

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

EL PASO INDEPENDENT SCHOOL DISTRICT

Annual Financial and Compliance Reports

For the Year Ended June 30, 2014

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Table with 3 columns: Description, Page, and Exhibit. Includes sections like INTRODUCTORY SECTION, FINANCIAL SECTION, Basic Financial Statements, Government-wide Financial Statements, Governmental Fund Financial Statements, Proprietary Fund Financial Statements, Fiduciary Fund Financial Statements, Notes to the Financial Statements, Required Supplementary Information, Supplementary Information, Nonmajor Governmental Funds, Internal Service Funds, and Agency Fund.

EL PASO INDEPENDENT SCHOOL DISTRICT

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## **INTRODUCTORY SECTION**

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CERTIFICATE OF BOARD

El Paso Independent School District  
Name of School District

El Paso County  
County

071902  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial and compliance reports of the above named school district were reviewed and  approved \_\_\_\_\_ disapproved for the year ended June 30, 2014, at a meeting of the Board of Managers of such school district on the 17<sup>th</sup> day of November 2014.

Carmen Arrieta-Andelana  
Signature of Board Secretary

[Signature]  
Signature of Board President

If the Board of Managers disapproves of the independent auditor's report, the reason(s) for disapproving it is(are): (attach list as necessary)

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**EL PASO INDEPENDENT SCHOOL DISTRICT**

**DIRECTORY**

**BOARD OF MANAGERS**

Dee Margo  
President

Ed Archuleta  
Vice-President

Carmen Arrieta-Candelaria  
Secretary

Dr. Blanca Enriquez  
Member

Dr. Judy Castleberry  
Member

**ADMINISTRATION**

Juan Cabrera  
Superintendent



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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Managers  
El Paso 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 El Paso 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 El Paso 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 El Paso 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 I to the financial statements, in 2014 El Paso 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 13 through 28 and 91 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 El Paso Independent School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and the 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 the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

The introductory section and 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 Audit Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2014, on our consideration of the El Paso 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 the El Paso Independent School District's internal control over financial reporting and compliance.

Gibson, Ruddock, Patterson LLC  
El Paso, Texas  
November 11, 2014

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**





## MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of the **El Paso Independent School District’s** (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended June 30, 2014. It should be read in conjunction with the basic financial statements, which follow this section.

The Management’s Discussion and Analysis is a combination of both government-wide financial statements and fund financial statements.

### FINANCIAL HIGHLIGHTS

Total Net Position of the District increased from \$317.2 million in fiscal year 2013 to \$329.9 million at year-end 2014. Of this total amount, unrestricted assets increased by \$0.9 million from \$91.7 million to \$92.6 million. Total revenues increased \$17.6 million from \$591.4 million in fiscal year 2013, to \$609 million in fiscal year 2014. Total expenses increased \$22.1 million, from \$570.8 million to \$592.9 million.

The District’s governmental funds financial statements reported a combined ending fund balance in fiscal year 2014 of \$232.9 million. The combined ending fund balance of the District decreased \$20.3 million from \$253.2 million in fiscal year 2013. Of this total amount, \$1.5 million is Nonspendable, \$133.2 million is Restricted, \$45.2 million is Assigned, and \$52.9 million is Unassigned in the General Fund and is available for spending at the District’s discretion.

The majority of the projects from both the 2003 and the 2007 Capital Projects funds (Funds 680 and 687 respectively) were completed during fiscal year 2014. One project was transferred from the 2007 to the 2008 Capital Projects fund. The project is currently under construction and is for a four classroom addition at Nixon Elementary School. The 2007 and the 2008 bond issues were consolidated into the 2008 capital projects fund since the purpose of the two bond issues were the same. The 2008 Bond Capital Projects fund balance is \$84.6 million and current year expenditures were \$14.4 million.

The Bond Accountability Advisory Committee (BAAC) reallocated the remaining funds of the 2008 Bond Capital Projects Fund during fiscal year 2014. The High School (HS-5) planned for far Northeast was cancelled. A committee was formed within the BAAC to redistribute all remaining funds and complete all Bond projects as soon as possible. The reallocated funds consist of the following projects, which are currently in progress (shown in millions):

Multipurpose Classrooms – Group I (six campuses)	\$ 5.0
Multipurpose Classrooms - Group II (six campuses)	5.0
Irvin High School renovations	25.6
Andress High School Fine Arts building	10.2
Chapin High School Classroom & Field house additions	5.9
Athletic upgrades – Bowie, Franklin & Jefferson HS	<u>4.5</u>
<b>TOTAL REALLOCATION OF HS-5 PROJECT 2008 BOND</b>	<b><u>\$56.2</u></b>

The fund balance in the Debt Service Fund is \$30.6 million, down from \$32.8 at year-end 2013. This decrease is due to a lower state funding due to the drop in student average daily attendance. The Interest and Sinking tax rate for fiscal year 2014 remained at the 2013 level of \$0.1950.

The Print Shop, in its 11th year as an internal service fund, had an operating loss of \$161,702 and ending net position of \$267,128.

The Workers' Compensation Insurance Fund had a loss of \$786,550 for the fiscal year, resulting in ending net position of \$7,961,160.

The Health Care Clinic Program experienced a positive change in its ending net position of \$41,731, which increased its unrestricted net position to \$462,882.

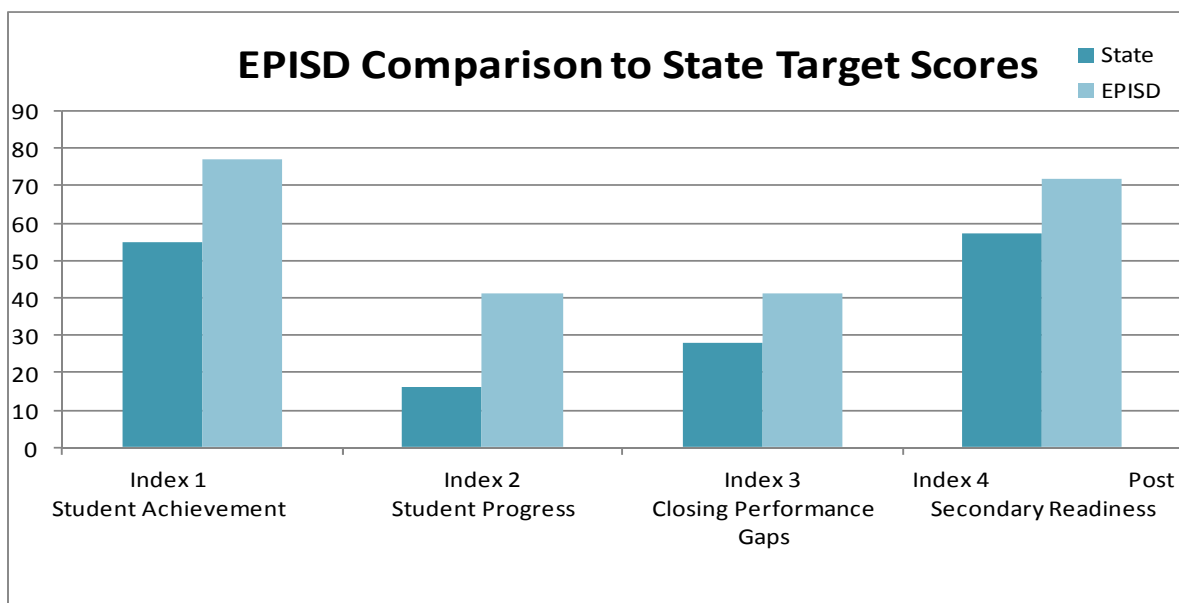
The Educational Media Services Fund had a loss of \$14,522. A transfer of \$60,095 was made from the general fund, to cover the current year loss and a deficit fund balance, which resulted in the closing of this fund in fiscal year 2014.

The District implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities ("GASB 65"), which establishes accounting and financial reporting standards that reclassify and recognize certain items that were previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. The District's financial statements as of June 30, 2014 are presented in accordance with the guidance provided by this Statement.

### ACADEMIC HIGHLIGHTS

The El Paso Independent School District exceeded performance requirements on state standards in all four Indices on the Texas State Accountability System during the 2014 fiscal year. The Student Achievement Index earned 22 points above the target score of 55. Student Progress Index earned 25 points above the target score of 16. Closing Performance Gaps Index exceeded the target score of 28 by 13 points and the Post-Secondary Readiness Index exceeded the target score of 57 by 15 points.

The following chart indicates the district's standing in relation to the state target score requirements:



Distinction designations in academic subjects and areas such as top 25% student progress, top 25% closing performance gaps, and post-secondary readiness were awarded to numerous campuses across the district. Twenty-three campuses received a Reading/ELA Distinction Designation. Twenty-six campuses received Math and Science Distinction Designations, seven campuses received a Social Studies Distinction, 22 campuses received a Top 25% Student Progress Distinction, 44 campuses received a Top 25% Closing Performance Gaps Distinction, and 42 campuses received a Post-Secondary Readiness Distinction. Coronado High School, El Paso High School, Silva Health Magnet, Wiggs Middle School, and Lamar Elementary School received distinction designations in all areas that pertained to their school category.

### **Government-Wide Financial Statements**

All of the District's services are reported in the government-wide financial statements (refer to Exhibits A-1 and B-1), including instruction, student support services, student transportation, general administration, school leadership, facilities acquisition and construction and food services. Property taxes, state and federal aid, and investment earnings finance most of the activities. Additionally, all capital and debt financing activities are reported on these statements.

The government-wide financial statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The *statement of activities* details how the District's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

Both the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities), as opposed to business-type activities that are intended to recover all, or a significant portion, of their costs through user fees and charges.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover, and the types of information they contain. Figure A-1:

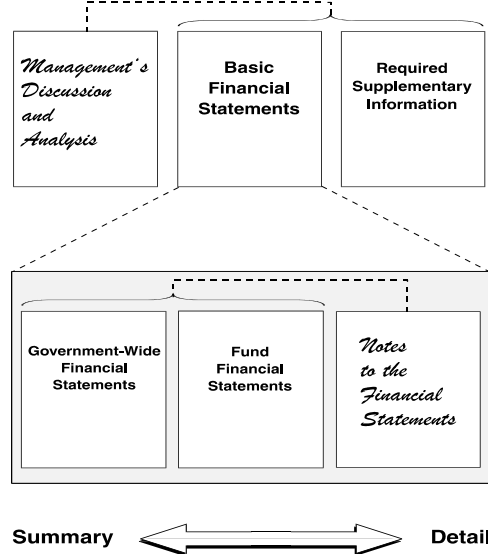
**Major Features of the District's Government-Wide and Fund Financial Statements**

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

Figure A-2. The figure shows how the required parts of this annual report are arranged and related to one another.



## **Fund Financial Statements**

The District uses fund accounting to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide additional 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 fund designations are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, or to show that it is properly using certain grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the District's activities are included in governmental funds using modified accrual accounting. The focus is on 1) how cash and other financial assets can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available. However, unlike the government-wide financial statements, governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

**Proprietary funds** are used to account for operations that are financed similar to those found in the private sector. These funds provide both long and short-term financial information. The District maintains a type of proprietary fund called an Internal Service Fund. The District uses Internal Service Funds to account for its Workers' Compensation, Educational Media, Health Care Clinic, and Print Shop programs. These funds employ the full accrual method.

**Fiduciary funds** are used to account for assets held by the District, in a trustee capacity or as an agent, for individuals, private organizations and/or other funds. No fiduciary funds are used as clearing accounts to distribute financial resources to other funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District uses Fiduciary funds to account for student activity funds and scholarships. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position, statement of changes in fiduciary net position, the statement of changes in assets and liabilities. 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 and fund financial statements.

## **Other Information**

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

As noted earlier, the net position may serve over time as a useful indicator of the District's financial position. The District's total net position was approximately \$329.9 million at June 30, 2014. The District's governmental activities net position increased by \$12.7 million.

Table I  
El Paso Independent School District

#### Statement of Net Position (in millions of dollars)

<u>Governmental Activities</u>	<u>2014</u>	<u>Restated 2013</u>	<u>Variance</u>	<u>Percentage Change</u>
Current and other assets	333.0	346.6	(13.6)	(3.9%)
Capital and Non-Current Assets	562.7	543.6	19.1	4.2%
<b>Total Assets</b>	<b>895.7</b>	<b>890.2</b>	<b>5.5</b>	<b>1.1%</b>
Deferred Charge for Refunding	3.9	5.5	(1.6)	(29.0%)
<b>Total Deferred Outflows of Resources</b>	<b>3.9</b>	<b>5.5</b>	<b>(1.6)</b>	<b>(29.0%)</b>
Current Liabilities	103.1	88.9	14.2	16.0%
Non-Current Liabilities	466.6	489.6	(23.0)	(4.7%)
<b>Total Liabilities</b>	<b>569.7</b>	<b>578.5</b>	<b>(8.8)</b>	<b>(1.5%)</b>
Net Position:				
Net Investment in Capital Assets	188.7	173.4	15.3	8.8%
Restricted	48.6	52.1	(3.5)	(6.7%)
Unrestricted	92.6	91.7	0.9	1.0%
<b>Total Net Position</b>	<b>329.9</b>	<b>317.2</b>	<b>12.7</b>	<b>4.0%</b>

### Statement of Activities

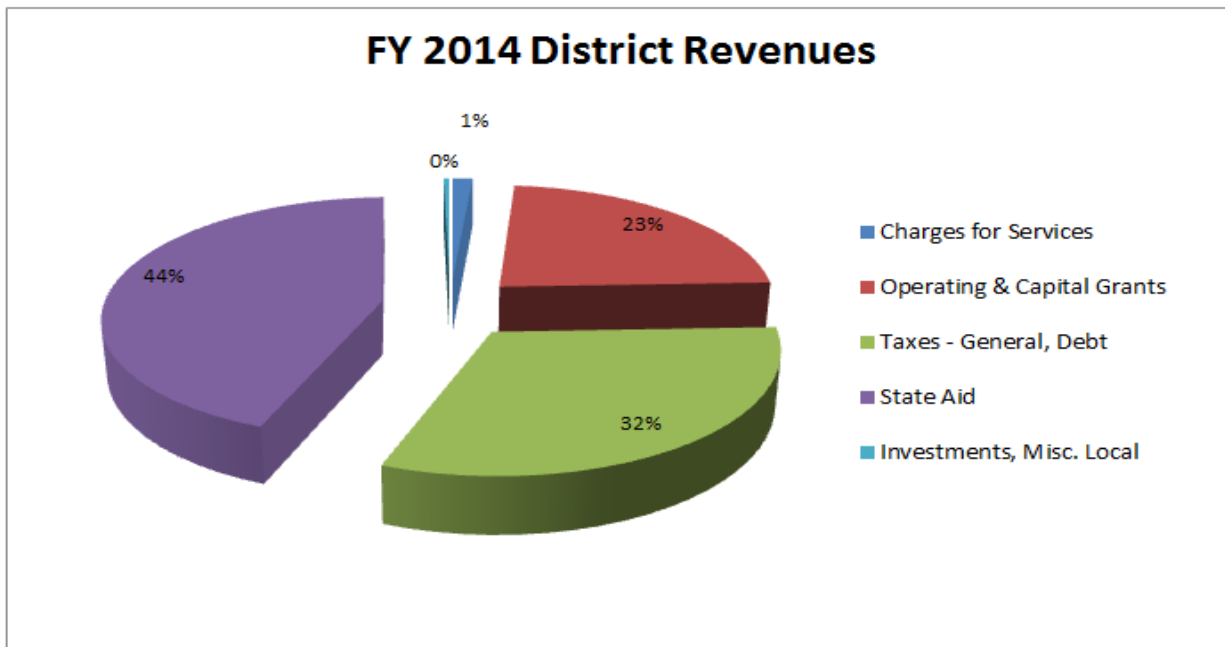
#### Revenues

The District's total revenues were \$609 million. A significant portion, approximately 44 percent, of the District's revenue comes from state aid-formula grants. Operating and capital grants and contributions provided revenue of 23 percent, 32 percent comes from property taxes, while only 1 percent relates to charges for services and local miscellaneous sources.

Funding for governmental activities is by specific program revenue or through general revenues such as, property taxes and investment earnings. The following is a summary of the governmental activities:

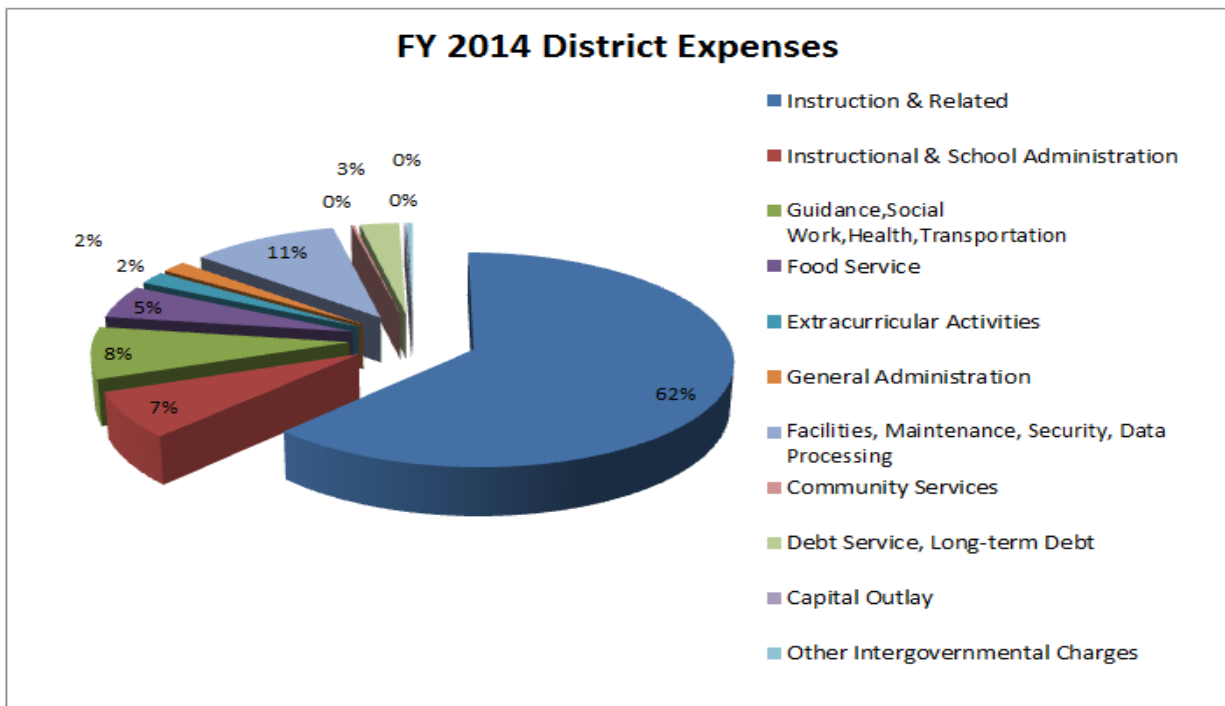
- The cost of all *governmental activities* this year was \$592.9 million.
- Program revenues directly attributable to specific activities funded some of the governmental activities. These program revenues amounted to \$148.5 million.

