

Annual Financial Report

For the Year Ended
June 30, 2014

Ector County Independent School District
Odessa, Texas

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

PREPARED BY THE FINANCE DEPARTMENT

ALBESSA CHAVEZ
REBECCA WIDENER
Accounting Department

SHERRILL WATSON
Director of Finance

DAVID HARWELL
Chief Financial Officer

802 N. Sam Houston
Odessa, Texas

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
 INTRODUCTORY SECTION	
Certificate of Board	i
Organization Chart	ii
List of Board of Trustees and Consultants and Advisors	iii
 FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	4
<u>Basic Financial Statements</u>	
Government Wide Statements:	
A-1 Statement of Net Position	14
B-1 Statement of Activities	15
Governmental Fund Financial Statements:	
C-1 Balance Sheet	17
C-2 Reconciliation for C-1	18
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance	19
C-4 Reconciliation for C-3	20
Proprietary Fund Financial Statements:	
D-1 Statement of Net Position	21
D-2 Statement of Revenues, Expenses, and Changes in Fund Net Position	22
D-3 Statement of Cash Flows	23
Fiduciary Fund Financial Statements:	
E-1 Statement of Fiduciary Net Position	24
Notes to the Financial Statements	25
Budgetary Comparison Reporting:	
G-1 Budget to Actual: Major Funds/General Fund	50
<u>Combining Schedules</u>	
Nonmajor Governmental:	
H-1 Combining Balance Sheet	51
H-2 Combining Statement Funds of Revenues, Expenditures, and Changes in Fund Balances	59
Internal Service Funds:	
H-3 Combining Statement of Net Position	67
H-4 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	68
H-5 Combining Statement of Cash Flows	69
 <u>Required TEA Schedules</u>	
J-1 Schedule of Delinquent Taxes Receivable	70
J-2 Schedule of Expenditures for Computation of Indirect Cost (<i>Waived by TEA</i>)	
J-3 Fund Balance and Cash Flow Calculation Worksheet (<i>Waived by TEA</i>)	
J-4 Budgetary Comparison Schedule - Child Nutrition Program	72
J-5 Budgetary Comparison Schedule - Debt Service Fund	73

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
<u>Federal Awards Section</u>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	74
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133	76
Schedule of Findings and Questioned Costs	79
Schedule of Prior Audit Findings and Questioned Costs	82
K-1 Schedule of Expenditures of Federal Awards	83
Notes to Schedule of Expenditures of Federal Awards	85

DRAFT

DRAFT

INTRODUCTORY SECTION

CERTIFICATE OF BOARD

Ector County Independent School District
Name of School District

Ector
County

068901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one): approved _____ disapproved _____ for the year ended June 30, 2014 at a meeting of the Board of Trustees of such school district on the _____ day of November, 2014.

Signature of Board Secretary

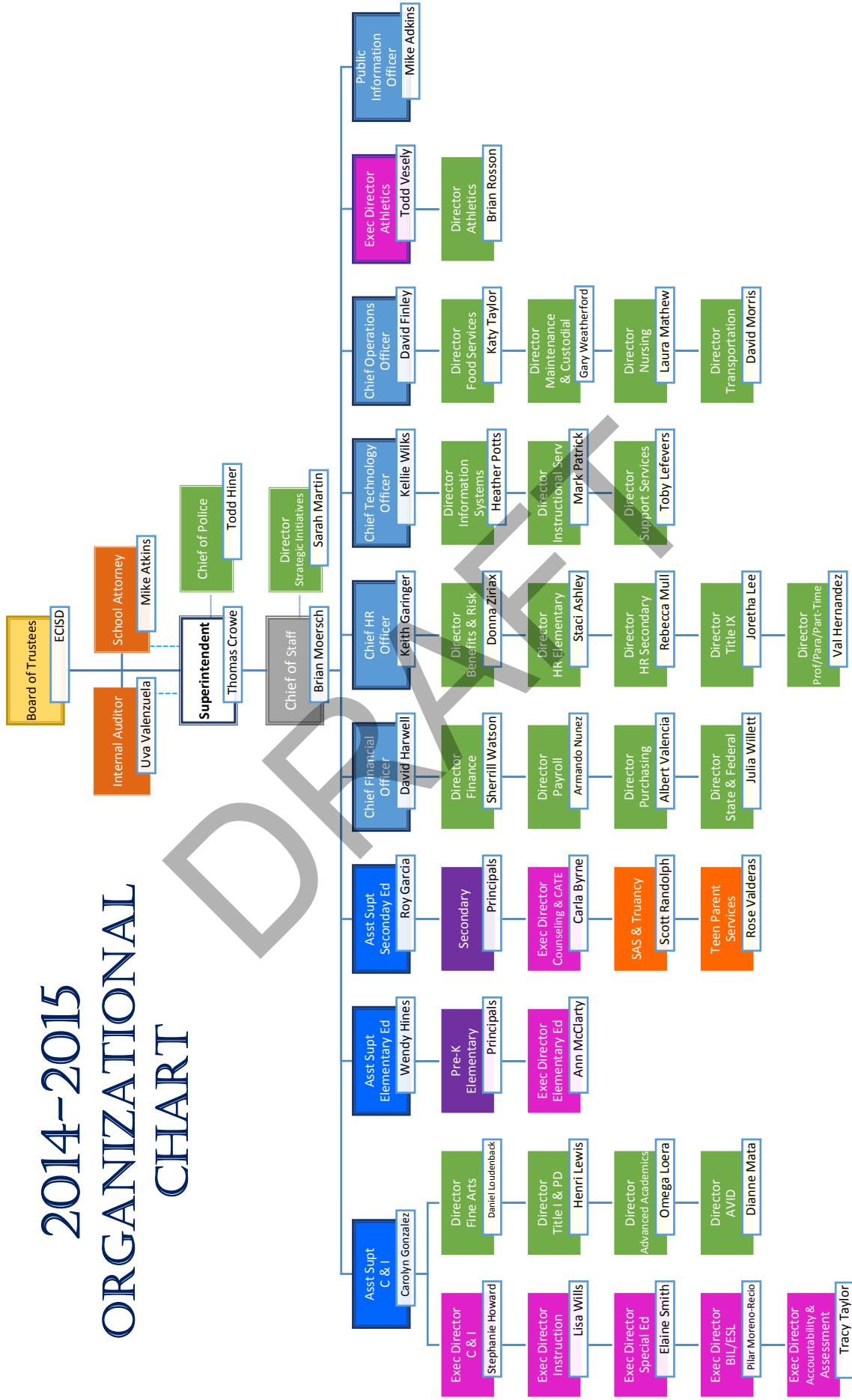
Signature of Board President

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

ECISD

2014-2015

ORGANIZATIONAL CHART



ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Board of Trustees and Consultants and Advisors

