,784	66,342	428	-
2170	Due to Other Funds	4,424	1,007,669	11,259	31,226
2300	Unearned Revenues	-	-	-	-
2000	<b>Total Liabilities</b>	<u>6,208</u>	<u>1,352,575</u>	<u>73,113</u>	<u>31,226</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,208</u>	<u>\$ 1,352,575</u>	<u>\$ 73,113</u>	<u>\$ 31,226</u>

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	272 Medicaid Admin. Claim MAC
\$ -	\$ -	\$ -	\$ 17,361,410	\$ -	\$ -	\$ -	\$ -
8,558	1,580,166	22,009	282,835	64,925	536,472	171,387	134,013
-	-	-	435,036	-	-	-	-
-	-	-	15,633	-	-	-	-
-	-	-	360,223	-	-	-	-
<u>\$ 8,558</u>	<u>\$ 1,580,166</u>	<u>\$ 22,009</u>	<u>\$ 18,455,137</u>	<u>\$ 64,925</u>	<u>\$ 536,472</u>	<u>\$ 171,387</u>	<u>\$ 134,013</u>
\$ 2,463	\$ 1,110	\$ -	\$ 540,044	\$ 64	\$ 391,258	\$ 66,220	\$ 1,797
624	186,804	3,100	182,313	7,632	1,237	2,317	-
5,471	1,392,252	18,909	8,636,488	57,229	143,977	102,850	132,216
-	-	-	6,655	-	-	-	-
<u>8,558</u>	<u>1,580,166</u>	<u>22,009</u>	<u>9,365,500</u>	<u>64,925</u>	<u>536,472</u>	<u>171,387</u>	<u>134,013</u>
-	-	-	360,223	-	-	-	-
-	-	-	8,729,414	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,089,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 8,558</u>	<u>\$ 1,580,166</u>	<u>\$ 22,009</u>	<u>\$ 18,455,137</u>	<u>\$ 64,925</u>	<u>\$ 536,472</u>	<u>\$ 171,387</u>	<u>\$ 134,013</u>



SOCORRO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2014

Data Control Codes	288 Project SMART	289 Other Federal Special Revenue Funds	381 Adult Basic Education State	397 Advanced Placement Incentives	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 52,946
1240	Receivables from Other Governments	288,586	6,440	5,034	-
1260	Due from Other Funds	-	-	27,934	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 288,586</u>	<u>\$ 6,440</u>	<u>\$ 32,968</u>	<u>\$ 52,946</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 179,596	\$ 6,440	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	108,990	-	32,968	-
2300	Unearned Revenues	-	-	-	52,946
2000	<b>Total Liabilities</b>	<u>288,586</u>	<u>6,440</u>	<u>32,968</u>	<u>52,946</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 288,586</u>	<u>\$ 6,440</u>	<u>\$ 32,968</u>	<u>\$ 52,946</u>