- The remaining cost of *governmental activities*, not directly funded by program revenues, was \$444.4 million of which \$191.3 million was funded by property taxes, and \$266.9 million was funded by state aid – not restricted to specific programs.



### Expenses

The District’s total expenses were \$592.9 million. The largest portion, \$369.3 million or approximately 62 percent, was spent on instruction and instructional related services. Meanwhile, expenses for instructional leadership and school administration were only 7 percent; 8 percent for guidance, social work, health and transportation, while only 2 percent relates to general administration.



Investment in capital assets (e.g. land, buildings, furniture, and equipment), less any related debt used to acquire those assets that is still outstanding is \$188.7 million. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position of \$48.6 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net position of \$92.6 million may be used to meet the District's ongoing obligations.

### **Changes in Net Position**

The net position of the District's governmental activities increased by 4%, or \$12.7 million. The total net position of the District was impacted by the following activities:

- Property Tax Revenue increased \$1.8 million due to increases in the appraised property values. Appraised values for fiscal 2014 increased by \$238 million over 2013.
- State Aid-Formula Grants increased by \$9.3 million. This was due to an increase of \$203 in the adjusted allotment per student in the State Foundation Formula.
- Operating grants and contributions increased \$3.8 million due to an increase in SHARS Medicare cost reimbursement revenue. Two factors that contributed to this increase include the hiring of a SHARS Coordinator and a change in the third party administrator.
- Capital grants and contributions increased \$3.7 million due to the reconstruction of Logan Elementary School, mostly funded by the Department of Defense.
- Instructional expenses increased \$20.9 million primarily due to an increase of the TRS Active Care Health Insurance contribution and additional participants, \$6.8 million; an increase on the TRS On-Behalf rate, \$3.3 million; additional increase on textbook purchases, \$2.5 million; purchase of technology equipment for Career and Technology Education, \$2.1 million; Texas Literacy Initiative Grant, \$1.2 million; Title I for \$1.7 million; and additional teachers and salary increases, \$2.4 million.
- Debt Service expenditures decreased \$4.6 million due to retirement of debt and less interest being paid.



Table II  
El Paso Independent School District

**Statement of Activities**  
*(in millions of dollars)*

<u>Governmental Activities</u>	<u>2014</u>	<u>2013</u>	<u>Variance</u>	<u>Percentage Change</u>
<b>Revenues</b>				
<u>Program Revenues</u>				
Charges for Services	8.2	8.2	0.0	(0.0%)
Operating Grants and Contributions	134.9	131.1	3.8	2.9%
Capital Grants and Contributions	5.4	1.7	3.7	217.6%
Sub-Total	148.5	141.0	7.5	5.3%
<u>General Revenues</u>				
Property Taxes	191.3	189.5	1.8	0.9%
State Aid-Formula Grants	266.9	257.6	9.3	3.6%
Investment Earnings	0.5	0.6	(0.1)	(16.7%)
Miscellaneous	1.8	1.7	0.1	5.9%
Insurance Proceeds & Sale of Property	0.0	1.0	(1.0)	(100.0%)
Sub-Total	460.5	450.4	10.1	2.2%
<b>Total Revenues</b>	<b>609.0</b>	<b>591.4</b>	<b>17.6</b>	<b>3.0%</b>
<b>Expenses</b>				
Instruction and Instructional Related	369.3	348.4	20.9	6.0%
Instructional Leadership/School Administration	42.3	40.4	1.9	4.7%
Guidance, Social Work, Health, Transportation	47.0	45.9	1.10	2.4%
Food Services	29.9	28.1	1.8	6.4%
Extracurricular Activities	11.4	11.0	0.4	3.6%
General Administration	10.5	11.0	(0.5)	(4.5%)
Plant Maintenance, Security & Data Processing	61.7	61.1	0.6	1.0%
Community Services	1.4	1.3	0.1	7.7%
Debt Service	16.3	20.9	(4.6)	(22%)
Capital Outlay	0.7	0.3	0.4	133.3%
Shared Service Arrangements	0.0	0.1	(0.1)	(100.0%)
Other Intergovernmental Charges	2.4	2.3	0.1	4.3%
<b>Total Expenses</b>	<b>592.9</b>	<b>570.8</b>	<b>22.1</b>	<b>3.9%</b>
<b>Increase in Net Position</b>	<b>16.1</b>	<b>20.6</b>	<b>(4.5)</b>	<b>(21.8%)</b>
Beginning Net Position	317.2	296.6	20.6	6.9%
Prior Period Adjustment	(3.4)	0.0	(3.4)	100.00%
<b>Ending Net Position</b>	<b>329.9</b>	<b>317.2</b>	<b>12.7</b>	<b>4.0%</b>

## DEBT ADMINISTRATION AND CAPITAL ASSETS

### Long-Term Debt

At year-end, the District had \$466.5 million in long term debt outstanding versus \$491.2 million at the end of 2013. The only new debt issued was in the General Fund. The Limited Tax Refunding Bonds, Series 2014 were issued in the amount of \$4,390,000. Proceeds from the sale were used to pay off the balance of Maintenance Tax Notes, Series 2008. Bonded debt had \$17.6 million retired, to bring the year-end balance to \$398.4 million. There were no new capital lease purchases in 2014.

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. The efficient management of budgets and Fund Balance has provided an adequate cash flow so that at no time has the District been short of cash when needed. No investment has been sold before it's scheduled maturity date.

Other long term obligations include accrued sick leave of \$11.2 million, capital leases of \$4.7 million, the Lone Star Program energy savings loan of \$3.6 million, and the Qualified School Construction Maintenance Tax Notes of \$15.3 million. The District has established a Sinking Fund and has entered into a Repurchase Investment Agreement to pay off the QSC Notes at maturity, on February 15, 2025.

#### Bond Ratings

The District's bonds presently carry an 'AAA' rating with both Fitch Ratings and Standard & Poor's. This long-term rating reflects the guaranty provided by the Texas Permanent School Fund. The underlying rating, reflecting the credit quality before considerations of the guaranty is AA by Fitch and AA- by S&P. Both ratings were affirmed in January 2013, with a stable outlook.

More detailed information about the District's long-term liabilities is presented in Note IV.J through Note IV.Q of the Financial Statements.

### Capital Assets

The District has invested \$551.2 million, net of depreciation, in a broad range of capital assets including land, buildings and improvements, furniture and equipment and vehicles. This amount represents a net increase (including additions, deductions, and depreciation) of \$12.5 million *over* the past year. Fiscal year 2014 major completed projects include (in millions):

Air conditioning system replacement Rivera Elementary School	\$1.5
Re-roofing Buildings (14 campuses)	2.3
Hughey Elementary School Classroom addition and Bonham Elementary School Improvements	4.7
Zavala Elementary School Multi-purpose Classroom	<u>.8</u>
<b>TOTAL MAJOR COMPLETED PROJECTS</b>	<b><u>\$9.3</u></b>

Table III  
El Paso Independent School District

**The District's Capital Assets**  
(in millions of dollars)

<u>Governmental Activities</u>	<u>2014</u>	<u>2013</u>	<u>Variance</u>	<u>Percentage Change</u>
Land	53.6	53.6	-	0.0%
Land Improvements	2.7	2.5	0.2	8.0%
Buildings & Improvements	722.1	708.5	13.6	1.9%
Furniture, Equipment & Vehicles	72.1	67.2	4.9	7.3%
Capital leases	7.8	9.6	(1.8)	(18.8%)
Construction/Software in Progress	26.4	11.9	14.5	121.9%
<b>Totals at historical cost</b>	<b>884.7</b>	<b>853.3</b>	<b>31.4</b>	<b>3.7%</b>
Total Accumulated Depreciation	(333.5)	(314.6)	(18.9)	6.0%
<b>Net Capital Assets</b>	<b>551.2</b>	<b>538.7</b>	<b>12.5</b>	<b>2.3%</b>

Additional detailed information about the District's capital assets activity is presented in Note IV.G of the Notes to the Financial Statements.

## FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

### *Governmental Funds*

The District's accounting records, for general governmental operations, are maintained on a modified accrual basis as prescribed by the *Financial Accountability System Resource Guide*, Texas Education Agency, with the revenues being recorded when available and measureable to finance expenditures of the fiscal period. Expenditures are recorded and the fund liabilities are incurred when services or goods are received. The general governmental operations include the following major funds: General Fund and 2008 Capital Projects Fund.

The District has established fund balance categories of nonspendable, restricted, committed, assigned and unassigned. A more detailed explanation about the District's Fund Balance can be found in Note I.E and Note IV.X to the financial statements.

The District's total governmental fund revenues were \$611.2 million, compared to \$590.9 million in the prior year. Federal Program Revenues increased by \$6.7 million. State aid and grants increased by \$10.2 million. Local revenues increased \$3.5 million. The Maintenance and Operations tax rate remained at \$1.04 (the mandated compressed rate under House Bill 1 of \$1.00 plus 4 cents authorized by the Board of Trustees).

The District's total governmental fund expenditures for fiscal 2014 amounted to \$631.5 million compared to \$600.1 million in 2013. Instruction, Curriculum, and Instructional Staff Development expenses increased by \$17.9 million. Transportation decreased by \$.9 million, Food Service increased by \$1.8 million, and Maintenance decreased approximately \$500 thousand. The debt service cost decreased \$2.9 million. Capital Outlay, Facilities, Acquisition and Construction expenses, increased \$13.3 million.

The governmental funds reported a combined fund balance of \$232.9 million, a decrease of \$20.3 million. The net decrease of the combined fund balances was comprised of a fund balance increase in the General Fund of \$300 thousand, a decrease of \$9.9 million in 2008 Capital Projects Fund, and a decrease in the non-major governmental funds of approximately \$10.7 million.

The General Fund is the primary operating fund of the District. The General Fund balance increased by \$300 thousand during the fiscal year to \$101.7 million. Although revenues came in at approximately 1% lower than budgeted, the District was able, through budget savings and other lapsed costs, to add modestly to the fund balance.

A portion of the General Fund balance is Nonspendable and held as inventories. This amount is \$1.5 million. Another portion, \$2 million, is Restricted and therefore, is legally segregated for a specific future use. It is restricted by TEA for use by the High School Allotment. Another portion of the General Fund balance is classified as Assigned, which indicates tentative plans for financial resource utilization in a future period. The District assigned a total of \$45.3 million of fund balance, which consisted of outstanding encumbrances (\$3.4 million), future construction (\$1 million), future debt retirement (\$12.7 million), Capital Equipment (\$17 million), budgeted deficit for FY2014-15 (\$10 million), and other miscellaneous items (\$1.2 million).

The General Fund total fund balance of \$101.7 million is equivalent to approximately 21.6% of expenditures. The unassigned fund balance of \$52.9 million, minimizes the likelihood that the District would be required to enter the short-term debt market to pay for current operating expenditures.

### ***Proprietary Funds***

The Proprietary Funds are those funds, which are primarily self-supporting. The District maintained four Proprietary Funds, which are the Internal Service Funds. These funds are the Print Shop, Workers' Compensation Fund, Educational Media and Health Care Clinic Program Fund.

The Print Shop, in its eleventh year as an internal service fund, had an operating loss of \$161,702 for the current fiscal year ending 2014. This compares to a profit of \$103,513 for the prior year. The fund closed the year with a positive total net position balance of \$267,128.

The Workers' Compensation Fund experienced a loss of \$786,550 for the year ending June 30, 2014. The net position ended at \$7,961,160.

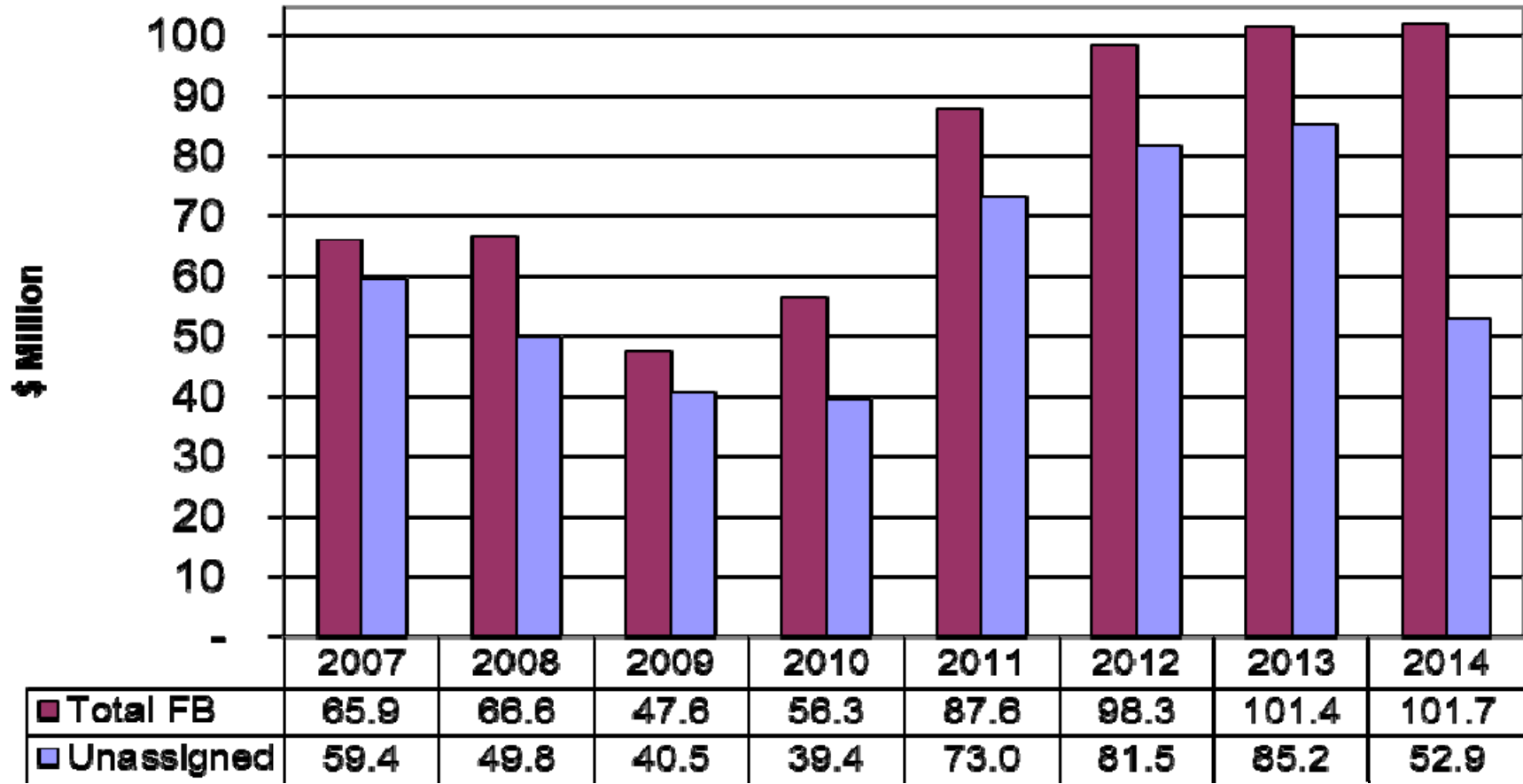
The Health Care Clinic Program had an operating profit of \$41,731 for the current fiscal year. For fiscal year 2014, the fund receives funding at \$8 per participant in the TRS ActiveCare program. It has an ending net position balance of \$462,882.

The Educational Media Services Fund had a loss of \$14,522. A transfer of \$60,095 was made from the general fund, to cover the current year loss and a deficit fund balance, which resulted in the closing of this fund in fiscal year 2014.

### ***Fiduciary Funds***

Fiduciary Funds (trust and agency funds) are used to account for assets held by a government, in a trustee capacity or as an agent, for individuals, private organizations, other governmental units, and/or other funds. The District accounts for student activity funds that are received and held by a school. The District accounts for student activity funds as agency funds. These funds have no equity and do not include revenues or expenditures of the District. The District accounts for scholarship funds in a trust fund.

# General Fund - Fund Balances



Percentage of Total Fund Balance to GF Expenditures						
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
14.8%	10.3%	12.4%	21.2%	22.1%	22.4%	21.6%

## **General Fund Current Year Budgetary Highlights**

Over the course of the year, the District revised its budget several times. Expenditures were increased by \$7.2 million. The budget was increased for the issuance of the El Paso ISD Limited Tax Refunding Bonds, Series 2014 in the amount of \$4,390,000 to pay off the balance of Maintenance Tax Notes, Series 2008. The budget, both revenues and expenditures, was decreased by \$9.1 million due to a decrease in student enrollment of approximately 1,677, and an increase in the budget for \$4 million for TRS On-Behalf. The expenditure budget was increased for purchase orders rolled forward in the amount of \$3.7 million, High School Allotment funding of \$2.6 million, \$2.1 million for the purchase of 18 buses and 10 vehicles, and \$2 million for maintenance and construction projects. More information can be found on Exhibit G-1 on page 91.

Total actual revenues were within 1% of total budgeted revenues. The final budgeted amount for revenues was \$477.8 million. Actual revenues were less than the revised budget by \$5.1 million. The negative \$8.1 million State Revenue variance can be attributed to \$2 million for TRS On-Behalf payments and \$6.1 million for Foundation School payments. The District was able to recover \$4.5 million in State revenue related to a prior year tax refund for the Western Refining settlement. However, student population dropped continually through the year, resulting in \$1,235 less average daily attendance than prior year. Actual federal revenues exceeded budget by \$3 million, due to an increase in SHARS/Medicaid receipts.

Actual expenditures were \$17.7 million less than the appropriated budget amounts. These positive variances occurred in the areas of school leadership \$1.1 million, guidance, counseling and evaluation services \$1.2 million, general administration \$1.7 million, maintenance \$4.5 million, and construction costs \$4.4 million. The District experienced positive budget variances in the area of school leadership mainly due to additional funding allocated for Assistant Principal positions and newly created Office Assistant Campus Clerks at the elementary level. The guidance, counseling and evaluations services area conducted an alignment of account coding to counselor's job duties, experienced several vacancies and incurred less expenditures in testing materials due to other resources made available by the state at no cost to the district. In the area of general administration, the District had cost savings in legal costs due to the hiring of an in-house counsel. The area of maintenance experienced cost savings mainly due to the close monitoring of utility costs by the campus conservation coordinator and an increase in E-rate reimbursements and credits. The District has rolled forward the unspent construction funds to next fiscal year to complete various projects. Overall, the District experienced several vacancies across functions, and projected a high number of new health insurance enrollment due to mandatory provisions.