Board of Trustees

Steve Brown	President
Nelson Minyard	Vice President
Teri Ervin	Secretary
Luis Galvan	Member
Donna Smith	Member
Doyle Woodall	Member
Ray Beaty	Member

Consultants and Advisors

Johnson Miller & Co., CPA's PC	Independent Auditors
Atkins, Hollman, Jones, Peacock, Lewis, and Lyon	General Counsel
McCall, Parkhurst & Horton, LLP	Bond Counsel
BOSC, Inc.	Financial Advisor
JP Morgan Chase Bank, N.A., Odessa	Official Depository

DRAFT

FINANCIAL SECTION

Draft - For Discussion Purposes Only

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Ector County Independent School District
802 N. Sam Houston
Odessa, Texas 79761

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ector County Independent School District (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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. 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

Auditors' Responsibility (Continued)

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the 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.

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 4-13 and 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying 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*. The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents **as J-1 through J-5**. These schedules are not a required part of the basic financial statements.

Draft - For
Discussion
Purposes Only

Other Matters (Continued)

Other Information (Continued)

The schedules above 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Odessa, Texas

Date __, 2014

DRAFT

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Ector County Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2014. Please read it in conjunction with the independent auditors' report on page 1, and the District's Basic Financial Statements which begin on page 14.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 14 and 15-16). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 17) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 25) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by the Texas Education Agency (TEA). The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 6. Its primary purpose is to show whether the District is more financially sound as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities as of the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes

(general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District reports two kinds of activity:

Governmental activities-All of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Component units-The District includes two separate legal entities in its report – ECISD Education Foundation and Permian High Band and Orchestra. Although legally separate, these “component units” are important because the District is financially accountable for them.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 17 and provide detailed information about the most significant funds-not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds-governmental and proprietary-use different accounting approaches.

Governmental funds-Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

Proprietary funds-The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service funds report activities that provide supplies and services for the District's other programs and activities-such as the District's self-insurance programs.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by the student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position on page 24. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Table I

Ector County Independent School District

NET POSITION

	Governmental Activities	
	2014	2013
Current and other assets	\$ 299,204,871	\$ 281,563,351
Capital assets	199,816,050	192,665,749
Total assets	<u>499,020,921</u>	<u>474,229,100</u>
Deferred Charge for Refunding	2,355,968	2,536,130
Total Deferred Outflows of Resources	<u>2,355,968</u>	<u>2,536,130</u>
Long-term liabilities	226,066,721	233,828,022
Other liabilities	32,467,960	23,661,943
Total liabilities	<u>258,534,681</u>	<u>257,489,965</u>
Net position:		
Invested in capital assets net of related debt	93,601,648	95,668,295
Restricted	77,775	113,233
Unrestricted	149,162,785	123,493,737
Total net position	<u>\$ 242,842,208</u>	<u>\$ 219,275,265</u>

Note: The District's fiscal year end date was changed from August 31 to June 30, with the fiscal year ended June 30, 2013 being a ten month conversion year.

Net position of the District's governmental activities increased 10.7 percent from \$219,275,265 to \$242,842,208. Significant changes in net position from the prior year are explained as follows:

Current and other assets increased primarily because of an increase in investments.

Capital assets increased primarily due to construction in progress during 2013-2014.

Long-term liabilities decreased primarily due to bond payments during 2013-2014.

Other liabilities increased primarily from an increase in accounts payable in 2013-2014.

Please see page 20 for a detailed explanation of changes in net position.

Table II

Ector County Independent School District

CHANGES IN NET POSITION

	Governmental Activities	
	2014	2013
Revenues:		
Program Revenues:		
Charges for Services	\$ 8,439,806	\$ 7,337,752
Operating grants and contributions	37,222,539	32,344,240
General Revenues:		
Property taxes, Levied for General Purposes	136,468,925	119,631,241
Property taxes, Levied for Debt Service	15,848,404	9,143,728
State Aid – Formula Grants	71,643,367	68,488,104
Grants and Contributions not restricted	121,141	66,609
Investment Earnings	141,219	163,065
Miscellaneous Local and Intermediate Revenue	2,754,217	989,627
Total Revenue	272,639,618	238,164,366
Expenses:		
Instruction, curriculum and media services	144,908,530	125,544,012
Instructional and school leadership	17,683,388	14,160,732
Student support services	17,619,425	14,913,798
Child nutrition	14,054,154	12,245,876
Co-curricular activities	6,542,276	4,953,619
General administration	5,782,952	4,865,613
Facilities maintenance, security and data processing	31,268,104	24,193,150
Community services	990,975	707,648
Debt service	8,364,907	5,708,826
Other Intergovernmental charges	1,857,964	1,393,356
Total Expenses	249,072,675	208,686,630
Increase in net position	23,566,943	29,477,736
Net position - Beginning	219,275,265	190,873,469
Prior Period Adjust to remove Beginning Bond Issue Cost	-	(1,075,940)
Net position - Ending	\$ 242,842,208	\$ 219,275,265

Note: The District's fiscal year end date was changed from August 31 to June 30, with the fiscal year ended June 30, 2013 being a ten month conversion year.

The District's total revenues increased by 15 percent – approximately \$35 million from prior year revenues. Significant changes in revenue from the prior year are explained as follows:

Program revenues increased approximately \$6 million, due to an increase in operating grants and contributions of \$4.9 million and an increase in user charger of approximately \$1.1 million – primarily due to a twelve month fiscal year in 2014.

Property tax collections increased 18% - approximately \$23.5 million, primarily due to an increase in taxable property value from the prior tax year.

State Aid – Formula Grants increased by \$3 million during the year due to increased enrollment.

Miscellaneous local revenue increased by \$1.9 million from the sale of the Fannin and Teen Pregnancy Center Buildings.