404 Student Success Initiative	409 High School Completion and Success	410 State Textbook Fund	429 Other State Special Revenue Funds	461 Campus Activity Funds	480 TARGET Corp	Total Nonmajor Governmental Funds
\$ -	\$ 7,005	\$ -	\$ 495	\$ 152,419	\$ -	\$ 17,574,275
-	-	929,527	-	-	-	5,491,820
-	-	347,964	-	893,554	-	1,705,742
-	-	-	-	-	-	15,633
-	-	-	-	-	-	360,223
<u>\$ -</u>	<u>\$ 7,005</u>	<u>\$ 1,277,491</u>	<u>\$ 495</u>	<u>\$ 1,045,973</u>	<u>\$ -</u>	<u>\$ 25,147,693</u>
\$ -	\$ -	\$ 1,165,683	\$ 29	\$ 1,406	\$ -	\$ 2,696,100
-	-	-	-	-	-	452,581
-	-	-	-	125,246	-	11,811,174
-	7,005	-	466	-	-	67,072
<u>-</u>	<u>7,005</u>	<u>1,165,683</u>	<u>495</u>	<u>126,652</u>	<u>-</u>	<u>15,026,927</u>
-	-	-	-	-	-	360,223
-	-	111,808	-	-	-	8,841,222
-	-	-	-	919,321	-	919,321
<u>-</u>	<u>-</u>	<u>111,808</u>	<u>-</u>	<u>919,321</u>	<u>-</u>	<u>10,120,766</u>
<u>\$ -</u>	<u>\$ 7,005</u>	<u>\$ 1,277,491</u>	<u>\$ 495</u>	<u>\$ 1,045,973</u>	<u>\$ -</u>	<u>\$ 25,147,693</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	220 Adult Education Federal
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	<u>62,916</u>	<u>10,873,732</u>	<u>157,106</u>	<u>938,012</u>
5020 Total Revenues	<u>62,916</u>	<u>10,873,732</u>	<u>157,106</u>	<u>938,012</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	55,978	7,316,861	102,444	426,881
0012 Instructional Resources and Media Services	-	211,493	-	-
0013 Curriculum and Instructional Staff Development	1,166	1,799,491	35	476,619
0021 Instructional Leadership	-	40,052	50,141	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	367,500	-	-
0033 Health Services	-	579	2,282	-
0035 Food Services	-	219	-	-
0036 Extracurricular Activities	-	864	-	-
0041 General Administration	-	133,429	-	-
0051 Facilities Maintenance and Operations	-	2,335	1,402	-
0052 Security and Monitoring Services	-	1,588	-	-
0061 Community Services	5,772	999,321	802	34,512
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>62,916</u>	<u>10,873,732</u>	<u>157,106</u>	<u>938,012</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>

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	272 Medicaid Admin. Claim MAC
\$ -	\$ -	\$ -	\$ 3,627,986	\$ -	\$ -	\$ -	\$ -
-	-	-	119,184	-	-	-	-
109,710	5,857,099	81,381	20,406,784	524,362	1,342,841	831,770	174,475
109,710	5,857,099	81,381	24,153,954	524,362	1,342,841	831,770	174,475
107,316	3,028,320	81,381	-	385,337	-	775,192	70,187
-	-	-	-	-	-	-	-
2,394	300,946	-	-	47,060	1,311,828	56,578	-
-	-	-	-	-	31,013	-	-
-	2,527,833	-	-	91,965	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	99,392
-	-	-	24,626,037	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,896
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	25,478	-	-	-	-
109,710	5,857,099	81,381	24,651,515	524,362	1,342,841	831,770	174,475
-	-	-	(497,561)	-	-	-	-
-	-	-	9,587,198	-	-	-	-
\$ -	\$ -	\$ -	\$ 9,089,637	\$ -	\$ -	\$ -	\$ -

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

Data Control Codes	288 Project SMART	289 Other Federal Special Revenue Funds	381 Adult Basic Education State	397 Advanced Placement Incentives
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	104,171	4,050
5900 Federal Program Revenues	366,039	45,398	-	5,400
5020 Total Revenues	<u>366,039</u>	<u>45,398</u>	<u>104,171</u>	<u>9,450</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	262,708	38,958	104,171	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	32,877	-	-	9,450
0021 Instructional Leadership	55,572	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	10,941	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	6,440	-	-
0061 Community Services	3,941	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>366,039</u>	<u>45,398</u>	<u>104,171</u>	<u>9,450</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>