Staffing is budgeted at one hundred percent of actual salary. Budget amounts for vacant positions are monitored to ensure that only limited revisions are allowed for departments. Schools have a flexible revision policy for non-payroll budgets, but cannot transfer excess salary budgets to be used for non-salary purposes. In most cases, unspent payroll dollars are taken back to the fund balance.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the fiscal year 2015 budget and tax rates. Appraised values used for the 2015 budget preparation decreased by \$294 million, or 1.86% less than 2014. The decrease in property tax revenues were offset by a \$99 increase in the per student adjusted allotment provided by the State.

The District's 2014 refined average daily attendance was budgeted at 55,791 students. The District tax rates remained the same: \$1.04 for Maintenance and Operations and \$.1950 for Interest and Sinking.

Total General Fund revenues for the 2015 budget are estimated at \$469.6 million, and budgeted expenditures were estimated at \$479.6 million. The adopted budget for 2014 projects a deficit of

\$9,990,524. The Board of Managers decided to spend down a portion of fund balance for a salary increase, and for capital purchases of buses and vehicles.

## **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 show the District's accountability for the funding it receives. The administration believes that the El Paso Independent School District has sound financial practices. The District has financial challenges ahead such as, completing bond construction on time and within budget, increasing salaries to a competitive level, while increasing the Unassigned Fund Balance. The District is moving in the right direction both financially and educationally.

Many thanks are owed to teachers, campus administrators, support staff, the District's elected and appointed officials, volunteers, and central office administrators whose purpose is to direct the resources of the District to educate our children. In many cases, these individuals have been asked to make sacrifices to assist the District in achieving its current financial position.

If you have questions about this report or need additional financial information, please contact Maria D. Pineda, Executive Director, Financial Services at (915) 230-2145, or Art Martin, Interim Chief Financial Officer, Business Services at (915) 230-2801, or by mail at El Paso Independent School District, 6531 Boeing Drive, El Paso, Texas, 79925.

*The El Paso Independent School District does not discriminate in its educational programs or employment practices on the basis of race, color, creed, age, gender, religion, national origin, marital status, ancestry, citizenship, military status, mental or physical disability, gender stereotyping and perceived gender, or on any other basis prohibited by law. Inquiries concerning the application of Titles VI, VII, IX, and Section 504 may be referred to the District compliance officer, Patricia Cortez, at 230-2033; Section 504 inquiries regarding students may be referred to Verna Ball at 230-2829.*

*El Distrito Escolar Independiente de El Paso no discrimina en los programas de educación o en prácticas de empleo usando el criterio de raza, color, credo, edad, genero, religión, origen nacional, estado civil, ascendencia, ciudadanía, estado militar, discapacidad física o mental, estereotipo genero o generoidad percibida, u otra práctica prohibida por la ley. Preguntas acerca de la aplicación del título VI, VII o IX, y la Sección 504 pueden ser referidas al oficial del distrito, Patricia Cortez al 230-2033; preguntas sobre 504 tocante a estudiantes pueden ser referidas a Verna Ball al 230-2829.*

## **BASIC FINANCIAL STATEMENTS**



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EL PASO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014

Data Control Codes	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 214,012,154
1220 Property Taxes Receivable (Delinquent)	13,665,730
1230 Allowance for Uncollectible Taxes	(7,101,000)
1240 Due from Other Governments	109,416,359
1250 Accrued Interest	80,335
1290 Other Receivables, net	640,753
1300 Inventories	1,493,992
1410 Prepayments	786,976
Capital Assets:	
1510 Land and Land Improvements, Net	55,883,979
1520 Buildings and Building Improvements, Net	445,215,079
1530 Furniture and Equipment, Net	18,678,917
1550 Leased Property Under Capital Leases, Net	5,021,033
1580 Construction in Progress	26,420,340
1800 Restricted Assets	62,020
1910 Long Term Investments	11,373,694
1000 Total Assets	<u>895,650,361</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	3,936,303
1700 Total Deferred Outflows of Resources	<u>3,936,303</u>
<b>LIABILITIES</b>	
2110 Accounts Payable	3,651,292
2140 Interest Payable	6,688,901
2150 Payroll Deductions & Withholdings	6,485,989
2160 Accrued Wages Payable	51,509,326
2180 Due to Other Governments	201
2200 Accrued Expenses	19,896,867
2300 Unearned Revenue	14,864,874
Noncurrent Liabilities	
2501 Due Within One Year	26,596,994
2502 Due in More Than One Year	439,949,414
2000 Total Liabilities	<u>569,643,858</u>
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	188,730,456
3820 Restricted for Federal and State Programs	12,115,671
3850 Restricted for Debt Service	30,647,242
3890 Restricted for Other Purposes	5,865,810
3900 Unrestricted	92,583,627
3000 Total Net Position	<u>\$ 329,942,806</u>

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

EL PASO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 339,970,098	\$ 1,258,640	\$ 65,248,806
12 Instructional Resources and Media Services	10,190,539	21,926	1,304,611
13 Curriculum and Staff Development	19,141,051	10,963	9,176,409
21 Instructional Leadership	4,666,022	10,963	1,357,363
23 School Leadership	37,604,011	87,703	2,724,814
31 Guidance, Counseling and Evaluation Services	22,547,573	21,926	6,757,115
32 Social Work Services	4,400,642	10,963	1,273,208
33 Health Services	7,119,296	10,963	8,356,260
34 Student (Pupil) Transportation	12,914,355	316,388	733,721
35 Food Services	29,934,960	4,647,237	24,362,770
36 Extracurricular Activities	11,354,886	1,410,550	434,077
41 General Administration	10,518,734	32,889	1,285,823
51 Facilities Maintenance and Operations	51,250,395	352,001	2,679,563
52 Security and Monitoring Services	5,351,433	10,963	262,810
53 Data Processing Services	5,026,288	10,963	156,855
61 Community Services	1,406,980	10,963	1,189,945
72 Debt Service - Interest on Long Term Debt	16,111,164	-	7,658,293
73 Debt Service - Bond Issuance Cost and Fees	240,952	-	-
81 Capital Outlay	724,549	21,926	-
99 Other Intergovernmental Charges	2,409,511	-	-
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 592,883,439</u>	<u>\$ 8,247,927</u>	<u>\$ 134,962,443</u>

Data	General Revenues:
Control	Taxes:
Codes	MT Property Taxes, Levied for General Purposes
	DT Property Taxes, Levied for Debt Service
	SF State Aid - Formula Grants
	IE Investment Earnings
	MI Miscellaneous Local and Intermediate Revenue
	TR Total General Revenues
	CN Change in Net Position
	NB Net Position - Beginning
	PA Prior Period Adjustment
	NE Net Position--Ending

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

		Net (Expense) Revenue and Changes in Net Position	
5		6	
Capital Grants and Contributions		Governmental Activities	
\$	-	\$	(273,462,652)
	-		(8,864,002)
	-		(9,953,679)
	-		(3,297,696)
	-		(34,791,494)
	-		(15,768,532)
	-		(3,116,471)
	-		1,247,927
	-		(11,864,246)
	-		(924,953)
	-		(9,510,259)
	-		(9,200,022)
	-		(48,218,831)
	-		(5,077,660)
	-		(4,858,470)
	-		(206,072)
	-		(8,452,871)
	-		(240,952)
	5,444,818		4,742,195
	-		(2,409,511)
\$	<u>5,444,818</u>		<u>(444,228,251)</u>

160,651,112  
30,598,437  
266,907,606  
482,745  
1,760,303

460,400,203

16,171,952  
317,182,874  
(3,412,020)

\$ 329,942,806

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**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

EL PASO INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

Data Control Codes	General Fund	2008 Capital Projects	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 86,544,857	\$ 83,150,488	\$ 29,871,057	\$ 199,566,402
1220 Property Taxes - Delinquent	11,668,173	-	1,997,557	13,665,730
1230 Allowance for Uncollectible Taxes (Credit)	(6,060,000)	-	(1,041,000)	(7,101,000)
1240 Receivables from Other Governments	90,284,665	-	19,131,694	109,416,359
1250 Accrued Interest	-	14,096	55,697	69,793
1260 Due from Other Funds	9,385,101	125,383	13,753,397	23,263,881
1290 Other Receivables	575,386	-	65,367	640,753
1300 Inventories	1,493,992	-	-	1,493,992
1800 Restricted Assets	-	-	62,020	62,020
1910 Long Term Investments	-	3,193,327	5,287,420	8,480,747
1000 Total Assets	<u>\$ 193,892,174</u>	<u>\$ 86,483,294</u>	<u>\$ 69,183,209</u>	<u>\$ 349,558,677</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 2,415,528	\$ 64,175	\$ 1,106,405	\$ 3,586,108
2150 Payroll Deductions and Withholdings Payable	6,485,989	-	-	6,485,989
2160 Accrued Wages Payable	45,003,668	-	6,504,018	51,507,686
2170 Due to Other Funds	14,209,436	-	9,378,107	23,587,543
2180 Due to Other Governments	-	-	201	201
2200 Accrued Expenditures	5,616,413	1,793,228	3,479,849	10,889,490
2300 Unearned Revenues	13,562,408	-	1,302,466	14,864,874
2000 Total Liabilities	<u>87,293,442</u>	<u>1,857,403</u>	<u>21,771,046</u>	<u>110,921,891</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	4,896,208	-	824,077	5,720,285
2600 Total Deferred Inflows of Resources	<u>4,896,208</u>	<u>-</u>	<u>824,077</u>	<u>5,720,285</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	1,493,992	-	-	1,493,992
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	12,115,671	12,115,671
3470 Capital Acquisition and Contractual Obligation	-	84,625,891	-	84,625,891
3480 Retirement of Long-Term Debt	-	-	30,647,242	30,647,242
3490 Other Restricted Fund Balance	2,040,637	-	3,825,173	5,865,810
Assigned Fund Balance:				
3550 Construction	3,488,628	-	-	3,488,628
3565 Retirement of Loans or Notes Payable	12,737,523	-	-	12,737,523
3570 Capital Expenditures for Equipment	17,001,829	-	-	17,001,829
3590 Other Assigned Fund Balance	12,048,772	-	-	12,048,772
3600 Unassigned Fund Balance	52,891,143	-	-	52,891,143
3000 Total Fund Balances	<u>101,702,524</u>	<u>84,625,891</u>	<u>46,588,086</u>	<u>232,916,501</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 193,892,174</u>	<u>\$ 86,483,294</u>	<u>\$ 69,183,209</u>	<u>\$ 349,558,677</u>

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

EL PASO 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>	\$	232,916,501
<b>1</b> The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		8,691,170
<b>2</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$853,026,459 and the accumulated depreciation was \$314,415,689. 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.		45,593,577
<b>3</b> Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2014 capital outlays and debt principal payments is to increase net position.		58,284,479
<b>4</b> GASB 65 requires that we write off unamortized debt issuance costs from prior periods. The net effect is to decrease net position.		(3,412,020)
<b>5</b> The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(19,188,743)
<b>6</b> Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		7,057,842
<b>19 Net Position of Governmental Activities</b>	<b>\$</b>	<b>329,942,806</b>

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



EL PASO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

Data Control Codes	General Fund	2008 Capital Projects	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 168,091,514	\$ 210,099	\$ 36,459,320	\$ 204,760,933
5800 State Program Revenues	291,120,061	-	12,589,310	303,709,371
5900 Federal Program Revenues	13,555,402	-	89,214,312	102,769,714
5020 Total Revenues	<u>472,766,977</u>	<u>210,099</u>	<u>138,262,942</u>	<u>611,240,018</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	283,139,594	-	43,478,119	326,617,713
0012 Instructional Resources and Media Services	8,948,016	-	810,240	9,758,256
0013 Curriculum and Instructional Staff Development	9,881,000	-	8,947,624	18,828,624
0021 Instructional Leadership	3,316,165	-	1,194,239	4,510,404
0023 School Leadership	35,205,328	-	687,338	35,892,666
0031 Guidance, Counseling and Evaluation Services	15,803,828	-	6,226,721	22,030,549
0032 Social Work Services	3,131,285	-	1,149,645	4,280,930
0033 Health Services	6,375,170	-	425,160	6,800,330
0034 Student (Pupil) Transportation	14,008,630	-	199,207	14,207,837
0035 Food Services	-	-	30,131,505	30,131,505
0036 Extracurricular Activities	11,093,187	-	-	11,093,187
0041 General Administration	10,052,278	-	-	10,052,278
0051 Facilities Maintenance and Operations	48,078,513	698,230	1,272,248	50,048,991
0052 Security and Monitoring Services	5,209,555	-	46,700	5,256,255
0053 Data Processing Services	5,419,059	348,236	-	5,767,295
0061 Community Services	198,456	-	1,194,770	1,393,226
<b>Debt Service:</b>				
0071 Principal on Long Term Debt	2,871,374	-	17,578,432	20,449,806
0072 Interest on Long Term Debt	692,203	-	22,896,901	23,589,104
0073 Bond Issuance Cost and Fees	25,230	-	215,722	240,952
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	5,892,987	13,426,167	8,803,360	28,122,514
<b>Intergovernmental:</b>				
0099 Other Intergovernmental Charges	2,409,511	-	-	2,409,511
6030 Total Expenditures	<u>471,751,369</u>	<u>14,472,633</u>	<u>145,257,931</u>	<u>631,481,933</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,015,608</u>	<u>(14,262,534)</u>	<u>(6,994,989)</u>	<u>(20,241,915)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7911 Capital Related Debt Issued (Regular Bonds)	4,390,000	-	-	4,390,000
7915 Transfers In	-	7,345,233	3,663,219	11,008,452
8911 Transfers Out (Use)	(744,154)	(2,979,160)	(7,345,233)	(11,068,547)
8949 Other (Uses)	(4,390,000)	-	-	(4,390,000)
7080 Total Other Financing Sources (Uses)	<u>(744,154)</u>	<u>4,366,073</u>	<u>(3,682,014)</u>	<u>(60,095)</u>
1200 Net Change in Fund Balances	271,454	(9,896,461)	(10,677,003)	(20,302,010)
0100 Fund Balance - July 1 (Beginning)	<u>101,431,070</u>	<u>94,522,352</u>	<u>57,265,089</u>	<u>253,218,511</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 101,702,524</u>	<u>\$ 84,625,891</u>	<u>\$ 46,588,086</u>	<u>\$ 232,916,501</u>

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

EL PASO 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>	\$	(20,302,010)
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.		(860,948)
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.		58,284,479
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.		(19,188,743)
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.		(1,760,826)
<b>Change in Net Position of Governmental Activities</b>	<u>\$</u>	<u>16,171,952</u>

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

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**PROPRIETARY FUND FINANCIAL STATEMENTS**

EL PASO 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	\$ 14,445,752
Accrued Interest	10,542
Due from Other Funds	330,656
Total Current Assets	<u>14,786,950</u>
Noncurrent Assets:	
Capital Assets:	
Furniture and Equipment	375,480
Depreciation on Furniture and Equipment	(283,012)
Long Term Investments	2,892,947
Total Noncurrent Assets	<u>2,985,415</u>
Total Assets	<u>17,772,365</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	65,184
Accrued Wages Payable	1,640
Due to Other Funds	6,994
Accrued Expenses	9,007,377
Total Liabilities	<u>9,081,195</u>
<b>NET POSITION</b>	
Unrestricted Net Position	<u>8,691,170</u>
Total Net Position	<u>\$ 8,691,170</u>

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

EL PASO 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	\$ 4,973,625
Total Operating Revenues	<u>4,973,625</u>
OPERATING EXPENSES:	
Payroll Costs	4,838,358
Professional and Contracted Services	790,510
Supplies and Materials	203,437
Other Operating Costs	60,498
Depreciation Expense	<u>22,727</u>
Total Operating Expenses	<u>5,915,530</u>
Operating Income (Loss)	<u>(941,905)</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings from Deposits & Investments	<u>20,862</u>
Total Nonoperating Revenues (Expenses)	<u>20,862</u>
Income (Loss) Before Transfers	(921,043)
Transfer In	<u>60,095</u>
Change in Net Position	(860,948)
Total Net Position - July 1 (Beginning)	<u>9,552,118</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 8,691,170</u></u>

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

EL PASO 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 User Charges	\$ 45,155
Cash Received from Assessments - Other Funds	4,950,429
Cash Payments to Employees for Services	(1,472,083)
Cash Payments for Insurance Claims	(3,409,196)
Cash Payments for Suppliers	(1,146,715)
Cash Payments for Other Operating Expenses	(60,497)
Net Cash Used for Operating Activities	<u>(1,092,907)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfer In	<u>60,095</u>
<u>Cash Flows from Investing Activities:</u>	
Purchase of Investment Securities	(5,773,658)
Proceeds from Sale & Maturities of Securities	3,790,418
Interest and Dividends on Investments	12,462
Net Cash Provided by (Used for) Investing Activities	<u>(1,970,778)</u>
Net Decrease in Cash and Cash Equivalents	(3,003,590)
Cash and Cash Equivalents at Beginning of Year	<u>17,449,342</u>
Cash and Cash Equivalents at End of Year	<u>\$ 14,445,752</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (941,905)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	22,727
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Due from Other Funds	21,960
Increase (decrease) in Accounts Payable	(64,756)
Increase (decrease) in Accrued Wages Payable	1,640
Increase (decrease) in Accrued Expenses	(5,291)
Increase (decrease) in Due to Other Funds	(127,282)
Net Cash Used for Operating Activities	<u>\$ (1,092,907)</u>

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

**FIDUCIARY FUND FINANCIAL STATEMENTS**



EL PASO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014

	Private Purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 2,272,987
Restricted Assets	197,408	-
Total Assets	<u>197,408</u>	<u>\$ 2,272,987</u>
<b>LIABILITIES</b>		
Due to Student Groups	-	\$ 2,272,987
Total Liabilities	<u>-</u>	<u>\$ 2,272,987</u>
<b>NET POSITION</b>		
Restricted for Scholarships	<u>197,408</u>	
Total Net Position	<u>\$ 197,408</u>	

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

EL PASO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Private Purpose Trust Fund
<b>ADDITIONS:</b>	
Local and Intermediate Sources	\$ 2,201
Earnings from Deposits & Investments	60
Total Additions	<u>2,261</u>
<b>DEDUCTIONS:</b>	
Professional and Contracted Services	<u>7,326</u>
Total Deductions	<u>7,326</u>
Change in Net Position	(5,065)
Total Net Position - July 1 (Beginning)	<u>202,473</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 197,408</u></u>

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

# EL PASO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

El Paso 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 (GASB), 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

The Board of Trustees (the "Board") is elected by the public. It has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also 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 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. There are no component units included within the reporting entity.

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

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

In addition to assets, the statement of net position reports a separate section for 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.

(Continued)

# EL PASO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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

In addition to liabilities, the statement of net 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 of the District. Examples include tuition paid by students not residing in the district, school lunch charges, athletic and extracurricular/cocurricular activities, etc. The “grants and contributions” columns include 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 a due to or due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other financing sources and 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 a due to or due from on the government-wide Statement of Net Position.