The District's total expenses increased by 19.3 percent – approximately \$40 million from prior year expenses – primarily due to the additional two months during 2014 as a result of the fiscal year end change that occurred in 2013. Significant changes in expenses from the prior year are as follows:

- Instruction, curriculum and media services payroll and payroll related expense increases from 2012-13 were approximately \$19.4 million. Payroll and supplies expense increased approximately \$18.8 million. Depreciation expense increased by approximately \$630,000.
- Instructional and school leadership expenses increased approximately \$3.5 million due to an increase in payroll expenses of approximately \$3.1 million. Increases in service expense and miscellaneous expense were approximately \$140,000 and \$255,000, respectively.
- Student support services increased approximately \$2.7 million due to increases in payroll, services and miscellaneous expense, offset by a decrease in supply expenses of \$133,000.
- Child nutrition program expenses increased approximately \$1.8 million due to increases in payroll, supply expenses, and miscellaneous expenses as compared to the prior year.
- Co-curricular activities expenses increased by approximately \$1.6 million due to increases in all expenses. Approximate amounts of increases were as follows: payroll expenses \$480,000, services \$227,000, supplies \$404,500 and miscellaneous expense \$477,500.
- General administration expenses increased by approximately \$900,000 from the prior year from increases in payroll and supply expenses, which were offset by a decrease in service expenses of approximately \$120,000.
- Facilities maintenance, security and data processing expenses increased approximately \$7.1 million primarily due to increased payroll and services.
- Community services expenses increased approximately \$300,000 from increases in payroll and miscellaneous expenses.
- Debt service expenses increased by approximately \$2.6 million due to repayment of debt.
- Other intergovernmental charges increased approximately \$400,000 from an increase in appraisal district costs and estimated cost of recapture.

The District's Funds

As the District completed the year, its governmental funds (as presented in the balance sheet on page 17) reported a combined fund balance of \$249.7 million, which is above last year's total of \$244 million. The primary reasons for the increase include (1) an increase in property tax and tax related collections (2) an increase in receivables from other governments, and (3) an increase in insurance recoveries. Over the course of the year, the District recommended and the Board of Trustees approved revisions of the District's general fund budget for various reasons. The following is a summary of significant budget amendments made to estimated revenues:

	<u>Estimated Revenues</u>
Beginning Estimated Revenues	\$ 212,971,922
Adjust State funding estimate	6,909,177
Increase in estimated tax collections	1,789,596
Increase in estimated SHARS collections	896,000
Increase for insurance recovery for mercury spill	800,000
Adjust estimated discretionary revenue	332,000
Adjust for insurance recoveries	86,445
Increase for Permian Basin Workforce Board funding for tuition	50,000
Adjust for donation from Chevron	40,000
Increase for scholarship funds from Odessa College for tuition	38,000
Increase for donation of laptops and bay carts	21,595
Increase for Mega Card Sales	13,844
Adjust for Abell Hanger Students in Philanthropy donation	8,000
Adjust for Nimitz Junior High Choir Booster Club donation	7,275
Increase for Hemphill Foundation donation	5,000
Decrease in estimated indirect cost reimbursement	(44,382)
Various other changes	10,381
Final Amended Estimated Revenues	<u>\$ 223,934,853</u>

The following is a summary of significant budget amendments made to appropriations and other sources:

	<u>Appropriations</u>
Beginning Appropriations	\$ 211,144,504
Rollforward appropriations for pending projects and orders from prior year	2,180,461
Professional services for mercury spill	1,057,000
Provide funding for classroom computer replacements	1,000,000
Provide funding to purchase property	750,000
Adjust campus offset accounts	332,000
Increase for portable classroom buildings	304,000
Provide additional funding for campus professional service providers	217,000
Increase for wastewater hauling services for Cavazos and Fly Elementaries	190,000
Appropriation increase for student transportation - charter services	145,000
Increase for HVAC Chiller for Nimitz Junior High	103,161
Increase for deductible funding for Hood mercury spill cleanup	100,000
Additional funding for current year fine arts uniform orders	90,000
Increase funding for dual credit tuition	88,000
Adjust for insurance recoveries	86,445
Physical Education and Health Services Coordinator	86,218
Additional funding for increased property insurance costs	70,000
Increase for transportation for football playoffs	50,401
Additional funding for administrative consulting services	50,000
Curriculum coordinator position	43,038
Funding for Medical expenses from mercury spill	42,025
Provide funding for legal fees through 6/30/14	42,000
Increase for superintendent search firm services	31,000
Armored car service appropriation increase for Fall semester	31,000
Funding for sign for Crockett Junior High School	30,000
Funding for sound system for Crockett Junior High School	26,000
Increase for purchase of laptops and bay carts	21,595
Adjust for Chevron donation - Bilingual educator training	20,000
Adjust for Chevron donation - New Tech Odessa program support	20,000
Funding for sign for Bowie Junior High School	19,000
Increase in appropriation for appraisal services	17,000
Increase elementary PE equipment, printing and services from Mega Card Sales	13,844
Funding for Physical Education and Health Services operating costs	11,000
Adjust for Abell Hanger Students in Philanthropy donation	8,000
Increase for purchase of choir risers - Nimitz Junior High	7,275
Adjust supplies from Hemphill Foundation donation	5,000
Decrease estimated Chapter 41 recapture	(201,331)
Close appropriation for student information software	(1,080,000)
Various other changes	43,411
Final Amended Appropriations	<u>\$ 217,194,047</u>

	<u>Other Sources (Uses)</u>
Beginning Other Sources (Uses)	\$ (1,827,418)
Increase other sources - sale of Aim High School property	1,352,000
Operating transfer in from closure of New Tech Odessa Startup Fund	451,000
Increase other sources - sale of Fannin Elementary property	250,000
Transfer from Sewer Plant Expansion Fund	190,000
Increase operating transfer to Deaf Services fund	(24,380)
Transfer to student information software capital project fund	(1,080,000)
Transfer to 2014 turf installation fund	(3,000,000)
Transfer to 2014 Sewer Infrastructure Project	(3,800,000)
Transfer to security infrastructure fund	(4,700,000)
Final Amended Other Uses	<u>\$ (12,188,798)</u>

Capital Asset and Debt Administration

Capital Assets

At the end of 2014, the District had approximately \$200 million invested in a broad range of capital assets, (net of accumulated depreciation and amortization) including facilities and equipment for instruction, transportation, athletics, administration, maintenance and computer technology. This amount represents a net increase of approximately \$7 million or 3.7 percent, above last year.