404 Student Success Initiative	409 High School Completion and Success	410 State Textbook Fund	429 Other State Special Revenue Funds	461 Campus Activity Funds	480 TARGET Corp	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 77,996	\$ 1,999	\$ 3,707,981
67,373	1,161	5,950,955	28	-	-	6,246,922
-	-	-	-	-	-	41,777,025
<u>67,373</u>	<u>1,161</u>	<u>5,950,955</u>	<u>28</u>	<u>77,996</u>	<u>1,999</u>	<u>51,731,928</u>
53,549	1,161	6,208,247	-	-	1,999	19,020,690
-	-	-	28	-	-	211,521
13,824	-	2,013	-	-	-	4,054,281
-	-	-	-	-	-	176,778
-	-	-	-	-	-	2,619,798
-	-	-	-	-	-	367,500
-	-	-	-	-	-	102,253
-	-	-	-	-	-	24,626,256
-	-	-	-	32,282	-	44,087
-	-	-	-	-	-	133,429
-	-	-	-	3,095	-	11,728
-	-	-	-	315	-	8,343
-	-	-	-	-	-	1,044,348
-	-	-	-	-	-	25,478
<u>67,373</u>	<u>1,161</u>	<u>6,210,260</u>	<u>28</u>	<u>35,692</u>	<u>1,999</u>	<u>52,446,490</u>
-	-	(259,305)	-	42,304	-	(714,562)
-	-	371,113	-	877,017	-	10,835,328
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,808</u>	<u>\$ -</u>	<u>\$ 919,321</u>	<u>\$ -</u>	<u>\$ 10,120,766</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2014

	752	753	754	Total
	Print Shop	Worker's Compensation	Health Care Insurance	Internal Service Funds
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 3,495,226	\$ 495,251	\$ 4,880,644	\$ 8,871,121
Due from Other Funds	-	5,586,687	25,925,383	31,512,070
Other Receivables	-	-	176,233	176,233
Inventories	32,772	-	-	32,772
Total Current Assets	<u>3,527,998</u>	<u>6,081,938</u>	<u>30,982,260</u>	<u>40,592,196</u>
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment	361,575	-	-	361,575
Depreciation on Furniture and Equipment	(331,341)	-	-	(331,341)
Total Noncurrent Assets	<u>30,234</u>	<u>-</u>	<u>-</u>	<u>30,234</u>
Total Assets	<u>3,558,232</u>	<u>6,081,938</u>	<u>30,982,260</u>	<u>40,622,430</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	11,431	-	55,001	66,432
Due to Other Funds	3,321,578	-	7,257,484	10,579,062
Accrued Expenses	-	2,823,569	3,235,827	6,059,396
Total Liabilities	<u>3,333,009</u>	<u>2,823,569</u>	<u>10,548,312</u>	<u>16,704,890</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	30,234	-	-	30,234
Unrestricted Net Position	194,989	3,258,369	20,433,948	23,887,306
Total Net Position	<u>\$ 225,223</u>	<u>\$ 3,258,369</u>	<u>\$ 20,433,948</u>	<u>\$ 23,917,540</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, 2014

	752 Print Shop	753 Worker's Compensation	754 Health Care Insurance	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
Local and Intermediate Sources	\$ 454,830	\$ 3,108,498	\$ 35,176,486	\$ 38,739,814
Total Operating Revenues	<u>454,830</u>	<u>3,108,498</u>	<u>35,176,486</u>	<u>38,739,814</u>
<b>OPERATING EXPENSES:</b>				
Payroll Costs	199,785	176,093	219,377	595,255
Professional and Contracted Services	135,213	1,764,674	40,523,717	42,423,604
Supplies and Materials	97,001	-	-	97,001
Depreciation Expense	764	-	-	764
Total Operating Expenses	<u>432,763</u>	<u>1,940,767</u>	<u>40,743,094</u>	<u>43,116,624</u>
Operating Income (Loss)	22,067	1,167,731	(5,566,608)	(4,376,810)
Total Net Position - July 1 (Beginning)	<u>203,156</u>	<u>2,090,638</u>	<u>26,000,556</u>	<u>28,294,350</u>
Total Net Position June 30 (Ending)	<u>\$ 225,223</u>	<u>\$ 3,258,369</u>	<u>\$ 20,433,948</u>	<u>\$ 23,917,540</u>