The fund financial statements report 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 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 are nonoperating. Operating expenses can be tied specifically to the production of goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

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

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

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, 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. 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 fiscal 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 the modified accrual basis of accounting. The governmental funds report this unavailable revenue as a deferred inflow of resources and recognize revenue in the period that 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.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and deferred outflows of resources, and all 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, restricted, and unrestricted.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. **2008 Capital Projects Fund** - This fund accounts for the construction activity related to the 2008 bonds.

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 Board or a grantor in a special revenue fund. Most Federal and some state financial assistance are accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The Food Service Fund is the only required deferred fund. For all other funds in this fund type, project accounting is employed to maintain fiscal integrity for the various sources of funds. The District's Food Service Fund is considered a special revenue fund since it meets the following criteria:
  - User fees are charged to supplement the National School Lunch Program (NSLP),
  - The General Fund may subsidize the Food Service Program for expenditures in excess of NSLP, and
  - Food Service fund balances are used exclusively for child nutrition program purposes.
2. **Debt Service Funds** -
  - Debt Service Fund (Main) - This fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
  - QSC-MTN Sinking - The District accounts for resources accumulated to pay for principal and interest on the Qualified School Construction Maintenance Tax Notes in this fund.
3. **Capital Projects Funds** - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction, renovation, and other capital asset acquisitions are accounted for in a capital projects fund.
4. **Permanent Funds** - The District has no permanent funds.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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

Proprietary Funds:

5. **Enterprise Funds** - The District has no enterprise funds.
6. **Internal Service Funds** - These funds are used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The revenues and expenses related to services provided to departments within the District are accounted for in an internal service fund.

The District's Internal Service Funds are as follows:

Print Shop - This fund accounts for transactions related to print shop services provided to other departments of the District.

Workers' Compensation Fund - This fund accounts for all financial activity associated with the District's self-insured workers' compensation plan.

Educational Media Services - This fund accounts for all financial activity associated with instructional material that supports the District's Standards-Based Curriculum and enhances teaching and learning. This fund was closed as of June 30, 2014.

Health Care Clinic Program - This fund accounts for all financial activity associated with the District contribution and payments to an outside vendor for employee Health Clinics. Services are available to all full-time and part-time employees. Eligible dependents must be covered under the TRS-AC Health Plan to obtain services.

Fiduciary Funds:

7. **Private Purpose Trust Funds** - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District has a private purpose trust fund to account for scholarships.
8. **Pension (and Other Employee Benefit) Trust Funds** - The District has no pension (and other employee benefit) trust funds.
9. **Investment Trust Funds** - The District has no investment trust funds.
10. **Agency Funds** - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency fund is used to account for activities of student groups.

E. Other Accounting Policies

1. For 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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. If applicable, premiums and discounts on investments are amortized or accreted using the straight-line method, which approximates the interest method, over the terms of the related securities.
3. The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.
4. The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. Management asserts that the District is in substantial compliance with the requirements of the Act and with local policies.

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

***Credit Risk:***

Deposits - Credit risk is not applicable to deposits.

Temporary Investments (Cash Equivalents) - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in public funds investment pools to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2014, the District's investments in TexStar and Tex Pool investment pools were rated AAAM by Standard & Poor's. The LoneStar Investment Pool was rated AAA by Standard & Poors. Credit Risk is not applicable to the BBVA Public Funds Money Market Account.

(Continued)



**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

Long-term Investments - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in U.S. Agencies to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). All of the Municipal Bonds have a rating of A or better as required by policy. The Federal Home Loan Bank Securities and Collateralized Mortgage Obligations (CMOs) held by the District as of June 30, 2014 do not require disclosure of credit quality ratings since they are guaranteed or secured by the Federal Government.

***Custodial Credit Risk:***

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

Temporary Investments (Cash Equivalents) - To limit the risk that, in the event of the failure of the counterparty to a transaction, the District 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 categorized or exposed to custodial risk because they are not evidenced by securities that exist in physical or book-entry form. The BBVA Public Funds Money Market Account is covered in part by FDIC, and the remaining amount is secured by a letter of credit in the amount of \$56,000,000.

Long-term Investments - To limit the risk that, in the event of the failure of the counterparty to a transaction, the District 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. All of the securities are in the District's name and held by the District or its agent.

***Concentration of Credit Risk:***

Deposits - Concentration of credit risk is not applicable to the deposits.

Temporary Investments (Cash Equivalents) - 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 the BBVA Public Funds Money Market Account.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

Long-term Investments - To limit the risk of loss attributed to the magnitude of the District's investment in a single issuer, the District's policy states that the portfolio must be diversified. The District's investments in securities are in Municipal Bonds from various entities, Federal Home Loan Bank securities, and Collateralized Mortgage Obligations. The Municipal Bonds are approximately 2.1% of total governmental investments, and the Federal Home Loan Bank securities are approximately 1.4% of total governmental investments. The CMOs are approximately 1.7% of total governmental investments.

***Interest Rate Risk:***

Deposits - Interest rate risk is not applicable to deposits.

Temporary Investments (Cash Equivalents) - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires its investment portfolio for the general fund to have maturities of less than one year and a weighted average maturity of a maximum of 180 days for investments from all funds. Each pool invests in different investment instruments and each portfolio has varying maturities. All of the District's investment pools qualify as a 2a7-like pool and are excluded from the interest rate risk disclosure requirement in accordance with GASB. The District has a contract that guarantees a yield of the 30 day Liber rate for the BBVA Public Funds Money Market Account.

Long-term Investments - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires its investment portfolio to have maturities of less than one year for the general fund and a weighted average maturity of a maximum of 180 days for all investments. As of June 30, 2014, management calculated the District's WAM for the general fund at 1 day, and the total WAM was 88 days.

***Foreign Currency Risk:***

Deposits - The District limits the risk that changes in exchange rates will adversely affect a deposit by not having any deposits denominated in a foreign currency.

Temporary Investments (Cash Equivalents) - The District is not exposed to the risk that changes in exchange rates will adversely affect the fair value of an investment as the money market account and investment pools are not denominated in a foreign currency.

Long-term Investments - The District is not exposed to the risk that changes in exchange rates will adversely affect the fair value of an investment as none of the Municipal Bonds or Collateralized Mortgage Obligations are denominated in any foreign currencies.

6. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

7. 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 the 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.
8. 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.
9. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method and are presented as a component of non-current liabilities and deferred charges on refundings are presented as deferred outflows of resources. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized 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.

10. It is the District's policy to require vacations to be taken in the year earned and any unused days at the end of the fiscal year are generally forfeited after a six-month period. Employees are entitled to sick leave based on the category/class of employment. Sick leave is allowed to be accumulated but does not vest. Upon resignation and qualified retirement of employees, the District pays one-half accrued sick leave in a lump-sum cash payment to each employee or his/her beneficiary or estate based on the salary or wages for the last year of employment. A liability for these amounts is reported in the governmental funds only if they have matured as a result of employee resignations and retirements, but all eligible leave is accrued when incurred in the government-wide financial statements.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Capital assets, which include land, buildings, furniture, vehicles, and equipment are reported in the 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.

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

Capital Assets of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	10 - 50
Buildings and Building Improvements	20 - 50
Furniture and Equipment	10
Buses	10
Technology Equipment	5
Vehicles, Transportation Equipment	5 - 10

12. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government - wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
13. The District sponsors a self-insured plan for worker's compensation benefits to employees. Revenues for this Internal Service Fund are received from interest on investments as well as from the District contributions on behalf of the employees. The contributions are then charged as an expenditure to the various funds where the employee's salary is charged. Expenses are comprised of claims incurred during the fiscal year, professional and contracted services, and other miscellaneous expenses.

The District provides for estimated incurred but not reported claims for its workers' compensation through the establishment of undiscounted accrued liabilities. At June 30, 2014, the accrued liability amounted to \$9,000,000 for the workers' compensation fund.

The General Fund is contingently liable for liabilities of this fund. Sub-fund accounting is employed to maintain the integrity of the self-insurance activities of the District.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The entire fund balances in the Special Revenue, Debt Service, and Capital Projects Funds have such restrictions. Since the entire fund balance is restricted for these funds, all assets are in essence restricted for their specified purpose.
15. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
16. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. 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.
17. In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at 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. The District receives substantial amounts of funding from special revenue sources. The majority of this money is cost reimbursement to the District by the federal government or Texas Education Agency. The portion of revenue allowable for indirect cost is credited as revenue to the General Fund and as a reduction to revenue in the Special Revenue Fund, as appropriate. These indirect costs are fully allocated to function 41.
19. Preparation of these financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
20. Net Position on the Statement of Net Position includes 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)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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 agencies.

*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 covenants for the purpose of future debt service payments.

*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.

21. Fund Balance

The District reports the following fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable fund balance** - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted fund balance** - 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 Superintendent or the Officer position as named in the local policy approved by the Board March 29, 2011.
- **Unassigned fund balance** - amounts that are available for an appropriate purpose. Positive amounts are reported only in the general fund.

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 a commitment of the fund. Assigned fund balance is established by the Superintendent or Chief Business Officer for a specific purpose, such as, the purchase of capital assets, construction, debt service, or for other purposes.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in their commitment or assignment actions.

In fiscal year 2011, the Board of Trustees adopted a targeted fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be between 17 percent (60 days) and 25 percent (90 days) of the operating expenditures.

The District shall target a yearly minimum restricted debt service fund balance of 25 percent of annual debt service requirements on all outstanding debt issuance.

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

**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 for 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.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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

**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 position 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 reclassifying other resources, other uses and various other items.

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

**A. Budgetary Data**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Funds 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 Board does not legally adopt a budget for the other special revenue funds since the budgets are determined by the grantor. 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 following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 19, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.

(Continued)



**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

3. On June 25, 2013, the budget was legally enacted through the approval of a motion 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.

There were six amendments that management feels were most significant. A budget amendment for \$4,084,574 was necessary to increase the TRS on- behalf of revenue and expense due to an increase in rate from 6.4% to 6.8%. A budget amendment for \$3,558,074 was necessary to process the purchase orders that were rolled forward from fiscal year 2013, and an amendment was also necessary to release the restricted fund balance related to High School Allotment unspent funds from 2013. An amendment was also needed in the amount of \$9,126,234 to decrease revenue and expenditures due to a drop in enrollment. Another amendment for \$1,821,960 was approved for the purchase of 18 buses. Lastly there was an amendment for \$4,390,000 which was needed to reflect the activity related to the Limited Tax Refunding Bond Series 2014 that was issued. No expenditures were made prior to approval of the budget.

4. Each budget is controlled by the budget director 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**

Cash at Depository Bank - At June 30, 2014, the carrying amount of the District's general fund, nonmajor governmental funds, internal service funds, and agency funds deposits (cash and interest-bearing savings accounts) were \$(699,159), \$4,896, \$5,733,929 and \$788,997, respectively, and the total bank balance was \$10,026,421. The District's cash deposits at June 30, 2014 and during the year ended June 30, 2014, were fully insured by federal depository insurance or pledged collateral held by the District's agent bank in the District's name, except as noted below.

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

- a. Depository: Wells Fargo Bank - El Paso, Texas.
- b. The highest combined balances of cash, savings, and time deposit accounts amounted to \$23,692,004 and occurred during the month of February 2014.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

- c. The total amount of FDIC coverage at the time of the highest combined balance was \$500,000.
- d. The estimated market value of securities pledged as of the date of the highest combined balance on deposit was \$9,904,011. The shortage was covered by Wells Fargo securities the following business day.

**B. Temporary Investments**

The District's temporary investments included in cash and cash equivalents at June 30, 2014, are shown below at fair value which equals cost:

	Governmental Activities					
	General Fund Fair Value	2008 Capital Projects Fair Value	Nonmajor Governmental Funds Fair Value	Internal Service Funds	Total Governmental Activities	Agency Funds
Temporary Investments						
TexPool Investment Pool	\$ 26,587,235	\$ -	\$ -	\$ -	\$ 26,587,235	\$ 1,483,990
TexPool Prime						
Investment Pool	3,656,646	-	3,992,299	8,711,823	16,360,768	-
TexStar Investment Pool	877,442	-	-	-	877,442	-
Lone Star Investment Pool	56,122,693	32,932,604	25,873,862	-	114,929,159	-
BBVA Public Funds						
Money Market Account	-	50,217,884	-	-	50,217,884	-
<b>Total</b>	<b>\$ 87,244,016</b>	<b>\$ 83,150,488</b>	<b>\$ 29,866,161</b>	<b>\$ 8,711,823</b>	<b>\$ 208,972,488</b>	<b>\$ 1,483,990</b>

In addition to the above Texpool Funds, the District also has funds invested in Texpool for the Bray Milk Trust in fund 240 in the amount of \$62,020 and in the Private Purpose Trust in fund 810 in the amount of \$197,408 which are shown as restricted assets.

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. TexStar is a local government pool created under the Interlocal Cooperation Act, and is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. The LoanStar Investment Pool is a member owned, member-governed public funds investment pool. It is managed by an eleven member Board of Trustees.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

**C. Long Term Investments**

The District's long term investments at June 30, 2014, are shown below at amortized cost or fair value where applicable:

<u>Investments</u>	2008 Capital Projects Fund	NonMajor Governmenta 1 Funds	Internal Service Funds	Investment Maturities (in years)		Weighted Average Maturity (in days)	Credit Ratings
				Less than 1 year	More than 1 year		
Repurchase Agreement invested in Collateralized Mortgage Obligations	\$ -	\$ 3,708,758	\$ -	\$ -	\$ 3,708,758	3,883	N/A
<b>Securities:</b>							
Columbus OH TXBL	1,189,965	-	-	-	1,189,965	411	AAA
Arlington TX ISD	1,000,900	-	-	-	1,000,900	595	AAA
Federal Home Loan Bk N. Central WI Tech College Dist.	1,002,462	-	2,000,720	-	3,003,182	1,020	N/A
Midland TX ISD	-	1,578,662	-	-	1,578,662	428	Aa1
El Paso TX	-	-	505,760	505,760	-	230	AAA
	-	-	386,467	386,467	-	46	AA
<b>Total Investments</b>	<b>\$ 3,193,327</b>	<b>\$ 5,287,420</b>	<b>\$ 2,892,947</b>	<b>\$ 892,227</b>	<b>\$ 10,481,467</b>	<b>1,702</b>	

On February 18, 2010, the District entered into a Master Repurchase Agreement with Morgan Stanley and The Bank of New York Mellon. The parties agreed that the pricing rate used for the transactions shall be 4.00% per annum and the margin percentage shall be 102% with regard to eligible securities specified in the Repurchase Agreement. Maturity dates shall not exceed the date that the notes will be paid which is August 15, 2025. The above CMOs were secured by pledged securities with an estimated fair market value of \$3,763,153 as of June 30, 2014.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

**D. 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 federal grants shown below are passed through the TEA. Management has deemed that no allowance for doubtful accounts is necessary for fair presentation as there is usually no risk of uncollectibility. Amounts due from federal and state governments as of June 30, 2014, are summarized as follows:

Description	General Fund	Nonmajor Governmental Funds	Total
State Entitlement Grants	\$ 81,133,746	\$ -	\$ 81,133,746
SHARS	9,008,540	-	9,008,540
E-Rate	142,379	-	142,379
Title I, A Improving Basic Program	-	6,728,456	6,728,456
IDEA - Part B Formula	-	3,551,787	3,551,787
National Breakfast and Lunch Programs	-	829,998	829,998
Texas Title I Priority Schools	-	207,258	207,258
ESEA II, A Training and Recruiting	-	2,055,256	2,055,256
Texas Literacy Initiative	-	1,140,307	1,140,307
Promoting Student Achievement	-	154,519	154,519
SSA - Regional Day School - Deaf	-	347,986	347,986
Military Connected Schools	-	148,248	148,248
DOD Construction Grant	-	1,108,388	1,108,388
Title III A English Language Acquisition	-	284,516	284,516
Adult Basic Education	-	216,790	216,790
Summer Feeding	-	191,863	191,863
Career and Technical	-	204,633	204,633
State Textbook Fund	-	1,643,238	1,643,238
Other Federal Grants	-	248,127	248,127
Other State Grants	-	70,324	70,324
<b>Total</b>	<b>\$ 90,284,665</b>	<b>\$ 19,131,694</b>	<b>\$ 109,416,359</b>

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Balances and Transfers

The interfund 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 amounts:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
2008 Capital Project Fund	-	\$ 125,383
Nonmajor Governmental Funds	9,378,107	13,753,397
Internal Service Funds	6,994	330,656
Total General Fund	<u>9,385,101</u>	<u>14,209,436</u>
2008 Capital Project Fund:		
General Fund	<u>125,383</u>	<u>-</u>
Nonmajor Governmental Funds:		
General Fund	<u>13,753,397</u>	<u>9,378,107</u>
Internal Service Funds:		
General Fund	<u>330,656</u>	<u>6,994</u>
Total	<u><u>\$ 23,594,537</u></u>	<u><u>\$ 23,594,537</u></u>

Interfund transfers generally fall within two categories: (1) transfers to cover debt service payments to comply with debt covenants, and (2) transfers to cover operating expenditures/deficits in accordance with District policy or legal requirements.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

	Transfers In	Transfers Out
General Fund:		
Internal Service Fund - Educational		
Media Services	\$ -	\$ 60,095
Nonmajor Governmental Funds	-	684,059
Total General Fund	-	744,154
2008 Capital Projects:		
Nonmajor Governmental Funds	7,345,233	2,979,160
Nonmajor Governmental Funds:		
General Fund	684,059	-
2008 Capital Projects	2,979,160	7,345,233
Total Nonmajor Governmental Funds	3,663,219	7,345,233
Internal Service Fund -		
Educational Media Services:		
General Fund	60,095	-
Total	\$ 11,068,547	\$ 11,068,547

**F. Disaggregation of Other Receivables and Accrued Expenditures**

Other Receivables as of June 30, 2014 consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Miscellaneous Rebates	\$ 62,764	\$ -	\$ 62,764
City Tax office	340,364	63,736	404,100
Miscellaneous other receivables	172,258	1,631	173,889
Total	\$ 575,386	\$ 65,367	\$ 640,753

Other Receivables are reported at gross value. Management has determined that an allowance for doubtful accounts is not necessary for fair presentation.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

Accrued Expenditures as of June 30, 2014 consisted of the following:

	General Fund	2008 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Total Governmental Activities
Workers Compensation Claims	\$ -	\$ -	\$ -	\$ -	\$ 9,000,000	\$ 9,000,000
Professional and Contracted Services	1,550,457	-	92,023	1,642,480	6,547	1,649,027
Supplies and materials	2,301,730	-	2,343,147	4,644,877	830	4,645,707
Capital Outlay	1,446,742	1,793,228	910,573	4,150,543	-	4,150,543
Miscellaneous	317,484	-	134,106	451,590	-	451,590
<b>Total</b>	<b>\$ 5,616,413</b>	<b>\$ 1,793,228</b>	<b>\$ 3,479,849</b>	<b>\$ 10,889,490</b>	<b>\$ 9,007,377</b>	<b>\$ 19,896,867</b>