This year's major additions included:	<u>2013-2014 Capital Additions</u>
Non-Bond Projects:	
Ratliff Stadium Parking Lot Paving	\$ 539,026
Portable Classrooms	527,240
Ratliff Stadium Track & Field	459,327
Transportation Parking Lot Paving	219,738
Odessa High School Exterior Doors	137,740
Ector Junior High Parking Lot Paving	91,691
New Tech Odessa Surveillance System Upgrade	85,133
Permian High School Surveillance System Upgrade	80,390
Admin Bldg Parking Lot Paving	61,854
Pease Elementary Parking Lot Paving	61,452
Odessa High School Surveillance System Upgrade	53,972
Murry Fly Elementary Parking Lot Paving	51,933
ADA Access Ramp	46,763
Murry Fly Elementary Surveillance System Upgrade	28,380
Nimitz Junior High Lockers	25,200
Administration Building Air Conditioning	22,245
New Tech Odessa Parking Lot Paving	21,500
Ratliff Stadium Wireless Point to Point	20,018

San Jacinto Elementary	8,025
Zavala Elementary	3,189
Ireland Elementary	2,924
Administration Bldg Restroom	2,000
Construction in Progress	9,383,537
Furniture, Fixtures and Equipment:	
Air Conditioning Equipment	1,671,495
Transportation Vehicles	1,073,827
Software	1,031,633
Food Service Vehicle & Equipment	180,001
Police Vehicles & Equipment	88,700
Technology Equipment	58,422
Signs	57,920
Bleachers	47,368
Musical Instruments	45,830
Maintenance Vehicles & Equipment	42,950
Energy Specialist Vehicles	41,250
Sound Systems	39,524
Other Vehicles	11,908
Land and Improvements	
Land purchases	1,946,274
Total Capital Additions	<u><u>18,270,379</u></u>

Debt Administration

At year-end, the District had approximately \$222 million in bonds and notes outstanding versus approximately \$227 million last year-a decrease of \$5 million. The decrease resulted primarily from bond principal payments.

Other obligations include accrued workers compensation and sick leave. More detailed information about the District’s long-term liabilities is presented in Notes G, I, K, L and M to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

The District’s elected and appointed officials considered many factors when preparing the fiscal year 2015 budget. (1) The impact on the District from Senate Bill 1 and the move to a formula district for State funding; (2) the need to provide salary increases to maintain competitive salary compensation packages; (3) the need to provide funding for staffing additions and; (4) to provide funding for software, buses, textbooks, and various instructional initiatives.

These factors were taken into account when adopting the General Fund budget for 2015. Estimated revenues in the General Fund are \$225.2 million, an increase of 5.8% percent over the original 2014 estimated revenues of \$212.9 million. A net decrease in estimated state funding mentioned above in (1) offset by an increase in local funding from a 6.4% increase in taxable property values results in an increase in estimated revenues in the General Fund for 2015. In 2015, the General Fund budgeted expenditures are also expected to increase by approximately \$13.7 million for the reasons mentioned above in (2) through (4).

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 money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Ector County Independent School District, 802 N. Sam Houston, Odessa, Texas.

DRAFT

GOVERNMENT WIDE STATEMENTS

DRAFT

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

Data Control Codes	1 Primary Government	4 Component Unit
	Governmental Activities	Component Unit
ASSETS		
1110 Cash and Cash Equivalents	\$ 6,020,401	\$ 238,239
1120 Current Investments	271,045,823	2,736,031
1220 Property Taxes Receivable (Delinquent)	11,527,315	-
1230 Allowance for Uncollectible Taxes	(8,428,772)	-
1240 Due from Other Governments	17,509,244	-
1290 Other Receivables, net	302,222	300
1300 Inventories	1,113,005	3,418
1410 Prepayments	115,633	30,686
Capital Assets:		
1510 Land	8,464,197	-
1520 Buildings, Net	166,596,256	-
1530 Furniture and Equipment, Net	11,865,651	-
1560 Library Books and Media, Net	2,422,296	-
1580 Construction in Progress	10,467,650	-
1000 Total Assets	<u>499,020,921</u>	<u>3,008,674</u>
DEFERRED OUTFLOWS OF RESOURCES		
1996 Deferred Charge for Refunding	2,355,968	-
1700 Total Deferred Outflows of Resources	<u>2,355,968</u>	<u>-</u>
LIABILITIES		
2110 Accounts Payable	13,314,169	4,175
2140 Interest Payable	2,746,978	-
2150 Payroll Deductions & Withholdings	988,715	-
2180 Due to Other Governments	100,111	-
2200 Accrued Expenses	13,523,397	-
2300 Unearned Revenue	1,794,590	-
Noncurrent Liabilities		
2501 Due Within One Year	3,811,928	-
2502 Due in More Than One Year	222,254,793	-
2000 Total Liabilities	<u>258,534,681</u>	<u>4,175</u>
NET POSITION		
3200 Net Investment in Capital Assets	93,601,648	-
Restricted for:		
3870 Restricted for Campus Activities	52,674	-
3880 Restricted for Scholarships	25,101	71,173
3890 Restricted for Other Purposes	-	1,116,406
3900 Unrestricted	149,162,785	1,816,920
3000 Total Net Position	<u>\$ 242,842,208</u>	<u>\$ 3,004,499</u>

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Data Control Codes	1	Program Revenues	
	Expenses	3 Charges for Services	4 Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 135,662,889	\$ 622,018	\$ 19,766,984
12 Instructional Resources and Media Services	2,738,426	-	115,557
13 Curriculum and Staff Development	6,507,215	-	3,529,696
21 Instructional Leadership	3,149,943	-	274,235
23 School Leadership	14,533,445	-	769,107
31 Guidance, Counseling and Evaluation Services	7,907,563	-	628,075
32 Social Work Services	542,632	39,267	78,713
33 Health Services	1,750,705	-	126,873
34 Student (Pupil) Transportation	7,418,525	26,178	307,342
35 Food Services	14,054,154	4,943,418	9,105,663
36 Extracurricular Activities	6,542,276	38,212	140,902
41 General Administration	5,782,952	2,586,448	581,068
51 Facilities Maintenance and Operations	22,699,758	184,265	1,414,826
52 Security and Monitoring Services	2,372,416	-	109,246
53 Data Processing Services	6,195,930	-	156,279
61 Community Services	990,975	-	117,973
72 Debt Service - Interest on Long Term Debt	8,357,407	-	-
73 Debt Service - Bond Issuance Cost and Fees	7,500	-	-
91 Contracted Instructional Services Between Schools	280,231	-	-
99 Other Intergovernmental Charges	1,577,733	-	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 249,072,675	\$ 8,439,806	\$ 37,222,539
Component Unit:			
1C Nonmajor Component Unit	\$ 1,389,229	\$ -	\$ 1,705,772
[TC] TOTAL COMPONENT UNIT:	\$ 1,389,229	\$ -	\$ 1,705,772
Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
SF	State Aid - Formula Grants		
GC	Grants and Contributions not Restricted		
IE	Investment Earnings		
MI	Miscellaneous Local and Intermediate Revenue		
TR	Total General Revenues		
CN	Change in Net Position		
NB	Net Position - Beginning		
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	
6	9
Primary Government Governmental Activities	Component Unit Component Unit
\$ (115,273,887)	\$ -
(2,622,869)	-
(2,977,519)	-
(2,875,708)	-
(13,764,338)	-
(7,279,488)	-
(424,652)	-
(1,623,832)	-
(7,085,005)	-
(5,073)	-
(6,363,162)	-
(2,615,436)	-
(21,100,667)	-
(2,263,170)	-
(6,039,651)	-
(873,002)	-
(8,357,407)	-
(7,500)	-
(280,231)	-
(1,577,733)	-
(203,410,330)	-
-	316,543
-	316,543
136,468,925	-
15,848,404	-
71,643,367	-
121,141	-
141,219	-
2,754,217	-
226,977,273	-
23,566,943	316,543
219,275,265	2,687,956
\$ 242,842,208	\$ 3,004,499