SOCORRO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	752	753	754	Total
	Print Shop	Worker's Compensation	Health Care Insurance	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Assessments - Other Funds	\$ 922,273	\$ 2,220,142	\$ 32,813,352	\$ 35,955,767
Cash Payments to Employees for Services	(199,785)	(176,093)	(219,377)	(595,255)
Cash Payments for Insurance Claims	-	(2,222,510)	(31,975,000)	(34,197,510)
Cash Payments for Suppliers	(234,542)	-	-	(234,542)
Net Cash Provided by (Used for) Operating Activities	<u>487,946</u>	<u>(178,461)</u>	<u>618,975</u>	<u>928,460</u>
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>				
Acquisition of Capital Assets	(30,999)	-	-	(30,999)
Net Increase (Decrease) in Cash and Cash Equivalents	456,947	(178,461)	618,975	897,461
Cash and Cash Equivalents at Beginning of Year	3,038,279	673,712	4,261,669	7,973,660
Cash and Cash Equivalents at End of Year	<u>\$ 3,495,226</u>	<u>\$ 495,251</u>	<u>\$ 4,880,644</u>	<u>\$ 8,871,121</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss):	\$ 22,067	\$ 1,167,731	\$ (5,566,608)	\$ (4,376,810)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	764	-	-	764
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Receivables	-	-	(76,401)	(76,401)
Decrease (increase) in Inventories	2,241	-	-	2,241
Increase (decrease) in Accounts Payable	(4,569)	-	35,813	31,244
Increase (decrease) in Due to/from Other Funds	467,443	(1,495,791)	4,970,751	3,942,403
Increase (decrease) in Accrued Expenses	-	149,599	1,255,420	1,405,019
Net Cash Provided by (Used for) Operating Activities	<u>\$ 487,946</u>	<u>\$ (178,461)</u>	<u>\$ 618,975</u>	<u>\$ 928,460</u>

**OTHER INFORMATION - REQUIRED TEA SCHEDULES**

SOCORRO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED JUNE 30, 2014

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2005 and prior years	Various	Various	\$ Various
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	7,375,023,945
2013	0.976140	0.298654	7,785,663,642
2014 (School year under audit)	0.976140	0.298654	8,152,485,351
1000 TOTALS			

(10) Beginning Balance 7/1/2013	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2014
\$ 1,462,455	\$ -	\$ 38,614	\$ 9,331	\$ (209,595)	\$ 1,204,915
259,144	-	10,606	2,103	(1,557)	244,878
252,668	-	17,022	3,410	(3,990)	228,246
276,066	-	18,337	4,317	(3,553)	249,859
335,634	-	42,938	9,900	2,200	284,996
445,365	-	64,590	15,950	(8,864)	355,961
609,749	-	90,129	22,248	(38,534)	458,838
974,367	-	57,038	15,894	(298,973)	602,462
2,289,791	-	737,037	225,499	(412,688)	914,567
-	103,927,394	77,847,625	23,817,796	-	2,261,973
<u>\$ 6,905,239</u>	<u>\$ 103,927,394</u>	<u>\$ 78,923,936</u>	<u>\$ 24,126,448</u>	<u>\$ (975,554)</u>	<u>\$ 6,806,695</u>

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, 2014

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	\$ 3,537,000	\$ 3,537,000	\$ 3,627,986	\$ 90,986
5800 State Program Revenues	124,834	124,834	119,184	(5,650)
5900 Federal Program Revenues	20,514,119	20,549,677	20,406,784	(142,893)
5020 Total Revenues	24,175,953	24,211,511	24,153,954	(57,557)
<b>EXPENDITURES:</b>				
0035 Food Services	24,175,953	27,044,020	24,626,037	2,417,983
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	25,478	25,478	-
6030 Total Expenditures	24,175,953	27,069,498	24,651,515	2,417,983
1200 Net Change in Fund Balances	-	(2,857,987)	(497,561)	2,360,426
0100 Fund Balance - July 1 (Beginning)	9,587,198	9,587,198	9,587,198	-
3000 Fund Balance - June 30 (Ending)	\$ 9,587,198	\$ 6,729,211	\$ 9,089,637	\$ 2,360,426