**G. Capital Asset Activity**

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

	Beginning Balance	Additions	Transfers/ Adjustments	Retirements	Ending Balance
Non-depreciable assets:					
Land	\$ 53,591,804	\$ -	\$ -	\$ -	\$ 53,591,804
Construction in progress	11,914,234	27,896,199	(13,394,230)	(497,493)	25,918,710
Software in progress	-	501,630	-	-	501,630
<b>Total non-depreciable assets</b>	<b>65,506,038</b>	<b>28,397,829</b>	<b>(13,394,230)</b>	<b>(497,493)</b>	<b>80,012,144</b>
Depreciable assets:					
Land Improvements	2,508,647	-	154,500	-	2,663,147
Buildings and improvements	708,510,532	582,151	13,239,729	(278,159)	722,054,253
Furniture and equipment	45,305,973	1,115,864	403,812	(145,042)	46,680,607
Vehicles	21,949,704	2,129,580	1,397,660	(11,325)	25,465,619
Capital leases	9,621,047	-	(1,801,472)	-	7,819,575
<b>Total depreciable assets</b>	<b>787,895,903</b>	<b>3,827,595</b>	<b>13,394,229</b>	<b>(434,526)</b>	<b>804,683,201</b>
Less accumulated depreciation for:					
Land improvements	(274,101)	(96,871)	-	-	(370,972)
Buildings and improvements	(264,837,319)	(12,280,014)	-	278,159	(276,839,174)
Furniture and equipment	(28,564,695)	(4,627,917)	(102,724)	121,963	(33,173,373)
Vehicles	(17,769,807)	(1,137,794)	(1,397,660)	11,325	(20,293,936)
Capital leases	(3,230,052)	(1,068,874)	1,500,384	-	(2,798,542)
<b>Total accumulated depreciation</b>	<b>(314,675,974)</b>	<b>(19,211,470)</b>	<b>-</b>	<b>411,447</b>	<b>(333,475,997)</b>
<b>Total net capital assets</b>	<b>\$ 538,725,967</b>	<b>\$ 13,013,954</b>	<b>\$ -</b>	<b>\$ (520,572)</b>	<b>\$ 551,219,348</b>

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 12,426,518
Instructional resources and media services	401,480
Curriculum development and instruction staff	251,710
Instructional leadership	139,380
School leadership	1,589,413
Guidance, counseling and evaluation services	455,388
Social work services	106,418
Health services	295,614
Student (pupil) transportation	494,003
Food services	600,839
Co-curricular/extracurricular activities	334,288
General administration	355,064
Plant maintenance and operations	1,364,822
Security and monitoring services	233,022
Data processing services	134,088
Community services	<u>6,696</u>
 Total depreciation expense without internal service funds	 \$ 19,188,743
 Depreciation on capital assets held by the District's internal service funds	  <u>\$ 22,727</u>
 Total depreciation expense	  <u><u>\$ 19,211,470</u></u>

**H. Deferred Outflows of Resources**

Deferred charge on Refunded Bonds for the year ended June 30, 2014 were as follows:

Description	Beginning Balance	Deferred Charge New Issues	Amortization Recognized	Ending Balance
Series 2011	\$ 1,520,782	\$ -	\$ 1,347,299	\$ 173,483
Series 2013	3,941,248	-	217,303	3,723,945
Series 2013A	<u>44,324</u>	-	<u>5,449</u>	<u>38,875</u>
 Total Deferred Charge	 <u>\$ 5,506,354</u>	 <u>\$ -</u>	 <u>\$ 1,570,051</u>	 <u>\$ 3,936,303</u>

(Continued)



**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

**I. Unearned Revenue**

Unearned revenue as of June 30, 2014 consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Foundation	\$ 13,562,408	\$ -	\$ 13,562,408
EDA and IFA	-	995,099	995,099
Advanced Placement Incentives	-	42,473	42,473
Army's Youth	-	204,560	204,560
Veteran's AFF	-	22,319	22,319
Other Special Revenue	-	38,015	38,015
<b>Total Unearned Revenue</b>	<b>\$ 13,562,408</b>	<b>\$ 1,302,466</b>	<b>\$ 14,864,874</b>

**J. 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><u>Governmental Activities:</u></b>					
<b>Debt Service Bonds Payable:</b>					
Unlimited Tax School Building and Refunding Bonds	\$ 136,455,741	\$ -	\$ 5,833,433	\$130,622,308	\$ 3,910,000
Unlimited Tax Refunding Bonds	134,797,900	-	10,095,000	124,702,900	9,855,000
Unlimited Tax School Building Bonds	135,160,000	-	1,550,000	133,610,000	6,270,000
Unlimited Tax Refunding Bonds Taxable	9,570,000	-	100,000	9,470,000	185,000
<b>Total Debt Service Bonds Payable</b>	<b>415,983,641</b>	<b>-</b>	<b>17,578,433</b>	<b>398,405,208</b>	<b>20,220,000</b>
<b>Accretion Payable</b>	<b>10,006,262</b>	<b>2,098,755</b>	<b>4,981,568</b>	<b>7,123,449</b>	<b>-</b>
<b>Unamortized Premiums on Bonds</b>	<b>23,893,493</b>	<b>-</b>	<b>2,120,631</b>	<b>21,772,862</b>	<b>1,740,725</b>

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Other Liabilities:</b>					
Capital leases	6,200,193	-	1,456,032	4,744,161	1,271,651
Loan Star Loans	4,238,706	-	635,342	3,603,364	654,618
Maintenance Tax Notes	5,170,000	-	5,170,000	-	-
QSC Maintenance Tax Notes	15,275,000	-	-	15,275,000	-
Limited Tax Refunding Bonds, Series 2014	-	4,390,000	-	4,390,000	810,000
Accumulated Unpaid Leave Benefits	10,427,074	3,135,853	2,338,314	11,224,613	1,900,000
Arbitrage Payable	9,916	-	2,165	7,751	-
<b>Totals other liabilities</b>	<b>41,320,889</b>	<b>7,525,853</b>	<b>9,601,853</b>	<b>39,244,889</b>	<b>4,636,269</b>
<b>Total Governmental Long-term liabilities</b>	<b>\$ 491,204,285</b>	<b>\$ 9,624,608</b>	<b>\$ 34,282,485</b>	<b>\$466,546,408</b>	<b>\$ 26,596,994</b>

A summary of changes in the Debt Service bonds payable for the year ended June 30, 2014 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Due within One year
Unlimited Tax School Building and Refunding Bonds:								
Series 2004A	3.00%- 5.25%	53,380,000	276,281	6,615,000	-	2,705,000	3,910,000	3,910,000
Unlimited Tax School Building Bonds:								
Series 2004B	Variable	44,730,000	43,403	32,730,000	-	-	32,730,000	-
Unlimited Tax School Building Bonds:								
Series 2005	3.125%- 5.000%	64,465,000	297,750	5,955,000	-	-	5,955,000	3,795,000
Unlimited Tax School Building Bonds:								
Series 2006	4.00%- 5.00%	24,345,000	24,813	605,000	-	-	605,000	115,000
Unlimited Tax School Building Bonds:								
Series 2007	4.00%- 5.00%	98,485,000	4,695,600	95,870,000	-	1,550,000	94,320,000	2,360,000
Unlimited Tax School Building and Refunding Bonds:								
Series 2008 Premium CABs	5.00%	16,033,014	4,981,568	4,015,741	-	3,128,433	887,308	-
Series 2008 Serial CIBs	5.00%	50,200,000	6,291,250	50,200,000	-	-	50,200,000	-
Series 2008 Term CIBs	5.00%	75,625,000	-	75,625,000	-	-	75,625,000	-

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balance	Issued	Refunded/Retired	Ending Balance	Due within One year
Unlimited Tax Refunding Bonds:	4.00%-							
Series 2008A	5.00%	56,535,000	1,718,219	35,745,000	-	5,390,000	30,355,000	5,530,000
Unlimited Tax Refunding Bonds:	2.25%-							
Series 2009	5.00%	20,720,000	103,375	4,235,000	-	4,235,000	-	-
Unlimited Tax Refunding Bonds:								
Series 2011 Premium CABs	4.00%-	692,900	-	692,900	-	-	692,900	-
Series 2011 CIBs	5.00%	38,675,000	1,817,750	38,050,000	-	-	38,050,000	880,000
Unlimited Tax Refunding Bonds:	3.00%-							
Series 2013	5.00%	56,075,000	2,338,600	56,075,000	-	470,000	55,605,000	3,445,000
Unlimited Tax Refunding Bonds:								
Taxable Series 2013A	4.00%	9,570,000	308,292	9,570,000	-	100,000	9,470,000	185,000
Total Debt Service Bonds Payable			\$ 22,896,901	415,983,641	-	17,578,433	398,405,208	20,220,000

Accretion payable for the year ended June 30, 2014 was as follows:

Description	Beginning Balance	Accrual of Accretion	Accretion Retired	Ending Balance	Due Within One Year
Series 2008 CABs	\$ 9,805,972	\$ 2,069,476	\$ 4,981,568	\$ 6,893,880	\$ -
Series 2011 CABs	200,290	29,279	-	229,569	-
Total Accretion Payable	\$ 10,006,262	\$ 2,098,755	\$ 4,981,568	\$ 7,123,449	\$ -

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

Unamortized Premiums on bonds for the year ended June 30, 2014 were as follows:

Description	Beginning Balance	Premiums on New Issues	Amortization Recognized	Ending Balance	Due Within One Year
Series 2004A	\$ 412,913	\$ -	\$ 381,150	\$ 31,763	\$ 31,763
Series 2004B	104,440	-	6,486	97,954	6,486
Series 2005	364,924	-	175,164	189,760	175,164
Series 2006	5,767	-	2,768	2,999	2,768
Series 2007	1,536,341	-	108,679	1,427,662	108,679
Series 2008	4,865,189	-	241,575	4,623,614	241,575
Series 2008A	1,573,560	-	256,767	1,316,793	256,767
Series 2009	30,520	-	30,520	-	-
Series 2011	4,274,871	-	264,866	4,010,005	264,866
Series 2013	9,821,077	-	541,496	9,279,581	541,496
Series 2013A	903,891	-	111,160	792,731	111,161
<b>Total Unamortized Premiums</b>	<b>\$ 23,893,493</b>	<b>\$ -</b>	<b>\$ 2,120,631</b>	<b>\$ 21,772,862</b>	<b>\$ 1,740,725</b>

Other Direct Obligations for the year ended June 30, 2014 were as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Amounts Due within One year
Capital Leases		9,666,434	\$ 114,585	\$ 6,200,193	\$ -	\$ 1,456,032	\$ 4,744,161	\$ 1,271,651
Loan Star loan	3%	6,057,933	135,094	4,238,706	-	635,342	3,603,364	654,618
Maintenance Tax Notes, Series 2008	3.55-4.3%	8,000,000	205,762	5,170,000	-	5,170,000	-	-
QSC Maintenance Tax Notes, Series 2009	1.55%	15,275,000	236,762	15,275,000	-	-	15,275,000	-
Limited Tax Refunding Bonds, Series 2014	1.5%	4,390,000	-	-	4,390,000	-	4,390,000	810,000
Accumulated Unpaid Leave Benefits			-	10,427,074	3,135,853	2,338,314	11,224,613	1,900,000
Arbitrage Payable			-	9,916	-	2,165	7,751	-
<b>Total Other Liabilities</b>			<b>\$ 692,203</b>	<b>41,320,889</b>	<b>7,525,853</b>	<b>9,601,853</b>	<b>39,244,889</b>	<b>4,636,269</b>

**K. Debt Service Bonds Payable**

The 2004B Bonds have a variable interest rate. The District has renewed the Standby Bond Purchase Agreement with JP Morgan Chase to provide liquidity support on the \$32,730,000 balance of the 2004B Bonds. The variable rate is locked in for a six month period and then re-marketed for the next six months. On January 24, 2013 the District made a \$2 million principal redemption on the Series 2004B Variable Rate Bonds. The District's rate was .12% as of June 30, 2014 and the average rate for fiscal year 2014 was .15%.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

On August 27, 2008, the District issued Unlimited Tax School Building and Refunding Bonds, Series 2008 in the amount of \$141,858,014. The bonds were issued in part as Premium Capital Appreciation Bonds, in part as Serial Current Interest Bonds, and in part as Term Current Interest Bonds. The bonds are payable February 15 and August 15 of each year commencing February 15, 2009 and ending on August 15, 2033. The 2008 issue had closing costs of \$1,330,406 and generated a premium of \$15,680,635, which resulted in a deposit to the Debt Service Fund of \$5,203,361. Proceeds from the sale of the 2008 bonds will be used to construct, equip, and renovate school buildings, and refunded Unlimited Tax Refunding Bonds, Series 1998 CAB, principal of \$12,163,225 and accreted interest of \$9,505,734. The \$130,000,000 deposited into the Capital Projects Fund was the final proceeds of the \$230,000,000 authorized in the 2007 bond election.

On November 25, 2008, the District issued Unlimited Tax Refunding Bonds, Series 2008A in the amount of \$56,535,000. The bonds are payable February 15 and August 15 of each year commencing February 15, 2009 and ending on February 15, 2019. The 2008A bonds were issued to refund the remaining \$57,240,000 of the Unlimited Tax Refunding Bonds, Series 1999. As a result of this refunding, the District realized net present value savings in the Debt Service Fund of \$2,359,258.

On July 7, 2009, the District issued Unlimited Tax Refunding Bonds, Series 2009 in the amount of \$20,720,000. The bonds are payable February 15 and August 15 of each year commencing August 15, 2009 and ending on August 15, 2013. The 2009 bonds were issued to refund the remaining \$21,085,000 of the Unlimited Tax Refunding Bonds, Series 2002A. As a result of this refunding, the District realized net present value savings in the Debt Service Fund of \$586,103.

On April 27, 2011 the District issued Unlimited Tax Refunding Bonds, Series 2011 in the amount of \$39,367,900. The bonds are payable February 15 and August 15 of each year commencing August 15, 2011 and ending on August 15, 2029. The 2011 bonds were issued to refund portions of the Unlimited Tax School Building and Refunding Bonds Series 2004, the Unlimited Tax School Building and Refunding Bonds Series 2004A, and the Unlimited Tax School Building Bonds Series 2005. As a result of the refunding, the District realized net present value savings in the Debt Service Fund of \$703,461.

On January 31, 2013 the District issued Unlimited Tax Refunding Bonds, Series 2013 in the amount of \$56,075,000. The bonds are payable February 15 and August 15 of each year commencing August 15, 2013 and ending on August 15, 2031. The 2013 bonds were issued to refund the remaining balance of the Unlimited Tax School Building and Refunding Bonds, Series 2004, and portions of both the Unlimited Tax School Building Bonds Series 2005, and the Unlimited Tax School Building Bonds Series 2006. The refunding of the 2004, 2005, and 2006 reduced future debt service costs by \$9,275,441 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$6,557,447. The liabilities associated with these bonds were removed from the related payables. As of June 30, 2014, \$55,875,000 of the refunded bonds remains outstanding with an estimated related escrow balance of \$59,532,566.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (Continued)

On January 30, 2013 the District issued Unlimited Tax Refunding Bonds, Taxable Series 2013A in the amount of \$9,570,000. The bonds are payable February 15 and August 15 of each year commencing August 15, 2013 and ending on August 15, 2022. The 2013A bonds were issued to refund portions of the Unlimited Tax School Building and Refunding Bonds, Series 2004A. The refunding of the 2004A reduced future debt service costs by \$1,028,783 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$927,318. The liability associated with this bond was removed from the related payables. As of June 30, 2014, \$9,620,000 of the refunded bond remains outstanding with an estimated related escrow balance of \$10,343,094.

The District had two capital appreciation bonds during the year ending June 30, 2014 that were issued at a deep discount. The discount is being accreted over the life of the bonds. For the year ended June 30, 2014, \$2,098,755 was accreted.

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.

Debt service requirements for bonds payable are as follows:

	<u>Bonds Payable</u>		
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 20,220,000	\$ 18,997,099	\$ 39,217,099
2016	15,054,544	18,567,319	33,621,863
2017	16,258,028	17,746,647	34,004,675
2018	16,918,318	17,338,851	34,257,169
2019	18,064,154	16,245,834	34,309,988
2020 - 2024	86,330,164	74,306,461	160,636,625
2025 - 2029	108,980,000	42,093,813	151,073,813
2030 - 2034	116,580,000	14,137,538	130,717,538
Total	<u>\$ 398,405,208</u>	<u>\$ 219,433,562</u>	<u>\$ 617,838,770</u>

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

L. Capital Leases

The District has entered into several lease agreements for the purchase of equipment and vehicles. The lease terms are generally from three to seven years with interest ranging from 0.96 to 3.89 percent.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,271,651	\$ 84,442	\$ 1,356,093
2016	1,079,004	60,337	1,139,341
2017	665,110	38,846	703,956
2018	676,101	27,855	703,956
2019	687,277	16,680	703,957
2020	365,018	5,316	370,334
Total	<u>\$ 4,744,161</u>	<u>\$ 233,476</u>	<u>\$ 4,977,637</u>

M. Loan Star Loan

The District obtained loans from the State Energy Conservation Office to upgrade equipment within the District in order to reduce energy costs. All Lone Star projects are complete and the repayment schedules to the State have been finalized.

The 3% loans are payable over nine years and will be paid through utility savings generated from the newly installed equipment.

Future payments for the Loan Star loan are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 654,618	\$ 115,819	\$ 770,437
2016	566,379	96,362	662,741
2017	473,836	81,210	555,046
2018	488,212	66,834	555,046
2019	503,024	52,022	555,046
2020 - 2021	917,295	54,038	971,333
Total	<u>\$ 3,603,364</u>	<u>\$ 466,285</u>	<u>\$ 4,069,649</u>

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

**N. Qualified School Construction Maintenance Tax Notes**

On October 21, 2009, the District issued Qualified School Construction Maintenance Tax Notes Series 2009 in the amount of \$15,275,000. In lieu of interest payments, the owners of the notes receive Federal Tax Credits under the American Recovery and Reinvestment Act of 2009. The District issued the notes with a supplemental interest rate of 1.55%. The supplemental interest is payable February 15 and August 15 of each year commencing February 15, 2010 and ending on August 15, 2025. The notes are scheduled to mature on August 15, 2025 at which time the entire amount is due. The District has established a Sinking Fund and has entered into a Repurchase Investment Agreement to pay the notes. Sinking Fund payments are payable on February 15 of each year commencing on February 15, 2010 and ending on February 15, 2025. Since the notes will not be paid until they mature on August 15, 2025, the sinking fund deposits are recorded in debt service fund 575 and restricted for that purpose. The balance in the sinking fund as of June 30, 2014 totaled \$3,708,758.