GOVERNMENTAL FUND FINANCIAL STATEMENTS

DRAFT

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

Data Control Codes	10 General Fund	60 2013 Bond Constr Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 3,443,023	\$ -	\$ 933,783	\$ 4,376,806
1120 Investments - Current	112,567,022	126,945,352	15,049,855	254,562,229
1220 Property Taxes - Delinquent	10,613,440	-	913,875	11,527,315
1230 Allowance for Uncollectible Taxes (Credit)	(7,760,547)	-	(668,225)	(8,428,772)
1240 Receivables from Other Governments	15,952,847	-	1,556,397	17,509,244
1260 Due from Other Funds	-	-	35,174,973	35,174,973
1290 Other Receivables	302,222	-	-	302,222
1300 Inventories	53,598	-	1,059,407	1,113,005
1410 Prepayments	115,633	-	-	115,633
1000 Total Assets	<u>\$ 135,287,238</u>	<u>\$ 126,945,352</u>	<u>\$ 54,020,065</u>	<u>\$ 316,252,655</u>
LIABILITIES				
2110 Accounts Payable	\$ 5,772,642	\$ 3,238,298	\$ 3,916,207	\$ 12,927,147
2150 Payroll Deductions and Withholdings Payable	988,716	-	-	988,716
2170 Due to Other Funds	28,538,981	5,064,196	1,352,228	34,955,405
2180 Due to Other Governments	114	-	99,997	100,111
2200 Accrued Expenditures	12,645,751	-	84,914	12,730,665
2300 Unearned Revenues	2,993,646	-	1,899,061	4,892,707
2000 Total Liabilities	<u>50,939,850</u>	<u>8,302,494</u>	<u>7,352,407</u>	<u>66,594,751</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	53,598	-	1,059,407	1,113,005
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	7,133,068	7,133,068
3480 Retirement of Long-Term Debt	-	-	13,638,997	13,638,997
3490 Other Restricted Fund Balance	-	-	77,775	77,775
Committed Fund Balance:				
3510 Construction	13,667,000	118,642,858	24,758,411	157,068,269
3530 Capital Expenditures for Equipment	18,728,750	-	-	18,728,750
3540 Self Insurance	1,000,000	-	-	1,000,000
3545 Other Committed Fund Balance	309,772	-	-	309,772
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	3,162,714	-	-	3,162,714
3600 Unassigned Fund Balance	47,425,554	-	-	47,425,554
3000 Total Fund Balances	<u>84,347,388</u>	<u>118,642,858</u>	<u>46,667,658</u>	<u>249,657,904</u>
4000 Total Liabilities and Fund Balances	<u>\$ 135,287,238</u>	<u>\$ 126,945,352</u>	<u>\$ 54,020,065</u>	<u>\$ 316,252,655</u>

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

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

Total Fund Balances - Governmental Funds	\$	249,657,904
 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, 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.		12,527,554
 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 \$346,347,992 and the accumulated depreciation was \$153,682,243. 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) of \$192,665,749 and long-term debt in the governmental activities of \$226,740,721, is to (decrease) net position.		(34,074,972)
 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 of \$18,270,380 and debt principal payments of \$4,834,699, is to increase net position.		23,105,079
 The issuance of long-term debt is not due and payable within the current period and, therefore, is not reported in the governmental funds balance sheet. Also, governmental funds report the effect of issuance costs, premiums, discounts, and deferred loss on refundings when debt is first issued, whereas these amounts are deferred and amortized in the statement of net assets. The current year effect on the statement of activities resulting from amortizing various bond related items is as follows: net bond premium 2,019,857, deferred loss (180,160) and net current year accretion on CAB's 1,010,187.		2,849,884
 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unearned revenue as revenue 749,698, sale of assets - (1,177,197), recognizing current year depreciation - (9,942,882), recognizing the current year change in sick leave payable - (454,304), recognizing interest payable and reversing prior period interest payable -(559,305), recognizing the effect of the beginning balance for unearned revenue 2,348,422, and interest payable (2,187,673). The net effect of these reclassifications and recognitions is to (decrease) net position.		(11,223,241)
 Net Position of Governmental Activities	\$	242,842,208