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, 2014

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	\$ 23,332,252	\$ 23,332,252	\$ 24,282,095	\$ 949,843
5800	State Program Revenues	20,161,903	20,161,903	20,195,775	33,872
5020	Total Revenues	43,494,155	43,494,155	44,477,870	983,715
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long Term Debt	12,065,000	12,065,000	14,174,943	(2,109,943)
0072	Interest on Long Term Debt	33,720,000	34,081,167	23,429,061	10,652,106
0073	Bond Issuance Cost and Fees	330,000	1,607,605	780,912	826,693
6030	Total Expenditures	46,115,000	47,753,772	38,384,916	9,368,856
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,620,845)	(4,259,617)	6,092,954	10,352,571
<b>OTHER FINANCING SOURCES (USES):</b>					
7911	Capital Related Debt Issued (Regular Bonds)	-	150,790,000	100,520,000	(50,270,000)
7916	Premium or Discount on Issuance of Bonds	-	21,835,251	12,659,394	(9,175,857)
8949	Other (Uses)	-	(170,986,479)	(112,067,643)	58,918,836
7080	Total Other Financing Sources (Uses)	-	1,638,772	1,111,751	(527,020)
1200	Net Change in Fund Balances	(2,620,845)	(2,620,846)	7,204,705	9,825,551
0100	Fund Balance - July 1 (Beginning)	40,113,444	40,113,444	40,113,444	-
3000	Fund Balance - June 30 (Ending)	\$ 37,492,599	\$ 37,492,599	\$ 47,318,149	\$ 9,825,551

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**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, 2014, 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 7, 2014.

**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 7, 2014

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, 2014. 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, 2014.

## 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 7, 2014

**SOCORRO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Schedule Reference Number	PROGRAM	DESCRIPTION
<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>	<b>ESEA Title I, Part A:</b> 84.010A
		<b>Career and Technical - Basic Grant:</b> 84.048A
	<b>Major Federal Programs: (Continued)</b>	<b>ESEA Title II, Part A, Teacher/Principal Training:</b> 84.367A

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b>Schedule Reference Number</b>	<b>PROGRAM</b>	<b>DESCRIPTION</b>
	<b>Dollar threshold used to distinguish between type A and type B programs:</b>	\$ 1,288,982
	<b>Auditee qualified as low-risk auditee?</b>	Yes

(Continued)

**SOCORRO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<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, 2014**