The Remaining Sinking Fund Deposits required for the QSC Maintenance Tax Notes are as follows:

Fiscal Year	Sinking Fund Deposits	Interest Payments	Annual Total
2015	\$ 684,059	\$ 236,763	\$ 920,822
2016	684,059	236,763	920,822
2017	684,059	236,763	920,822
2018	684,059	236,763	920,822
2019	684,059	236,763	920,822
2020	684,059	236,763	920,822
2021	684,059	236,763	920,822
2022	684,059	236,763	920,822
2023	684,059	236,763	920,822
2024	684,059	236,763	920,822
2025	684,059	236,763	920,822
2026	-	118,381	118,381
Total	7,524,649	<u>\$ 2,722,774</u>	<u>\$ 10,247,423</u>
Balance in sinking fund	3,708,758		
Estimated future interest earnings	<u>4,041,593</u>		
Withdrawal at maturity	<u>\$ 15,275,000</u>		

(Continued)



**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

**O. General Fund - Bonds Payable**

On February 21, 2014, the District issued Limited Tax Refunding Bonds, Series 2014 in the amount of \$4,390,000. Proceeds from the sale were used to pay off the balance of Maintenance Tax Notes, Series 2008. Interest on this General Fund bond obligation is 1.5%. The Bonds are payable February 15 and August 15 of each year commencing on August 15, 2014 and ending on August 15, 2018.

General Fund requirements for bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 810,000	\$ 58,677	\$ 868,677
2016	845,000	47,363	892,363
2017	875,000	34,463	909,463
2018	910,000	21,075	931,075
2019	950,000	7,125	957,125
Total	<u>\$ 4,390,000</u>	<u>\$ 168,703</u>	<u>\$ 4,558,703</u>

**P. Accumulated Unpaid Sick Leave Benefits**

Upon retirement or death of certain employees, the District pays any accrued sick leave in a lump sum cash payment to such employee or his/her estate. A summary of changes in the accumulated sick leave follows:

	<u>Sick Leave</u>
Balance June 30, 2013	\$ 10,427,074
Additions - New entrants and salary increments	3,135,853
Deductions - Payments to participants	<u>(2,338,314)</u>
Balance June 30, 2014	<u>\$ 11,224,613</u>

**Q. Rebatable Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. Arbitrage is evaluated and estimated on an annual basis by a third party arbitrage rebate service company. The company has estimated a liability of \$7,751 for the District. Management has recorded this estimated liability in the government wide financial statements.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (Continued)

R. Commitments Under Operating Leases

Commitments under operating (noncapitalized) lease agreements for facilities provide for minimum future rental payments as of June 30, 2014, as follows:

<u>Year Ending June 30,</u>	
2015	\$ 366,593
2016	366,593
2017	342,702
2018	79,892
2019	79,892
2020- 2024	343,839
2025 - 2029	140,301
2030 - 2034	<u>21,923</u>
Total Minimum Rentals	<u>\$ 1,741,735</u>
Rental Expenditures for the year ended June 30, 2014	<u>\$ 177,006</u>

S. Defined Benefit Pension Plan

**Plan Description:** El Paso 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 established and amended pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) state statute prohibits benefit improvements, if as a result of 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)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**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 2014, 2013, and 2012. 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' salaries that exceeded the statutory minimum.

**Contribution Rates and Contribution Amounts**

Period/ Year Ended	Member		State		District, Federal, and Statutory Minimum Amount
	Rate	Amount	Rate	Amount	Amount
2014	6.4%	\$ 24,039,703	6.800%	\$ 19,669,679	\$ 6,239,242
2013	6.4%	\$ 23,616,915	6.400%	\$ 18,054,254	\$ 5,557,113
2012	6.4%	\$ 23,659,234	6.000%	\$ 17,345,940	\$ 4,818,073

**T. Retiree Health Plan**

**Plan Description.** The El Paso 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 2014, 2013 and 2012.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**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%	\$ 2,434,917	1.0%	\$ 3,357,169	0.55%	\$ 2,094,586	1.0%	\$ 310,825
2013	0.65%	\$ 2,391,686	0.5%	\$ 1,651,543	0.55%	\$ 2,055,754	0.5%	\$ 256,099
2012	0.65%	\$ 2,396,995	1.0%	\$ 3,171,975	0.55%	\$ 2,082,455	1.0%	\$ 425,026

The contributions made by the State on behalf of the District have been recorded in the governmental funds 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 years ended June 30, 2014, 2013, and 2012, were \$1,000,880, \$992,619, and \$954,443, respectively. These amounts are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

**U. Health Care Coverage**

On January 1, 2011 the District joined the state sponsored health insurance plan, TRS ActiveCare. Employees have three PPO plan options to choose from, as administered by Blue Cross and Blue Shield of Texas. All three plans meet the guidelines of the Affordable Health Care Act.

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

The District self-insures its workers' compensation claims which are administered by a third party. Estimated incurred but not paid claims are accrued as liabilities of the Workers' Compensation Fund. The District maintains self insured retention per occurrence of \$2,000,000 and employers' liability insurance of \$1,000,000 to limit its claim liability.

The accrued liability for Workers' Compensation self-insurance of \$9,000,000 includes estimated incurred but not paid claims. This liability reported in the fund at June 30, 2014, is in accordance with the requirements of Governmental Accounting Standards Board. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, actual results may differ from the estimated liability.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

Changes in the balances of claim liabilities for June 30 are as follows:

	2014	2013
Unpaid claims, beginning of year	\$ 9,000,000	\$ 9,000,000
Incurred claims	3,567,262	2,808,880
Claim Payments	(3,567,262)	(2,808,880)
Unpaid claims, end of fiscal year	\$ 9,000,000	\$ 9,000,000

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

During the year ending June 30, 2014, revenues from local and intermediate sources consisted of the following:

	General Fund	2008 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds
Property taxes	\$ 162,933,720	\$ -	\$ 30,546,573	\$ 193,480,293	\$ -
Penalty and interest on taxes	1,446,545	-	267,642	1,714,187	-
Investment income	137,011	182,318	168,164	487,493	20,862
Food Service Activity	-	-	4,645,907	4,645,907	-
Tuition and fees	666,642	-	-	666,642	-
Extracurricular/Cocurricular activities	869,750	-	-	869,750	-
Athletics	507,911	-	-	507,911	-
Rent	231,409	-	-	231,409	-
Shared service arrangements	-	-	634,057	634,057	-
Army Youth grant	-	-	188,562	188,562	-
Transportation revenue	283,499	-	-	283,499	-
Refunds/Credits	426,985	-	-	426,985	-
Print Shop	-	-	-	-	999,513
Workers Compensation	-	-	-	-	3,199,712
Health Clinic	-	-	-	-	667,560
Educational Media Services	-	-	-	-	106,840
Other Local Revenue	588,042	27,781	8,415	624,238	-
Total	\$ 168,091,514	\$ 210,099	\$ 36,459,320	\$ 204,760,933	\$ 4,994,487

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

**X. Fund Balances**

As of June 30, 2014, fund balances were composed of the following:

	General Fund	2008 Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventories	\$ 1,493,992	\$ -	\$ -	\$ 1,493,992
Restricted:				
MAC	-	-	26,044	26,044
High School Allotment	2,040,637	-	-	2,040,637
Retirement of Long-term debt	-	-	30,647,242	30,647,242
QSC-MTN Sinking Fund and Bray				
Trust	-	-	3,825,173	3,825,173
Food Service Program	-	-	12,089,627	12,089,627
Capital projects	-	84,625,891	-	84,625,891
Assigned:				
Construction	3,488,628	-	-	3,488,628
Retirement of Loans or Notes				
Payable	12,737,523	-	-	12,737,523
Other Assigned	12,048,772	-	-	12,048,772
Capital Expenditures for				
equipment	17,001,829	-	-	17,001,829
Unassigned	52,891,143	-	-	52,891,143
Total fund balances	<u>\$ 101,702,524</u>	<u>\$ 84,625,891</u>	<u>\$ 46,588,086</u>	<u>\$ 232,916,501</u>

As discussed in Note Y, as of June 30, 2014, the District has \$11,892,522 of encumbrances of operating funds in major and nonmajor funds that rolled over into the next fiscal year.

**Y. Encumbrances**

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year end, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. Encumbrance accounting is employed as an extension of formal budgetary integration for the District's funds. At June 30, 2014, certain amounts which were previously restricted or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

	<u>Encumbrances included in:</u>		
	<u>Restricted fund Balance</u>	<u>Assigned Fund Balance</u>	<u>Total</u>
General Fund	\$ -	\$ 3,351,677	\$ 3,351,677
2008 Capital Projects Fund	6,191,514	-	6,191,514
Nonmajor governmental funds	2,349,331	-	2,349,331
<b>Total</b>	<b>\$ 8,540,845</b>	<b>\$ 3,351,677</b>	<b>\$ 11,892,522</b>

**Z. Litigation**

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. The District maintains insurance, and depending on the time frame of the case the deductible may be \$10,000, \$25,000, or \$50,000 per claim to cover the various lawsuits. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the accompanying basic financial statements and accordingly, no provision has been accrued. The District is part of an ongoing investigation in relation to accountability scores, which could have an impact on the District's future federal funding. However, the outcome of the investigation and any potential loss is unknown.

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

*Construction Commitments*

The District has active construction projects as of June 30, 2014 including renovations and site improvements. All accumulated resources for capital projects are restricted or assigned for construction commitments. As of June 30, 2014, the construction work in progress and estimated commitments with contractors on various projects are as follows:

	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Hart ES Reconstruction	\$ 10,300,529	\$ 988,221
Logan ES Reconstruction (OEA Grant)	10,048,180	6,471,053
Classroom Additions	1,143,594	5,118,890
Athletic Upgrades	670,336	2,020,926
E-17 Far Northeast ES	643,680	13,192,294
Austin HS Computer Lab & Gym A/C Upgrades	617,638	15,562
Chiller Replacements	440,075	1,369,992
ADA Accessibility Phases 2 & 3 (District-wide)	419,602	185,038
Storm Water Ponds - Fannin ES	335,811	11,860
Air Washer Replacement	239,751	487,990
Science Lab Upgrades	238,422	93,913
Miscellaneous Contracts (Under \$100,000)	220,472	75,079

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (Continued)

	Spent To Date	Remaining Commitment
Multi-Purpose Classrooms	163,395	10,850,049
Heating System Replacements	149,375	19,090
Transportation Upgrades	141,140	107,759
Mechanical and Electrical Upgrades	85,730	522,367
District-Wide Critical Roofing	60,980	922,000
	<u>\$ 25,918,710</u>	<u>\$ 42,452,083</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; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2014 may be impaired. The District is part of an ongoing investigation in relation to accountability scores, which could have an impact on the District's future federal funding. However, the outcome of the investigation and any potential loss is unknown. In the opinion of administration, there are no other significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Vacation and Non-Duty Leave Time

Vacation days are earned by certain employees based upon their contract year and how much of their contract year they have completed. Unused leave time rolls forward, however, any unused days are forfeited six months after the applicable contract year is completed. Upon separation, any remaining balance earned is paid to the employee at their current rate of pay.

Non-duty days are work days on the District calendar on which the employee may choose not to work. If the employee does not use these days, they are considered days in excess of their contract. Unused days roll forward, however, any unused days are forfeited six months after the applicable contract year is completed for exempt employees; non-exempt employees are paid. In some instances the employees may be eligible to receive payment for the unused days if separating from the District at the end of their contract.

It is District policy that leave time be used. Management has determined that any resulting obligation at the end of the fiscal year would be insignificant and immaterial to the financial statements. As such, no provision has been recorded in the accompanying financial statements.

(Continued)



EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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IV. DETAILED NOTES ON ALL FUNDS (Continued)

BB. Shared Service Arrangements

The District is the fiscal agent for a Shared Services Arrangement (“SSA”) which provides a Regional Day School Program for the deaf. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in Special Revenue Fund No. 435, Shared Services Arrangements - Deaf Education and Fund 446, RDSPD Tuition Funds.

Expenditures of the SSA are summarized below:

El Paso I.S.D.	\$	786,087
Socorro I.S.D.		152,879
Ysleta I.S.D.		382,904
San Elizario I.S.D.		27,097
Fabens I.S.D.		11,525
Canutillo I.S.D.		35,091
Clint I.S.D.		38,046
Total	\$	<u>1,433,629</u>

CC. 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 in insurance coverage from prior years and settlements have not exceeded insurance coverage.

DD. 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 ending June 30, 2014.

EE. EPISD Education Foundation

The EPISD Education Foundation (the Foundation) is a not-for-profit organization which was organized to provide scholarship funds to grantees of the El Paso Independent School District. The members of the Board of Directors of the Foundation are either appointed or elected. The Superintendent of El Paso Independent School District (EPISD) has the right to appoint one voting member of the Board of Directors, and the EPISD Board selects two members from the EPISD Board.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (Continued)

The remaining members make up a majority and are elected by the current Board of Directors of the Foundation. The Foundation's financial condition and results of operations are not included in the District's financial statements.

FF. Other Post Employment Benefits

The District pays the premiums for group life insurance for retired employees. The policies provide for a \$1,000 benefit. During the year ending June 30, 2014, the District paid a total of \$2,199 in premiums for retired employees which is approximately four cents per employee per month. Management does not anticipate that the estimated liability related to this obligation would be material to the government wide financial statements and as such an accrual has not been made.

GG. Top Ten Taxpayers

The following businesses represent the top ten taxpayers for the District:

Name	Taxable Value	% of Taxable Value
Western Refining Co. LP	\$ 474,076,595	3.00%
Simon Property Group LP	195,509,924	1.24%
El Paso Electric Co.	183,437,464	1.16%
Sierra Providence Physical Rehabilitation	126,195,891	0.80%
EI Dupont De Nemours & Co.	53,547,000	0.34%
Union Pacific Railroad Co.	48,200,658	0.31%
Texas Gas Service	47,156,568	0.30%
JRK Colinas Del Sol LLC	45,281,852	0.29%
AT&T	41,554,466	0.26%
Wal-Mart Stores Texas LLC	41,158,602	0.26%
	<u>\$ 1,256,119,020</u>	<u>7.96%</u>

HH. School District Governance

On August 13, 2012, a monitor was assigned to the El Paso Independent School District to report to the Texas Education Agency (TEA) on the actions of the District and its Board related to TEA's directives included in a letter from R. Todd Webster, Chief Deputy Commissioner of the TEA dated the same date.

The assignment of the monitor was the result of the District's former Superintendent pleading guilty on June 13, 2012 to charges that he defrauded the TEA and the U.S. Department of Education (USDE) by providing false, fictitious, and fraudulent data regarding the grade classification and demographic makeup of students, which artificially inflated the District's state and federal accountability scores.

(Continued)

EL PASO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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IV. DETAILED NOTES ON ALL FUNDS (Continued)

In December 2012, the Commissioner of Education announced his intention to replace the elected board with a state-appointed board of managers. After legal efforts by the Board of Trustees to prevent the assignment of a five member Board of Managers, the state-appointed board took office on May 7, 2013 for a two year term. The requirement for a monitor ceased when the Board of Managers took office.

II. 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 period adjustment that decreased the governmental net position by \$3,412,020.

JJ. 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

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EL PASO 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	\$ 168,077,050	\$ 168,077,050	\$ 168,091,514	\$ 14,464
5800	State Program Revenues	304,246,349	299,175,939	291,120,061	(8,055,878)
5900	Federal Program Revenues	10,600,000	10,600,000	13,555,402	2,955,402
5020	Total Revenues	482,923,399	477,852,989	472,766,977	(5,086,012)
<b>EXPENDITURES:</b>					
<b>Current:</b>					
0011	Instruction	282,340,908	283,249,203	283,139,594	109,609
0012	Instructional Resources and Media Services	9,291,144	9,463,441	8,948,016	515,425
0013	Curriculum and Instructional Staff Development	11,557,099	10,459,141	9,881,000	578,141
0021	Instructional Leadership	3,992,100	3,975,611	3,316,165	659,446
0023	School Leadership	36,421,097	36,314,535	35,205,328	1,109,207
0031	Guidance, Counseling and Evaluation Services	17,418,070	16,992,100	15,803,828	1,188,272
0032	Social Work Services	3,532,157	3,532,157	3,131,285	400,872
0033	Health Services	6,493,411	6,565,883	6,375,170	190,713
0034	Student (Pupil) Transportation	13,212,576	14,997,056	14,008,630	988,426
0036	Extracurricular Activities	11,601,693	11,818,703	11,093,187	725,516
0041	General Administration	11,262,223	11,786,391	10,052,278	1,734,113
0051	Facilities Maintenance and Operations	52,267,100	52,627,131	48,078,513	4,548,618
0052	Security and Monitoring Services	5,216,120	5,420,309	5,209,555	210,754
0053	Data Processing Services	5,899,818	5,671,501	5,419,059	252,442
0061	Community Services	257,945	259,945	198,456	61,489
<b>Debt Service:</b>					
0071	Principal on Long Term Debt	2,872,220	2,896,664	2,871,374	25,290
0072	Interest on Long Term Debt	688,221	666,923	692,203	(25,280)
0073	Bond Issuance Cost and Fees	2,000	25,979	25,230	749
<b>Capital Outlay:</b>					
0081	Facilities Acquisition and Construction	5,282,379	10,263,147	5,892,987	4,370,160
<b>Intergovernmental:</b>					
0099	Other Intergovernmental Charges	2,610,000	2,435,000	2,409,511	25,489
6030	Total Expenditures	482,218,281	489,420,820	471,751,369	17,669,451
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	705,118	(11,567,831)	1,015,608	12,583,439
<b>OTHER FINANCING SOURCES (USES):</b>					
7911	Capital Related Debt Issued (Regular Bonds)	-	4,390,000	4,390,000	-
8911	Transfers Out (Use)	(684,059)	(684,059)	(744,154)	(60,095)
8949	Other (Uses)	-	(4,390,000)	(4,390,000)	-
7080	Total Other Financing Sources (Uses)	(684,059)	(684,059)	(744,154)	(60,095)
1200	Net Change in Fund Balances	21,059	(12,251,890)	271,454	12,523,344
0100	Fund Balance - July 1 (Beginning)	101,431,070	101,431,070	101,431,070	-
3000	Fund Balance - June 30 (Ending)	\$ 101,452,129	\$ 89,179,180	\$ 101,702,524	\$ 12,523,344

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**SUPPLEMENTARY INFORMATION**



EL PASO 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	220 Adult Education Federal	223 TANF Family Assistance
<b>ASSETS</b>				
1110	\$ -	\$ -	\$ -	\$ -
1220	-	-	-	-
1230	-	-	-	-
1240	15,365	6,728,456	234,906	42,437
1250	-	-	-	-
1260	-	-	-	-
1290	-	-	-	-
1800	-	-	-	-
1910	-	-	-	-
1000	<u>\$ 15,365</u>	<u>\$ 6,728,456</u>	<u>\$ 234,906</u>	<u>\$ 42,437</u>
<b>LIABILITIES</b>				
2110	\$ 28	\$ 20,499	\$ 7,999	\$ 13,149
2160	-	2,368,903	79,847	-
2170	12,703	4,224,058	147,060	28,705
2180	-	-	-	-
2200	2,634	114,996	-	583
2300	-	-	-	-
2000	<u>15,365</u>	<u>6,728,456</u>	<u>234,906</u>	<u>42,437</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601	-	-	-	-
2600	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450	-	-	-	-
3480	-	-	-	-
3490	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 15,365</u>	<u>\$ 6,728,456</u>	<u>\$ 234,906</u>	<u>\$ 42,437</u>