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

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

Data Control Codes	10 General Fund	60 2013 Bond Constr Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 141,224,864	\$ 84,414	\$ 21,562,945	\$ 162,872,223
5800 State Program Revenues	80,091,618	-	4,224,323	84,315,941
5900 Federal Program Revenues	2,439,761	-	21,778,916	24,218,677
5020 Total Revenues	<u>223,756,243</u>	<u>84,414</u>	<u>47,566,184</u>	<u>271,406,841</u>
EXPENDITURES:				
Current:				
0011 Instruction	120,029,842	-	12,976,973	133,006,815
0012 Instructional Resources and Media Services	2,570,669	-	-	2,570,669
0013 Curriculum and Instructional Staff Development	3,130,180	-	3,416,108	6,546,288
0021 Instructional Leadership	2,946,333	-	158,827	3,105,160
0023 School Leadership	14,283,501	-	179,934	14,463,435
0031 Guidance, Counseling and Evaluation Services	7,623,304	-	327,022	7,950,326
0032 Social Work Services	488,230	-	58,948	547,178
0033 Health Services	1,721,989	-	44,769	1,766,758
0034 Student (Pupil) Transportation	7,641,797	-	-	7,641,797
0035 Food Services	14,478	-	13,502,381	13,516,859
0036 Extracurricular Activities	5,602,230	-	38,776	5,641,006
0041 General Administration	5,778,851	-	8,768	5,787,619
0051 Facilities Maintenance and Operations	21,623,011	-	4,205,523	25,828,534
0052 Security and Monitoring Services	2,261,921	-	162,797	2,424,718
0053 Data Processing Services	5,026,165	-	172,438	5,198,603
0061 Community Services	864,459	-	77,837	942,296
Debt Service:				
0071 Principal on Long Term Debt	-	-	4,834,702	4,834,702
0072 Interest on Long Term Debt	-	-	10,647,985	10,647,985
0073 Bond Issuance Cost and Fees	-	-	7,500	7,500
Capital Outlay:				
0081 Facilities Acquisition and Construction	3,000	9,875,686	1,847,878	11,726,564
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	280,231	-	-	280,231
0099 Other Intergovernmental Charges	1,577,733	-	-	1,577,733
6030 Total Expenditures	<u>203,467,924</u>	<u>9,875,686</u>	<u>52,669,166</u>	<u>266,012,776</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20,288,319</u>	<u>(9,791,272)</u>	<u>(5,102,982)</u>	<u>5,394,065</u>
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	1,652,475	-	2,981	1,655,456
7915 Transfers In	667,845	-	13,020,275	13,688,120
8911 Transfers Out (Use)	(14,375,275)	-	(771,845)	(15,147,120)
7080 Total Other Financing Sources (Uses)	<u>(12,054,955)</u>	<u>-</u>	<u>12,251,411</u>	<u>196,456</u>
1200 Net Change in Fund Balances	8,233,364	(9,791,272)	7,148,429	5,590,521
0100 Fund Balance - July 1 (Beginning)	<u>76,114,024</u>	<u>128,434,130</u>	<u>39,519,229</u>	<u>244,067,383</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 84,347,388</u>	<u>\$ 118,642,858</u>	<u>\$ 46,667,658</u>	<u>\$ 249,657,904</u>

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

ECTOR COUNTY 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

Total Net Change in Fund Balances - Governmental Funds	\$	5,590,521
 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.		3,405,449
 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 of \$18,270,380 and debt principal payments of \$4,834,699, is to increase net position.		23,105,079
 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.		(9,942,882)
 The proceeds from the issuance of bonds are reported as financial resources in the year of occurrence on the governmental fund financial statements, whereas there is no effect on the statement of activities. Also, governmental funds report on the effect of bond issuance costs, premiums, discounts, and deferred loss on refundings whereas these amounts are deferred and amortized on the statement of activities. The current year effect on the statement of activities resulting from amortizing various bond related items is as follows: net bond premium 2,019,857, deferred loss (180,160) and net current year accretion on CAB's - 1,010,187.		2,849,884
 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unearned revenue as revenue 749,698, sale of assets - (1,177,197), recognizing the current year change in sick leave payable - (454,304), recognizing interest payable and reversing prior period interest payable - (559,305). The net effect of these reclassifications and recognitions is to (decrease) net position.		(1,441,108)
 Change in Net Position of Governmental Activities	<u>\$</u>	<u>23,566,943</u>

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

PROPRIETARY FUND FINANCIAL STATEMENTS

DRAFT

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,643,595
Investments - Current	16,483,594
Due from Other Funds	457,934
Total Assets	<u>18,585,123</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	387,022
Due to Other Funds	677,502
Accrued Expenses	2,340,883
Total Current Liabilities	<u>3,405,407</u>
Noncurrent Liabilities:	
Other Long-Term Debt - Due in More than One Year	2,652,162
Total Noncurrent Liabilities	<u>2,652,162</u>
Total Liabilities	<u>6,057,569</u>
NET POSITION	
Unrestricted Net Position	<u>12,527,554</u>
Total Net Position	<u>\$ 12,527,554</u>

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

ECTOR COUNTY 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
OPERATING REVENUES:	
Employee and Employer Premiums	\$ 20,207,400
Stop Loss Reimbursement	20,620
Total Operating Revenues	<u>20,228,020</u>
OPERATING EXPENSES:	
Claims and Prescriptions	16,443,015
Professional Services	214,153
Other Operating Costs	1,629,226
Total Operating Expenses	<u>18,286,394</u>
Operating Income	<u>1,941,626</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	<u>4,823</u>
Total Nonoperating Revenues (Expenses)	<u>4,823</u>
Income Before Transfers	1,946,449
Transfer In from the General Fund	<u>1,459,000</u>
Change in Net Position	3,405,449
Total Net Position - July 1 (Beginning)	<u>9,122,105</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 12,527,554</u></u>

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

ECTOR COUNTY 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 Employees and Employer	\$ 20,369,886
Cash Received from Stop Loss Carrier	20,620
Cash Payments for Claims	(16,594,610)
Other Payments	(1,802,707)
Net Cash Provided by Operating Activities	<u>1,993,189</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfer from the General Fund	<u>1,459,000</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	<u>4,823</u>
Net Increase in Cash and Cash Equivalents	3,457,012
Cash and Cash Equivalents at Beginning of Year	<u>14,670,177</u>
Cash and Cash Equivalents at End of Year	<u>\$ 18,127,189</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 1,941,626
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease in Due From Other Funds	162,486
Decrease in Accrued Expenses	(151,595)
Increase in Accounts Payable	<u>40,672</u>
Net Cash Provided by Operating Activities	<u>\$ 1,993,189</u>

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

FIDUCIARY FUND FINANCIAL STATEMENTS

DRAFT

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Agency Fund
ASSETS	
Restricted Assets	\$ 1,279,200
Total Assets	<u>\$ 1,279,200</u>
LIABILITIES	
Due to Student Groups	\$ 1,279,200
Total Liabilities	<u>\$ 1,279,200</u>

DRAFT

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

NOTES TO FINANCIAL STATEMENTS

DRAFT

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ector County Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; 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 and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." The District has component units, which are discretely presented in a separate column in a supporting schedule to the government-wide financial statements. The ECISD Education Foundation and Permian High Band and Orchestra are combined and presented separately in one column to emphasize that they are legally separate from the District. If you have questions about this report or need additional financial information, contact the District's business office, at Ector County Independent School District, 802 N. Sam Houston, Odessa, Texas.

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 and its component units 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. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

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

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

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds 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 the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days 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.

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. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. 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.

Additionally, the District reports the following fund types:

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund. The District has capital projects funds to separately account for various locally funded capital projects occurring throughout the District, and to account for the 2013 bond issue transactions.
4. **Permanent Funds** – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no permanent funds.

Proprietary Funds:

5. **Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District has no enterprise funds.