<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, 2014

(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 DEFENSE</b>			
<u>Direct Programs</u>			
Project SMART	12.556	HE1254-13-1-0027	\$ 366,039
Impact Aid Severe Disability	12.558	N/A	<u>12,914</u>
Total Direct Programs			<u>\$ 378,953</u>
<u>Passed Through Department of Army</u>			
Army Youth Program in Your Neighborhood	12.000	NAFBA1-12-C-0004	\$ 26,447
Army Youth Program in Your Neighborhood	12.000	NAFBA1-12-C-0056	<u>74,816</u>
Total CFDA Number 12.000			<u>101,263</u>
Total Passed Through Department of Army			<u>\$ 101,263</u>
<u>Passed through Department of the Navy</u>			
Naval Junior Reserve Officer Training Corp	12.000	JROTC014S	\$ 305,927
Total Passed through Department of the Navy			<u>\$ 305,927</u>
<b>TOTAL DEPARTMENT OF DEFENSE</b>			<u>\$ 786,143</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874 (Note A)	84.041B	S041B-2014-5132	\$ 506,629
Total Direct Programs			<u>\$ 506,629</u>
<u>Passed Through Region 10</u>			
ESEA Title X Part C Ed. for the Homeless	84.196A	4600-13-011	\$ 1,627
ESEA Title X Part C Ed. for the Homeless IDC	84.196A	4600-13-001	57
ESEA Title X Part C Ed. for the Homeless	84.196A	A460014-035	61,288
ESEA Title X Part C Ed. for the Homeless IDC	84.196A	A460014-035	<u>805</u>
Total CFDA Number 84.196A			<u>63,777</u>
Total Passed Through Region 10			<u>\$ 63,777</u>
<u>Passed Through Harris County</u>			
Adult Education (ABE) - Federal	84.002A	SAS-ABEDAC12	\$ 194,254
Adult Education (ABE) - Federal - IDC	84.002A	SAS-ABEDAC12	<u>2,551</u>
Total CFDA Number 84.002A			<u>196,805</u>
Total Passed Through Harris County			<u>\$ 196,805</u>
<u>Passed Through Texas Workforce Commission</u>			
Adult Education (ABE) - Federal	84.002A	41001401	\$ 262,335
Adult Education (ABE) - Federal - IDC	84.002A	41001401	3,444
Adult Education (ABE) - Federal	84.002A	41001408	82,990
Adult Education (ABE) - Federal - IDC	84.002A	41001408	1,089
Adult Education (ABE) - Federal	84.002A	1014ABE000	275,926
Adult Education (ABE) - Federal - IDC	84.002A	1014ABE000	<u>3,623</u>
Total CFDA Number 84.002A			<u>629,407</u>
Total Passed Through Texas Workforce Commission			<u>\$ 629,407</u>
<u>Passed Through State Department of Education</u>			
Adult Education (ABE) - Federal	84.002	134100017110476	\$ 67,253
Adult Education (ABE) - Federal - IDC	84.002	134100017110476	883
Adult Education (ABE) - Federal	84.002	134100087110498	55,254
Adult Education (ABE) - Federal - IDC	84.002	134100087110498	<u>282</u>

SOCORRO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Total CFDA Number 84.002			123,672
ESEA, Title I, Part A - Improving Basic Programs	84.010A	13610101071909	852,467
ESEA Title I Part A - Improving Basic Prog IDC	84.010A	13610101071909	11,118
ESEA Title I Part A - Improving Basic Programs	84.010A	14610101071909	9,969,959
ESEA Title I Part A - Improving Basic Prog IDC	84.010A	14610101071909	130,906
ESEA Title I Part A - Improving Basic Programs	84.010A	13610103071909	142
ESEA Title I Part A - Improving Basic Prog IDC	84.010A	13610103071909	2
ESEA Title I Part A - Improving Basic Programs	84.010A	14610103071909	25,365
ESEA Title I Part A - Improving Basic Prog IDC	84.010A	14610103071909	271
ESEA Title I Part A - Improving Basic Programs	84.010A	14610112071909009	7,266
ESEA Title I Part A - Improving Basic Prog IDC	84.010A	14610112071909009	95
ESEA Title I Part A - Improving Basic Programs	84.010A	13610104071909116	907
ESEA Title I Part A - Improving Basic Programs	84.010A	13610104071909004	5,063
ESEA Title I Part A - Improving Basic Programs	84.010A	13610104071909002	8,579
ESEA Title I Part A - Improving Basic Programs	84.010A	13610104071909048	3,986
Total CFDA Number 84.010A			11,016,126
ESEA, Title I, Part C - Migratory Children	84.011A	13615001071909	5,300
ESEA, Title I, Part C - Migratory Children IDC	84.011A	13615001071909	12
ESEA, Title I, Part C - Migratory Children	84.011A	14615001071909	151,806
ESEA, Title I, Part C - Migratory Children IDC	84.011A	14615001071909	1,993
Total CFDA Number 84.011A			159,111
IDEA - Part B, Formula*	84.027A	136600010719096600	279,894
IDEA - Part B, Formula*	84.027A	146600010719096600	5,577,205
IDEA - Part B, Formula IDC*	84.027A	146600010719096600	69,044
Total CFDA Number 84.027A			5,926,143
IDEA - Part B, Preschool*	84.173A	136610010719096610	4,641
IDEA - Part B, Preschool*	84.173A	146610010719096610	76,740
IDEA - Part B, Preschool IDC*	84.173A	146610010719096610	1,007
Total CFDA Number 84.173A			82,388
Total Special Education Cluster (IDEA)			6,008,531
Career and Technical - Basic Grant	84.048A	14420006071909	524,362
Career and Technical - Basic Grant IDC	84.048A	14420006071909	5,554
Total CFDA Number 84.048A			529,916
Advanced Placement Incentives	84.330B	N/A	5,400
Title III, Part A - English Language Acquisition	84.365A	13671001071909	52,413
Title III, Part A - English Language Acq IDC	84.365A	13671001071909	272
Title III, Part A - English Language Acquisition	84.365A	14671001071909	779,357
Title III, Part A - English Language Acq IDC	84.365A	14671001071909	10,233
Total CFDA Number 84.365A			842,275
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	13694501071909	201,828
ESEA, Title II, Part A, Teacher/Principal Trn IDC	84.367A	13694501071909	2,650
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	14694501071909	1,141,013
ESEA, Title II, Part A, Teacher/Principal Trn IDC	84.367A	14694501071909	14,981
Total CFDA Number 84.367A			1,360,472
Summer School LEP	84.369A	69551302	38,958
Total Passed Through State Department of Education			\$ 20,084,461
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<b>\$ 21,481,079</b>