224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding 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
\$ -	\$ -	\$ 4,896	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,551,787	3,131	829,998	191,863	204,633	2,055,256	284,516	46,094
-	-	-	-	-	-	-	-
-	-	10,971,218	1,866,059	-	-	-	-
-	-	1,631	-	-	-	-	-
-	-	62,020	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 3,551,787</u>	<u>\$ 3,131</u>	<u>\$ 11,869,763</u>	<u>\$ 2,057,922</u>	<u>\$ 204,633</u>	<u>\$ 2,055,256</u>	<u>\$ 284,516</u>	<u>\$ 46,094</u>
\$ 7,436	\$ -	\$ 847,906	\$ 71,861	\$ 7,634	\$ 7,623	\$ -	\$ -
1,466,789	-	661,890	91,528	27,990	831,217	104,327	11,081
2,036,369	3,131	-	-	169,009	1,103,232	180,189	8,969
-	-	-	-	-	-	-	-
41,193	-	102,853	-	-	113,184	-	-
-	-	-	-	-	-	-	-
<u>3,551,787</u>	<u>3,131</u>	<u>1,612,649</u>	<u>163,389</u>	<u>204,633</u>	<u>2,055,256</u>	<u>284,516</u>	<u>20,050</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	10,195,094	1,894,533	-	-	-	26,044
-	-	-	-	-	-	-	-
-	-	62,020	-	-	-	-	-
-	-	<u>10,257,114</u>	<u>1,894,533</u>	-	-	-	<u>26,044</u>
<u>\$ 3,551,787</u>	<u>\$ 3,131</u>	<u>\$ 11,869,763</u>	<u>\$ 2,057,922</u>	<u>\$ 204,633</u>	<u>\$ 2,055,256</u>	<u>\$ 284,516</u>	<u>\$ 46,094</u>

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

Data Control Codes	274 GEAR UP	286 Title I SIP Academy Grant ARRA	289 Other Federal Special Revenue Funds	309 SSA Adult Basic Education
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240 Receivables from Other Governments	-	207,258	1,516,858	-
1250 Accrued Interest	-	-	-	-
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	-	-	-
1800 Restricted Assets	-	-	-	-
1910 Long Term Investments	-	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ 207,258</u>	<u>\$ 1,516,858</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ -	\$ 5,657	\$ 112,466	\$ -
2160 Accrued Wages Payable	-	65,342	540,890	-
2170 Due to Other Funds	-	128,568	852,128	-
2180 Due to Other Governments	-	-	-	-
2200 Accrued Expenditures	-	7,691	11,374	-
2300 Unearned Revenues	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>207,258</u>	<u>1,516,858</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	-	-	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3480 Retirement of Long-Term Debt	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 207,258</u>	<u>\$ 1,516,858</u>	<u>\$ -</u>

315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	381 Adult Basic Education State	397 Advanced Placement Incentives	404 Student Success Initiative	409 High School Completion and Success
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
18,782	19,505	8,024	2,890	46,194	-	-	24,130
-	-	-	-	-	-	-	-
-	-	-	-	-	42,473	-	155
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 18,782</u>	<u>\$ 19,505</u>	<u>\$ 8,024</u>	<u>\$ 2,890</u>	<u>\$ 46,194</u>	<u>\$ 42,473</u>	<u>\$ -</u>	<u>\$ 24,285</u>
\$ -	\$ -	\$ 444	\$ -	\$ -	\$ -	\$ -	\$ -
8,146	7,376	-	-	24,725	-	-	19,761
10,636	10,599	7,580	2,890	21,207	-	-	-
-	-	-	-	-	-	-	-
-	1,530	-	-	262	-	-	-
-	-	-	-	-	42,473	-	4,524
<u>18,782</u>	<u>19,505</u>	<u>8,024</u>	<u>2,890</u>	<u>46,194</u>	<u>42,473</u>	<u>-</u>	<u>24,285</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 18,782</u>	<u>\$ 19,505</u>	<u>\$ 8,024</u>	<u>\$ 2,890</u>	<u>\$ 46,194</u>	<u>\$ 42,473</u>	<u>\$ -</u>	<u>\$ 24,285</u>

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

Data Control Codes	410 State Textbook Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	446 SSA Regional Day School Deaf	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	1,643,238	-	247,963	100,023
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	597,623	29,380	-	-
1290	Other Receivables	-	-	-	-
1800	Restricted Assets	-	-	-	-
1910	Long Term Investments	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 2,240,861</u>	<u>\$ 29,380</u>	<u>\$ 247,963</u>	<u>\$ 100,023</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ 3,703	\$ -
2160	Accrued Wages Payable	-	-	101,131	83,625
2170	Due to Other Funds	-	-	143,056	16,398
2180	Due to Other Governments	-	190	-	-
2200	Accrued Expenditures	2,240,861	2,133	73	-
2300	Unearned Revenues	-	27,057	-	-
2000	<b>Total Liabilities</b>	<u>2,240,861</u>	<u>29,380</u>	<u>247,963</u>	<u>100,023</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<u>\$ 2,240,861</u>	<u>\$ 29,380</u>	<u>\$ 247,963</u>	<u>\$ 100,023</u>

497 State Farm Youth Grant	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	575 QSC-MTN Sinking Fund	599 Debt Service Fund	Total Nonmajor Debt Service Funds	620 DOD Construction Grant	680 2003 Capital Projects
\$ -	\$ -	\$ 4,896	\$ -	\$ 29,866,161	\$ 29,866,161	\$ -	\$ -
-	-	-	-	1,997,557	1,997,557	-	-
-	-	-	-	(1,041,000)	(1,041,000)	-	-
-	-	18,023,307	-	-	-	1,108,387	-
-	-	-	54,395	1,302	55,697	-	-
-	246,489	13,753,397	-	-	-	-	-
-	-	1,631	-	63,736	63,736	-	-
-	-	62,020	-	-	-	-	-
-	-	-	3,708,758	1,578,662	5,287,420	-	-
<u>\$ -</u>	<u>\$ 246,489</u>	<u>\$ 31,845,251</u>	<u>\$ 3,763,153</u>	<u>\$ 32,466,418</u>	<u>\$ 36,229,571</u>	<u>\$ 1,108,387</u>	<u>\$ -</u>
\$ -	\$ -	\$ 1,106,405	\$ -	\$ -	\$ -	\$ -	\$ -
-	9,450	6,504,018	-	-	-	-	-
-	-	9,106,487	-	-	-	271,620	-
-	11	201	-	-	-	-	-
-	3,715	2,643,082	-	-	-	836,767	-
-	233,313	307,367	-	995,099	995,099	-	-
-	246,489	19,667,560	-	995,099	995,099	1,108,387	-
-	-	-	-	824,077	824,077	-	-
-	-	-	-	824,077	824,077	-	-
-	-	12,115,671	-	-	-	-	-
-	-	-	-	30,647,242	30,647,242	-	-
-	-	62,020	3,763,153	-	3,763,153	-	-
-	-	12,177,691	3,763,153	30,647,242	34,410,395	-	-
<u>\$ -</u>	<u>\$ 246,489</u>	<u>\$ 31,845,251</u>	<u>\$ 3,763,153</u>	<u>\$ 32,466,418</u>	<u>\$ 36,229,571</u>	<u>\$ 1,108,387</u>	<u>\$ -</u>

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

Data Control Codes	687 2007 Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>		
1110 Cash and Cash Equivalents	\$ -	\$ 29,871,057
1220 Property Taxes - Delinquent	-	1,997,557
1230 Allowance for Uncollectible Taxes (Credit)	-	(1,041,000)
1240 Receivables from Other Governments	-	19,131,694
1250 Accrued Interest	-	55,697
1260 Due from Other Funds	-	13,753,397
1290 Other Receivables	-	65,367
1800 Restricted Assets	-	62,020
1910 Long Term Investments	-	5,287,420
1000 Total Assets	<u>\$ -</u>	<u>\$ 69,183,209</u>
<b>LIABILITIES</b>		
2110 Accounts Payable	\$ -	\$ 1,106,405
2160 Accrued Wages Payable	-	6,504,018
2170 Due to Other Funds	-	9,378,107
2180 Due to Other Governments	-	201
2200 Accrued Expenditures	-	3,479,849
2300 Unearned Revenues	-	1,302,466
2000 Total Liabilities	<u>-</u>	<u>21,771,046</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2601 Unavailable Revenue - Property Taxes	-	824,077
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>824,077</u>
<b>FUND BALANCES</b>		
Restricted Fund Balance:		
3450 Federal or State Funds Grant Restriction	-	12,115,671
3480 Retirement of Long-Term Debt	-	30,647,242
3490 Other Restricted Fund Balance	-	3,825,173
3000 Total Fund Balances	<u>-</u>	<u>46,588,086</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 69,183,209</u>

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EL PASO 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	220 Adult Education Federal	223 TANF Family Assistance	
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	148,202	27,506,120	1,057,933	160,290
5020	Total Revenues	<u>148,202</u>	<u>27,506,120</u>	<u>1,057,933</u>	<u>160,290</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	41,308	20,072,197	678,633	158,525
0012	Instructional Resources and Media Services	-	720,600	-	-
0013	Curriculum and Instructional Staff Development	-	2,373,254	128,845	673
0021	Instructional Leadership	26,252	639,363	129,590	-
0023	School Leadership	-	181,290	-	-
0031	Guidance, Counseling and Evaluation Services	4,470	617,613	56,753	-
0032	Social Work Services	76,172	966,998	64,112	-
0033	Health Services	-	278,468	-	-
0034	Student (Pupil) Transportation	-	199,207	-	-
0035	Food Services	-	-	-	-
0051	Facilities Maintenance and Operations	-	234,542	-	1,092
0052	Security and Monitoring Services	-	41,232	-	-
0061	Community Services	-	1,181,356	-	-
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	-
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>148,202</u>	<u>27,506,120</u>	<u>1,057,933</u>	<u>160,290</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding 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
\$ -	\$ -	\$ 4,641,860	\$ 8,735	\$ -	\$ -	\$ -	\$ -
-	-	188,556	-	-	-	-	-
11,185,638	52,399	24,858,938	339,605	868,666	6,430,172	1,184,672	157,491
11,185,638	52,399	29,689,354	348,340	868,666	6,430,172	1,184,672	157,491
4,723,440	39,868	-	-	718,286	4,655,680	329,622	-
65,210	-	-	-	-	-	-	-
607,994	12,490	-	-	41,830	1,663,782	848,205	-
97,200	-	-	-	18,790	75,168	-	-
427,776	-	-	-	-	35,074	-	-
5,249,535	-	-	-	89,760	247	138	-
-	-	-	-	-	-	-	-
7,817	-	-	-	-	-	-	131,447
-	-	-	-	-	-	-	-
-	-	29,853,198	275,878	-	-	-	-
-	-	1,031,446	-	-	221	-	-
-	-	-	-	-	-	-	-
6,666	41	-	-	-	-	6,707	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,185,638	52,399	30,884,644	275,878	868,666	6,430,172	1,184,672	131,447
-	-	(1,195,290)	72,462	-	-	-	26,044
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(1,195,290)	72,462	-	-	-	26,044
-	-	11,452,404	1,822,071	-	-	-	-
\$ -	\$ -	\$ 10,257,114	\$ 1,894,533	\$ -	\$ -	\$ -	\$ 26,044

EL PASO 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	274 GEAR UP	286 Title I SIP Academy Grant ARRA	289 Other Federal Special Revenue Funds	309 SSA Adult Basic Education
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	36,038	918,184	8,614,741	86,011
5020 Total Revenues	<u>36,038</u>	<u>918,184</u>	<u>8,614,741</u>	<u>86,011</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	-	606,085	5,513,649	22,472
0012 Instructional Resources and Media Services	-	24,361	69	-
0013 Curriculum and Instructional Staff Development	190	126,608	3,079,365	24,761
0021 Instructional Leadership	35,848	46,985	-	25,125
0023 School Leadership	-	42,014	1,184	-
0031 Guidance, Counseling and Evaluation Services	-	31,822	-	12,932
0032 Social Work Services	-	21,168	20,474	721
0033 Health Services	-	6,297	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	2,429	-	-
0051 Facilities Maintenance and Operations	-	4,947	-	-
0052 Security and Monitoring Services	-	5,468	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>36,038</u>	<u>918,184</u>	<u>8,614,741</u>	<u>86,011</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



EL PASO 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	410 State Textbook Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	446 SSA Regional Day School Deaf	
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 634,057
5800	State Program Revenues	3,622,738	22,913	799,572	-
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>3,622,738</u>	<u>22,913</u>	<u>799,572</u>	<u>634,057</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	4,107,269	22,608	711,069	455,651
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	3,845	-
0021	Instructional Leadership	-	-	2,154	97,764
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	305	82,504	80,642
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	-	-	-	-
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	-
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>4,107,269</u>	<u>22,913</u>	<u>799,572</u>	<u>634,057</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(484,531)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	(484,531)	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>484,531</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

497 State Farm Youth Grant	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	575 QSC-MTN Sinking Fund	599 Debt Service Fund	Total Nonmajor Debt Service Funds	620 DOD Construction Grant	680 2003 Capital Projects
\$ 86	\$ 196,951	\$ 5,481,689	\$ 129,849	\$ 30,846,622	\$ 30,976,471	\$ -	\$ 286
-	-	4,931,017	-	7,658,293	7,658,293	-	-
-	-	83,769,495	-	-	-	5,444,817	-
<u>86</u>	<u>196,951</u>	<u>94,182,201</u>	<u>129,849</u>	<u>38,504,915</u>	<u>38,634,764</u>	<u>5,444,817</u>	<u>286</u>
86	193,126	43,478,119	-	-	-	-	-
-	-	810,240	-	-	-	-	-
-	3,825	8,947,624	-	-	-	-	-
-	-	1,194,239	-	-	-	-	-
-	-	687,338	-	-	-	-	-
-	-	6,226,721	-	-	-	-	-
-	-	1,149,645	-	-	-	-	-
-	-	425,160	-	-	-	-	-
-	-	199,207	-	-	-	-	-
-	-	30,131,505	-	-	-	-	-
-	-	1,272,248	-	-	-	-	-
-	-	46,700	-	-	-	-	-
-	-	1,194,770	-	-	-	-	-
-	-	-	-	17,578,432	17,578,432	-	-
-	-	-	-	22,896,901	22,896,901	-	-
-	-	-	-	215,722	215,722	-	-
-	-	-	-	-	-	8,423,977	379,069
<u>86</u>	<u>196,951</u>	<u>95,763,516</u>	<u>-</u>	<u>40,691,055</u>	<u>40,691,055</u>	<u>8,423,977</u>	<u>379,069</u>
-	-	(1,581,315)	129,849	(2,186,140)	(2,056,291)	(2,979,160)	(378,783)
-	-	-	684,059	-	684,059	2,979,160	-
-	-	-	-	-	-	-	(257,440)
-	-	-	684,059	-	684,059	2,979,160	(257,440)
-	-	(1,581,315)	813,908	(2,186,140)	(1,372,232)	-	(636,223)
-	-	13,759,006	2,949,245	32,833,382	35,782,627	-	636,223
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,177,691</u>	<u>\$ 3,763,153</u>	<u>\$ 30,647,242</u>	<u>\$ 34,410,395</u>	<u>\$ -</u>	<u>\$ -</u>

EL PASO 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	687 2007 Capital Projects	Total Nonmajor Governmental Funds
<b>REVENUES:</b>		
5700 Total Local and Intermediate Sources	\$ 874	\$ 36,459,320
5800 State Program Revenues	-	12,589,310
5900 Federal Program Revenues	-	89,214,312
5020 Total Revenues	<u>874</u>	<u>138,262,942</u>
<b>EXPENDITURES:</b>		
Current:		
0011 Instruction	-	43,478,119
0012 Instructional Resources and Media Services	-	810,240
0013 Curriculum and Instructional Staff Development	-	8,947,624
0021 Instructional Leadership	-	1,194,239
0023 School Leadership	-	687,338
0031 Guidance, Counseling and Evaluation Services	-	6,226,721
0032 Social Work Services	-	1,149,645
0033 Health Services	-	425,160
0034 Student (Pupil) Transportation	-	199,207
0035 Food Services	-	30,131,505
0051 Facilities Maintenance and Operations	-	1,272,248
0052 Security and Monitoring Services	-	46,700
0061 Community Services	-	1,194,770
Debt Service:		
0071 Principal on Long Term Debt	-	17,578,432
0072 Interest on Long Term Debt	-	22,896,901
0073 Bond Issuance Cost and Fees	-	215,722
Capital Outlay:		
0081 Facilities Acquisition and Construction	314	8,803,360
6030 Total Expenditures	<u>314</u>	<u>145,257,931</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>560</u>	<u>(6,994,989)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
7915 Transfers In	-	3,663,219
8911 Transfers Out (Use)	<u>(7,087,793)</u>	<u>(7,345,233)</u>
7080 Total Other Financing Sources (Uses)	<u>(7,087,793)</u>	<u>(3,682,014)</u>
1200 Net Change in Fund Balance	(7,087,233)	(10,677,003)
0100 Fund Balance - July 1 (Beginning)	<u>7,087,233</u>	<u>57,265,089</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ 46,588,086</u>

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

	752 Print Shop	753 Workers Compensation Insurance	771 Educational Media Services	772 Health Care Clinic Program	Total Internal Service Funds
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ -	\$ 13,914,145	\$ -	\$ 531,607	\$ 14,445,752
Accrued Interest	-	10,542	-	-	10,542
Due from Other Funds	185,215	144,611	830	-	330,656
Total Current Assets	<u>185,215</u>	<u>14,069,298</u>	<u>830</u>	<u>531,607</u>	<u>14,786,950</u>
Noncurrent Assets:					
Capital Assets:					
Furniture and Equipment	375,480	-	-	-	375,480
Depreciation on Furniture and Equipment	(283,012)	-	-	-	(283,012)
Long Term Investments	-	2,892,947	-	-	2,892,947
Total Noncurrent Assets	<u>92,468</u>	<u>2,892,947</u>	<u>-</u>	<u>-</u>	<u>2,985,415</u>
Total Assets	<u>277,683</u>	<u>16,962,245</u>	<u>830</u>	<u>531,607</u>	<u>17,772,365</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	4,274	799	-	60,111	65,184
Accrued Wages Payable	20	-	-	1,620	1,640
Due to Other Funds	-	-	-	6,994	6,994
Accrued Expenses	6,261	9,000,286	830	-	9,007,377
Total Liabilities	<u>10,555</u>	<u>9,001,085</u>	<u>830</u>	<u>68,725</u>	<u>9,081,195</u>
<b>NET POSITION</b>					
Unrestricted Net Position	\$ 267,128	\$ 7,961,160	\$ -	\$ 462,882	\$ 8,691,170
Total Net Position	<u>\$ 267,128</u>	<u>\$ 7,961,160</u>	<u>\$ -</u>	<u>\$ 462,882</u>	<u>\$ 8,691,170</u>