- 6. Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District’s internal service funds are the Medical Trust Fund and the Worker’s Compensation Fund.

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 no private purpose trust funds.
- 8. Pension (and Other Employee Benefit) Trust Funds** – These funds are used to account for local pension and other employee benefit funds that are provided by the District in lieu of or in addition to the Teacher Retirement System of Texas. The District has no pension trust funds.
- 9. Investment Trust Fund** - This fund is one in which the District holds assets in trust for other entities participating in an investment program managed by the district. 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 funds are the Student Activity Funds.

E. OTHER ACCOUNTING POLICIES

- 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.
- The District reports inventories of supplies at weighted average cost. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
- 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, business-type 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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenses.

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

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for unpaid accumulated sick leave based upon employees who meet the criteria established in the compensation and benefits local policy. All vacation pay is accrued when incurred in the government-wide and fund financial statements.
5. Capital assets, which include land, buildings, software, furniture and equipment, are reported in the applicable governmental or business-type activities columns 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 and materially complete.

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

Assets	Years
Buildings and Improvements	40
Musical instruments	20
School buses	10
Food service equipment	10
Furniture and equipment	7
Computer equipment	5
Software	5
Vehicles	5

6. 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.
7. Restricted net position represents restrictions that are externally imposed or restrictions imposed by law through constitutional provisions or enabling legislation.
8. The District has self-insured health and workers' compensation plans which are accounted for as proprietary funds. Claims incurred but not reported (IBNR) are accrued if it is probable that a claim will be asserted and the loss can be reasonably estimated. The accrued liabilities for IBNR in the workers' compensation fund are actuarially estimated by Turner Consulting, Inc. Consultants and Actuaries. The accrued liabilities for IBNR in the medical trust fund are based on industry standards applied by underwriters when evaluating a plan.
9. In the fund financial statements, fund balance shall mean the gross difference between governmental fund assets and liabilities reflected on the balance sheet. Governmental fund assets are those of the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

The fund balance of the General Fund, one of the governmental fund types, is of primary significance because the General Fund is the primary fund, which finances most functions in the District.

The order of spending and availability of the fund balance shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and then unassigned funds. Negative amounts shall not be reported for restricted, committed, or assigned funds.

The five classifications of fund balance of the governmental types are as follows:

Non-spendable fund balance shall mean that portion of the gross fund balance that is not expendable (such as inventories) or is legally earmarked for a specific use. Examples of non-spendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include:

1. Inventories
2. Prepaid items
3. Deferred expenditures
4. Long-term receivables

Restricted fund balance shall include amounts constrained to a specific purpose by the provider, such as a grantor. Examples of restricted fund balances include:

1. Child Nutrition Program
2. Technology Program
3. Construction Programs under a state funded program (i.e. IFA, EDA, PFC, financed bonds)
4. Resources from other granting agencies

Committed fund balance shall mean that portion of the fund balance that is constrained to a specific purpose by the Board of Trustees. Examples of committed fund balance include:

1. Potential litigation, claims, and judgments
2. Campus activity funds

Assigned fund balance shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose.

When it is appropriate for fund balance to be assigned, the Board delegates the responsibility to assign funds to the Superintendent or his designee.

In current practice, such plans or intent may change and may never be budgeted, or may result in expenditures in future periods of time.

Examples of assigned fund balances which the District may have tentative plans for expenditures in future periods include:

1. Capital replacement (expenditures for equipment, furniture, software)
2. Building construction, repair and renovation
3. Insurance deductibles
4. Program start up costs
5. Debt service reduction
6. Other legal uses

Unassigned fund balance shall include amounts available for any legal purpose. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

Unassigned fund balance shall mean the difference between the total fund balance and the total of the non-spendable fund balance, restricted fund balance, committed fund balance and assigned fund balance.

10. 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.
11. The District's investments are reported at cost which approximates fair market value.
12. The Data Control Codes refer to the account code structure prescribed by Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with TEA in order to ensure accuracy in building a State-wide data base for policy development and funding plans.
13. The District utilizes an encumbrance accounting system which is a method of ascertaining the availability of funds and then reserving funds to cover outstanding obligations. During the budgetary period, the District can determine the remaining amount of the new commitments that can be signed by comparing the amount of appropriations to the sum of expenditures recognized and encumbrances outstanding.

Encumbrance balances at June 30, 2014, consisted of the following amounts:

Fund Type	Amount
General Fund	\$ 437,857
Special Revenue Fund	350,142
Capital Projects Fund	91,780,486
Internal Service Fund	120,374
Total	\$ 92,688,859

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund, which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-4 and J-5.

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

1. Prior to June 20 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 after ten days' public notice of the meeting has been given.

3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.
4. The adopted budget must be filed with the Texas Education Agency according to the Public Education Information Management System (“PEIMS”) data standards, by Thursday of the second full week of December.

Once a budget is approved and adopted, any commitment that exceeds the available balance of the appropriation on the function level requires a budget amendment before the commitment is made. As dictated 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. All budget amendments enacted at the function level during fiscal year 2014 were legally approved.

Expenditures may not legally exceed budgeted appropriations at the function level within an individual fund for General Funds, Debt Service Funds, and the Capital Project Fund, except when a budget amendment is approved by the Board. For Special Revenue Funds a budget amendment is required by the TEA when cumulative transfers among direct cost categories exceed or are expected to exceed twenty-five percent of the total current approved budget. The District may transfer resources among categories without submitting an amendment as long as the total amount of resources transferred is twenty-five percent or less of the total current approved budget. The total expenditures per funding source per fiscal year cannot exceed the total amount approved. The budget was amended during the year for certain supplementary appropriations as discussed in Management’s Discussion and Analysis.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The expenditures shown below were in excess of the final amended budgeted amounts. For Special Revenue Funds, the Texas Education Agency does not require a school district to submit an amendment to the grant as long as the total amount of funds expended is twenty-five percent or less of the total current approved budget. None of the Special Revenue Funds passed through TEA listed below exceeded twenty-five percent of the total approved budget.

Fund Type	Budgeted Expenditures	Actual Amount	Overage
<u>General Fund</u>			
Co/extracurrirular activities	\$ 5,598,260	5,602,230	(3,970) a
Contracted Intructional Services	279,794	280,231	(437) b
<u>Special Revenue Funds</u>			
IDEA-B Disc Deaf Instruction	345	909	(564) c
Regional Day School for Deaf General Administration	-	8,798	(8,798) d

a: Occurred as a result of payroll exceeding final estimate due to extra duty pay.

b: Occurred due to recapture at final exceeding final estimate.

c: Occurred as a result of tranportation charges exceeding budgeted expenditures for program.

d: Occurred due to a lack of budgeted expenditures for planned administrative overhead charge to the program.