SOCORRO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

(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 Education Agency</u>			
Temporary Assistance for Needy Families	93.558	133625017110449	\$ 12,536
Temporary Assistance for Needy Families - IDC	93.558	133625017110449	165
Total CFDA Number 93.558			<u>12,701</u>
Total Passed Through Texas Education Agency			<u>\$ 12,701</u>
<u>Passed Through Texas Workforce Commission</u>			
Temporary Assistance for Needy Families	93.558	1014ABE003	\$ 97,173
Temporary Assistance for Needy Families - IDC	93.558	1014ABE003	1,276
Total CFDA Number 93.558			<u>98,449</u>
Total Passed Through Texas Workforce Commission			<u>\$ 98,449</u>
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00035	\$ 174,475
Total Passed Through Texas Dept of Human Services			<u>\$ 174,475</u>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>\$ 285,625</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<u>Direct Programs</u>			
BulletProof Vests	16.607	N/A	\$ 6,440
Total Direct Programs			<u>\$ 6,440</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<u>\$ 6,440</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401401	\$ 7,225,482
*National School Lunch Program - Cash Assistance	10.555	71301401	11,792,388
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301401	1,356,281
Total CFDA Number 10.555			<u>13,148,669</u>
Total Child Nutrition Cluster			<u>20,374,151</u>
Fresh Fruit & Vegetable Program	10.582	CE ID# 00353	32,634
Total Passed Through the State Department of Agriculture			<u>\$ 20,406,785</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u>\$ 20,406,785</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 42,966,072</u>

\*Clustered Programs

# SOCORRO INDEPENDENT SCHOOL DISTRICT

## NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

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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 5. Indirect costs were accounted for in the General Fund. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred outflows of resources 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 2014.
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, 2014

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	\$ 305,927
Army Youth Program in Your Neighborhood	12.000	101,263
Impact Aid Severe Disability	12.558	12,914
Impact Aid (Title VIII of ESEA)	84.041B	506,629
Indirect Cost - Other	84.XXX	260,873
Indirect Cost - TANF	93.558	1,441
SHARS (not included on Exhibit K-1)		<u>1,834,072</u>
 Total General Fund Federal Revenue per Exhibit C-3		 <u><u>\$ 3,023,119</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	\$ 42,966,072
School Health and Related Services (SHARS) reimbursements	<u>1,834,072</u>
 Total Federal Revenue per Exhibit C-3	 <u><u>\$ 44,800,144</u></u>

SCHOOLS FIRST QUESTIONNAIRE

Socorro Independent School District

Fiscal Year 2014

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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.	45,841,579