EL PASO 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	753	771	772	Total
	Print Shop	Workers Compensation Insurance	Educational Media Services	Health Care Clinic Program	Internal Service Funds
<b>OPERATING REVENUES:</b>					
Local and Intermediate Sources	\$ 999,513	\$ 3,199,712	\$ 106,840	\$ 667,560	\$ 4,973,625
Total Operating Revenues	<u>999,513</u>	<u>3,199,712</u>	<u>106,840</u>	<u>667,560</u>	<u>4,973,625</u>
<b>OPERATING EXPENSES:</b>					
Payroll Costs	771,672	3,763,792	97,723	205,171	4,838,358
Professional and Contracted Services	203,200	186,464	1,138	399,708	790,510
Supplies and Materials	162,216	7,426	22,501	11,294	203,437
Other Operating Costs	1,400	49,134	-	9,964	60,498
Depreciation Expense	22,727	-	-	-	22,727
Total Operating Expenses	<u>1,161,215</u>	<u>4,006,816</u>	<u>121,362</u>	<u>626,137</u>	<u>5,915,530</u>
Operating Income (Loss)	<u>(161,702)</u>	<u>(807,104)</u>	<u>(14,522)</u>	<u>41,423</u>	<u>(941,905)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Earnings from Deposits & Investments	-	20,554	-	308	20,862
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>20,554</u>	<u>-</u>	<u>308</u>	<u>20,862</u>
Income (Loss) Before Transfers	(161,702)	(786,550)	(14,522)	41,731	(921,043)
Transfer In	-	-	60,095	-	60,095
Change in Net Position	<u>(161,702)</u>	<u>(786,550)</u>	<u>45,573</u>	<u>41,731</u>	<u>(860,948)</u>
Total Net Position - July 1 (Beginning)	<u>428,830</u>	<u>8,747,710</u>	<u>(45,573)</u>	<u>421,151</u>	<u>9,552,118</u>
Total Net Position - June 30 (Ending)	<u>\$ 267,128</u>	<u>\$ 7,961,160</u>	<u>\$ -</u>	<u>\$ 462,882</u>	<u>\$ 8,691,170</u>

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

	752	753	771	772	Total
	Print Shop	Workers Compensation Insurance	Educational Media Services	Health Care Clinic Program	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>					
Cash Received from User Charges	\$ 45,155	\$ -	\$ -	\$ -	\$ 45,155
Cash Received from Assessments - Other Funds	1,097,058	3,055,101	106,010	692,260	4,950,429
Cash Payments to Employees for Services	(771,652)	(354,596)	(142,285)	(203,550)	(1,472,083)
Cash Payments for Insurance Claims	-	(3,409,196)	-	-	(3,409,196)
Cash Payments for Suppliers	(369,162)	(407,635)	(23,820)	(346,098)	(1,146,715)
Cash Payments for Other Operating Expenses	(1,399)	(49,134)	-	(9,964)	(60,497)
Net Cash Provided by (Used for) Operating Activities	-	(1,165,460)	(60,095)	132,648	(1,092,907)
<u>Cash Flows from Non-Capital Financing Activities:</u>					
Operating Transfer In	-	-	60,095	-	60,095
<u>Cash Flows from Investing Activities:</u>					
Purchase of Investment Securities	-	(5,773,658)	-	-	(5,773,658)
Proceeds from Sale & Maturities of Securities	-	3,790,418	-	-	3,790,418
Interest and Dividends on Investments	-	12,154	-	308	12,462
Net Cash Provided by (Used for) Investing Activities	-	(1,971,086)	-	308	(1,970,778)
Net Increase (Decrease) in Cash and Cash Equivalents	-	(3,136,546)	-	132,956	(3,003,590)
Cash and Cash Equivalents at Beginning of Year	-	17,050,691	-	398,651	17,449,342
Cash and Cash Equivalents at End of Year	\$ -	\$ 13,914,145	\$ -	\$ 531,607	\$ 14,445,752
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>					
Operating Income (Loss):	\$ (161,702)	\$ (807,104)	\$ (14,522)	\$ 41,423	\$ (941,905)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:					
Depreciation	22,727	-	-	-	22,727
Effect of Increases and Decreases in Current Assets and Liabilities:					
Decrease (increase) in Due from Other Funds	142,701	(144,611)	(830)	24,700	21,960
Increase (decrease) in Accounts Payable	318	(124,027)	-	58,953	(64,756)
Increase (decrease) in Accrued Wages Payable	20	-	-	1,620	1,640
Increase (decrease) in Accrued Expenses	(4,064)	(4)	(181)	(1,042)	(5,291)
Increase (decrease) in Due to Other Funds	-	(89,714)	(44,562)	6,994	(127,282)
Net Cash Provided by (Used for) Operating Activities	\$ -	\$ (1,165,460)	\$ (60,095)	\$ 132,648	\$ (1,092,907)

EL PASO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	BALANCE JULY 1 2013	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2014
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 2,325,745	\$ 300,779	\$ 353,537	\$ 2,272,987
Liabilities:				
Due to Student Groups	\$ 2,325,745	\$ 300,779	\$ 353,537	\$ 2,272,987
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 2,325,745	\$ 300,779	\$ 353,537	\$ 2,272,987
Liabilities:				
Due to Student Groups	\$ 2,325,745	\$ 300,779	\$ 353,537	\$ 2,272,987

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**OTHER INFORMATION - REQUIRED TEA SCHEDULES  
(UNAUDITED)**

EL PASO 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	1.500000	0.173500	10,172,454,691
2007	1.370000	0.153500	11,824,525,920
2008	1.040000	0.163500	13,367,590,860
2009	1.040000	0.195000	14,224,345,530
2010	1.040000	0.195000	14,270,165,506
2011	1.040000	0.195000	14,540,539,823
2012	1.040000	0.195000	15,002,911,955
2013	1.040000	0.195000	15,392,960,892
2014 (School year under audit)	1.040000	0.195000	15,708,746,343
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
\$ 3,048,690	\$ -	\$ 28,784	\$ 3,612	\$ (1,073,581)	\$ 1,942,713
484,317	-	12,548	1,451	(56)	470,262
500,800	-	17,866	2,002	(51)	480,881
509,320	-	25,810	4,058	(669)	478,783
743,242	-	71,366	13,381	5,033	663,528
995,500	-	168,545	31,602	2,904	798,257
1,582,261	-	277,417	52,016	(171,499)	1,081,329
2,124,596	-	257,973	48,370	(500,002)	1,318,251
5,089,652	-	2,084,048	390,759	(796,301)	1,818,544
-	194,003,017	159,486,174	29,903,661	-	4,613,182
<u>\$ 15,078,378</u>	<u>\$ 194,003,017</u>	<u>\$ 162,430,531</u>	<u>\$ 30,450,912</u>	<u>\$ (2,534,222)</u>	<u>\$ 13,665,730</u>



EL PASO 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	\$ 6,410,000	\$ 6,410,000	\$ 4,641,860	\$ (1,768,140)
5800 State Program Revenues	250,000	250,000	188,556	(61,444)
5900 Federal Program Revenues	28,150,000	28,150,000	24,858,938	(3,291,062)
5020 Total Revenues	34,810,000	34,810,000	29,689,354	(5,120,646)
<b>EXPENDITURES:</b>				
0035 Food Services	34,864,915	40,835,663	29,853,198	10,982,465
0051 Facilities Maintenance and Operations	1,190,000	1,190,000	1,031,446	158,554
6030 Total Expenditures	36,054,915	42,025,663	30,884,644	11,141,019
1200 Net Change in Fund Balances	(1,244,915)	(7,215,663)	(1,195,290)	6,020,373
0100 Fund Balance - July 1 (Beginning)	11,452,404	11,452,404	11,452,404	-
3000 Fund Balance - June 30 (Ending)	\$ 10,207,489	\$ 4,236,741	\$ 10,257,114	\$ 6,020,373

EL PASO 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	\$ 31,116,509	\$ 31,116,509	\$ 30,976,471	\$ (140,038)
5800	State Program Revenues	9,767,729	9,767,729	7,658,293	(2,109,436)
5020	Total Revenues	40,884,238	40,884,238	38,634,764	(2,249,474)
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long Term Debt	17,578,433	17,578,433	17,578,432	1
0072	Interest on Long Term Debt	24,708,647	24,708,647	22,896,901	1,811,746
0073	Bond Issuance Cost and Fees	300,000	300,000	215,722	84,278
6030	Total Expenditures	42,587,080	42,587,080	40,691,055	1,896,025
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,702,842)	(1,702,842)	(2,056,291)	(353,449)
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	684,059	684,059	684,059	-
1200	Net Change in Fund Balances	(1,018,783)	(1,018,783)	(1,372,232)	(353,449)
0100	Fund Balance - July 1 (Beginning)	35,782,627	35,782,627	35,782,627	-
3000	Fund Balance - June 30 (Ending)	\$ 34,763,844	\$ 34,763,844	\$ 34,410,395	\$ (353,449)

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**FEDERAL AWARDS 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 Managers  
El Paso 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 El Paso Independent School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise El Paso Independent School District's basic financial statements, and have issued our report thereon dated November 11, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered El Paso 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 El Paso Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of El Paso Independent School District's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether El Paso Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test 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 11, 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 Managers  
El Paso Independent School District

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

We have audited El Paso 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 El Paso Independent School District's major federal programs for the year ended June 30, 2014. El Paso 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 Responsibilities**

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

**Opinion on Each Major Federal Program**

In our opinion, El Paso 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 El Paso 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 El Paso 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 El Paso 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 11, 2014

**EL PASO 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>	No
	<b>Significant deficiencies identified that are not considered to be material weaknesses?</b>	None reported
	<b>Noncompliance material to the financial statements:</b>	No material noncompliance was noted.
<b><u>Federal Awards</u></b>		
	<b>Internal control over major programs:</b>	
	<b>Material weaknesses identified?</b>	No
	<b>Significant deficiencies 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><u>Impact Aid</u></b> - CFDA 84.041  <b><u>IDEA B Cluster</u></b> - CFDA 84.027A - IDEA - Part B Formula; CFDA 84.173A - IDEA Part B Preschool  <b><u>Fort Bliss School - Logan</u></b> <b><u>Reconstruction</u></b> - CFDA 12.600

(Continued)

**EL PASO 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>Major Federal Programs: (Continued)</b>	<b><u>Promoting Student Achievement/ Military Connected Schools</u> - CFDA 12.556</b>
		<b><u>Texas Literacy Initiative</u> - CFDA 84.371C</b>
	<b>Dollar threshold used to distinguish between type A and type B programs:</b>	\$2,856,630
	<b>Auditee qualified as low-risk auditee?</b>	Yes

(Continued)

**EL PASO 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><u>FINANCIAL STATEMENT FINDINGS</u></b>
		There are no current year findings.
		<b><u>FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</u></b>
		There are no current year findings.

**EL PASO 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**

There were no prior year findings.

**FEDERAL AWARD FINDINGS & QUESTIONED COSTS**

There were no prior year findings.

EL PASO 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>			
JROTC	12.357	NA	\$ 590,570
Promoting Student Achievement	12.030	HE12600910004	18,362
Promoting Student Achievement - Expansion	12.556	HE12541010007	265,319
Promoting Student Achievement-Expansion & Supp Enh	12.556	HE12541110038	414,852
Military Connected Schools	12.556	HE12541310040	148,248
Total CFDA Number 12.556			828,419
Fort Bliss School - Logan Reconstruction Program	12.600	HQ00051210013	5,444,818
Total Direct Programs			\$ 6,882,169
<b>TOTAL DEPARTMENT OF DEFENSE</b>			<b>\$ 6,882,169</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
Impact Aid	84.041	SO41B20114905	\$ 4,514,022
GEAR UP Grant	84.334A	P334A060227	37,094
Carol M. White - Physical Education Grant	84.215F	Q215F100016	47,197
Total Direct Programs			\$ 4,598,313
<u>Passed Through Texas Workforce Commission</u>			
English Literacy and Civics Education Grant	84.002A	1014ELC006	\$ 90,055
Adult Education (ABE) - Federal	84.002A	1014ABE002	980,258
Total CFDA Number 84.002A			1,070,313
Total Passed Through Texas Workforce Commission			\$ 1,070,313
<u>Passed Through Region 10</u>			
Texas Support for Homeless Education Program	84.196A	13-047	\$ 31,902
Texas Support for Homeless Education Program	84.196A	14-027	118,631
Total CFDA Number 84.196A			150,533
Total Passed Through Region 10			\$ 150,533
<u>Passed Through State Department of Education</u>			
Adult Education (ABE) - Federal	84.002A	134100087110503	\$ 3,099
SSA - Adult Education (ABE) - Federal	84.002A	134100017110472	89,080
Total CFDA Number 84.002A			92,179
ESEA, Title I, Part A - Improving Basic Programs	84.010A	13610101071902	2,935,344
ESEA, Title I, Part A - Improving Basic Programs	84.010A	14610101071902	24,772,174
ESEA, Title I, School Improvement	84.010A	13610104071902008	603
ESEA, Title I, Part D, Subpart 2-Delinquent Prog	84.010A	13610103071902	26,724
ESEA, Title I, Part D, Subpart 2-Delinquent Prog	84.010A	14610103071902	176,614
ESEA, Title 1, Priority and Focus School	84.010A	14610112071902008	856
ESEA, Title 1, Priority and Focus School	84.010A	14610112071902041	2,771
ESEA, Title 1, Priority and Focus School	84.010A	14610112071902046	3,410
ESEA, Title 1, Priority and Focus School	84.010A	14610112071902049	1,615
ESEA, Title 1, Priority and Focus School	84.010A	14610112071902054	528
ESEA, Title 1, Priority and Focus School	84.010A	14610112071902118	11,740
ESEA, Title 1, Priority and Focus School	84.010A	14610112071902136	13,528
Total CFDA Number 84.010A			27,945,907
**IDEA - Part B, Formula	84.027A	136600010719026600	217,775
**IDEA - Part B, Formula	84.027A	146600010719026600	11,144,898

EL PASO 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
**SSA - IDEA - Part B, Discretionary Deaf	84.027A	136600020719026673	4,253
**SSA - IDEA - Part B, Discretionary Deaf	84.027A	146600110719026673	80,188
**SSA - IDEA - Part B, Formula Deaf	84.027A	136600010719026601	1,449
**SSA - IDEA - Part B, Formula Deaf	84.027A	146600010719026601	61,135
Total CFDA Number 84.027A			11,509,698
**IDEA - Part B, Preschool	84.173A	136610010719026610	69
**IDEA - Part B Preschool	84.173A	146610010719026610	53,234
**SSA - IDEA - Part B, Preschool Deaf	84.173A	146610010719026611	14,517
Total CFDA Number 84.173A			67,820
Total Special Education Cluster (IDEA)			11,577,518
Carl D. Perkins Career and Technical - Basic Grant	84.048A	14420006071902	882,352
SSA - IDEA, Part C - Early Intervention	84.181A	133911010719023911	1,076
SSA - IDEA, Part C - Early Intervention	84.181A	143911010719023911	2,890
Total CFDA Number 84.181A			3,966
Title III, Part A - English Language Acquisition	84.365A	13671001071902	8,446
Title III, Part A - English Language Acquisition	84.365A	14671001071902	1,195,611
Total CFDA Number 84.365A			1,204,057
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	13694501071902	387,499
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	14694501071902	6,141,714
Total CFDA Number 84.367A			6,529,213
Texas Title I Priority School - ARRA	84.388A	100520017110020	328,634
Texas Title I Priority School - ARRA	84.388A	100520017110021	461,141
Texas Title I Priority School - ARRA	84.388A	100520017110022	148,242
Total CFDA Number 84.388A			938,017
Texas Literacy Initiative	84.371C	126460037110012	1,477,128
Texas Literacy Initiative	84.371C	136460037110012	6,122,521
Texas Literacy Initiative	84.371C	146460037110012	183,929
Total CFDA Number 84.371C			7,783,578
Title VI Summer School LEP	84.369A	69551302	44,524
Total Passed Through State Department of Education			\$ 57,001,311
<b>TOTAL DEPARTMENT OF EDUCATION</b>			\$ 62,820,470
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Direct Programs</u>			
Medicaid Administrative Claiming Program - MAC	93.778	NA	\$ 157,491
Total Direct Programs			\$ 157,491
<u>Passed Through Texas Workforce Commission</u>			
Temporary Assistance for Needy Families (TANF)	93.558	1014ABE002	\$ 156,199
Total Passed Through Texas Workforce Commission			\$ 156,199
<u>Passed Through State Department of Education</u>			
Temporary Assistance for Needy Families (TANF)	93.558	133625017110445	\$ 6,141
Total Passed Through State Department of Education			\$ 6,141
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			\$ 319,831

EL PASO 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 AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
***National School Breakfast Program	10.553	NA	\$ 5,552,589
***National School Lunch Program - Cash Assistance	10.555	NA	17,579,095
***National School Lunch Prog.-Non-Cash Assistance	10.555	NA	<u>1,727,254</u>
Total CFDA Number 10.555			<u>19,306,349</u>
***Summer Feeding Program - Cash Assistance	10.559	NA	<u>339,605</u>
Total Child Nutrition Cluster			<u>25,198,543</u>
Total Passed Through the State Department of Agriculture			<u>\$ 25,198,543</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u>\$ 25,198,543</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 95,221,013</u></u>

\*\* , \*\*\*Clustered Programs



# EL PASO INDEPENDENT SCHOOL DISTRICT

## NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

FOR THE 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, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. 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.

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, Special Revenue Fund, or a Capital Projects fund which are Governmental Fund types. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally 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. When grant funds are received before expenditures are made, they are recorded as unearned revenues until earned. Due to the nature of the reporting process for the SHARS program, the District recognizes SHARS revenue upon receipt of the reimbursement notice from the federal government.

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.

(Continued)

**EL PASO INDEPENDENT SCHOOL DISTRICT**

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2014

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

Expenditures of federal awards per Exhibit K-1	\$	95,221,013
School Health and Related Services (SHARS) reimbursements		<u>7,548,701</u>
 Total federal revenue per Exhibit C-3		 <u><u>\$ 102,769,714</u></u>

5. Of the federal expenditures presented in the Exhibit K-1, the District accounted for certain funds in the General Fund as follows:

Program Title	Federal CFDA Number	Amount
JROTC - AF	12.000	\$ 590,570
Impact Aid	84.041	4,514,022
Indirect Costs - Other	84.XXX	<u>902,109</u>
		6,006,701
SHARS (not included on Exhibit K-1)		<u>7,548,701</u>
 Total General Fund		 <u><u>\$ 13,555,402</u></u>

SCHOOLS FIRST QUESTIONNAIRE

El Paso 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.	7123449