C. DEFICIT FUND EQUITY

No deficits in fund equity occurred.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The **Texas 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, and (9) 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, and (10) 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. The District is in substantial compliance with the requirements of the Act and with local policies.

Additional Contractual provisions governing deposits and investments for the District are as follows:

Policies Governing Deposits and Investments

In compliance with the **Texas Public Funds Investment Act**, the District has adopted a deposit and investment policy. That policy does address the following risks:

- a. **Custodial Credit Risk – Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is consistent with the requirements of the Public Funds Collateral Act, it is the policy of the District to require full collateralization of all District investments and funds on deposit with a depository bank, other than investments which are obligations of the U.S. Government and its agencies and instrumentalities. As required by Government Code 2257.022 the collateralization level will be 110% of market value of principal and accrued interest on the deposits or investments less an amount insured by the FDIC or FSLIC. Securities pledged as collateral shall be held by an independent third party with whom the District has a current custodial agreement. The Director of Finance is responsible for entering into collateralization agreements with third party custodians in compliance with this policy. The agreements are to specify the acceptable investment securities for collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. Collateral shall be reviewed at least weekly to assure that the market value of the pledged securities is adequate.

The District is not exposed to custodial credit risk for its deposits as all are covered by depository insurance and collateralization by securities at 110% of the market value.

- b. Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus, the District’s positions in external investment pools are not subject to custodial credit risk.
- c. Interest-Rate Risk – Interest-rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. To reduce exposure to changes in interest rates that could adversely affect the value of investments, the District shall use final and weighted-average maturity limits and diversification.

While all of the District’s investments are available on demand, the underlying weighted average maturity of investments of the external investment pools that the District invests in are listed below as of June 30, 2014:

<u>Investment Pool</u>	<u>Fair Value</u>	<u>Weighted Average Maturity of Pool's Underlying Investments</u>
TexPool	\$ 161,307,839	51 Days
Lone Star	\$ 16,933,033	56 Days
TexSTAR	\$ 15,222,084	56 Days

- d. Other Credit Risk Exposure – The District, in accordance with its investment policy, invests in external public fund investment pools, meeting the requirements of Government Code 2256.016 and 2256.019. These pools invest in U.S. Government agencies and repurchase agreements. The Standard & Poor’s credit ratings of the pools are as follows:

Texpool Investment Pool	AAAm
LoneStar Liquidity Plus Fund	AAAm
TexSTAR Investment Pool	AAAm

- e. Concentration of Credit Risk – Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District’s policy regarding diversity is as follows:

The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer.

The District’s investment portfolio consists of external investment pools and balances in savings accounts collateralized at 110% of their fair value by securities held by a third party custodian of the District’s depository bank in the name of the District.

The District's investments at June 30, 2014, are shown below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Days Until Maturity</u>	<u>% of Total Portfolio</u>	<u>Weighted Average Maturity</u>
TexPool	\$ 161,307,839	1	59.51	0.5951
Lone Star	16,933,033	1	6.25	0.0625
TexSTAR	15,222,084	1	5.62	0.0562
High Yield Savings	<u>77,582,867</u>	1	28.62	0.2862
Total Fair Value	<u>\$ 271,045,823</u>			

Portfolio Weighted Average Maturity

1.0000

Information regarding the District's investment pools may be obtained by contacting the following:

TexPool: Internet: www.texpool.com
 Phone: 1-866-839-7665
 Address: TexPool Participant Services
 c/o Federated Investors, Inc.
 1001 Texas Avenue, Suite 1400
 Houston, TX 77002

Lone Star: Internet: www.firstpublic.com
 Phone: 1-800-558-8875
 Address: First Public
 12007 Research Boulevard
 Austin, TX 78759

TexSTAR Internet: www.texstar.org
 Phone: 1-800-839-7827
 Address: TexStar Participant Services
 First Southwest Asset Management, Inc.
 325 North St. Paul Street, Suite 800
 Dallas, TX 75201

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the District's fiscal year.

C. DELINQUENT TAXES RECEIVABLE

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.

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2014, consisted of the following amounts:

	Due From Other Funds	Due To Other Funds
General Fund:		
Debt Service Fund	\$ -	\$ 391,203
Special Revenue Fund	-	1,960,638
Capital Projects Fund	-	25,729,206
Internal Service Fund	-	457,934
Total General Fund	-	28,538,981
Debt Service Fund:		
General Fund	391,203	-
Total Debt Service Fund	391,203	-
Capital Project Fund:		
Special Revenue Fund	-	5,064,196
General Fund	25,729,206	-
Total Capital Projects Fund	25,729,206	5,064,196
Special Revenue Fund:		
Capital Projects Fund	5,064,196	-
General Fund	1,960,638	-
Internal Service Fund	677,502	-
Special Revenue Fund	1,352,228	1,352,228
Total Special Revenue Fund	9,054,564	1,352,228
Internal Service Fund:		
General Fund	457,934	-
Special Revenue Fund	-	677,502
Total Internal Service Fund	457,934	677,502
Totals	\$ 35,632,907	\$ 35,632,907

The purpose of the interfund balances as of June 30, 2014, represents amounts owed to and from other funds, payroll and related benefits, and operations that will be cleared the following month when money is received from the granting agency or when subsequent transfers/repayments are made.

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

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund:	\$ 14,375,275	\$ 667,845
Special Revenue Fund:	-	336,275
Capital Project Fund:	771,845	12,684,000
Internal Service Fund	-	1,459,000
	<u> </u>	<u> </u>
Totals	<u>\$ 15,147,120</u>	<u>\$ 15,147,120</u>

The transfers from the general fund were for the following purposes:

- 1) To fund the District's portion of the Regional Day School for the Deaf Program - \$336,275.
- 2) To increase funding to the Security Infrastructure Fund - \$4,700,000.
- 3) To fund the Student Information Software Fund - \$1,080,000.
- 4) To fund the 2014 Turf Installation Fund - \$3,000,000.
- 5) To fund the 2014 Sewer Infrastructure Fund - \$3,800,000.
- 6) To increase investments in Texpool for the Medical Trust Fund - \$1,459,000.

The transfer to the general fund was from unused local funds from construction projects - \$667,845.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2014 were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	\$ 10,613,440	\$ 15,952,847	\$ -	\$ 302,222	\$ 26,868,509
Capital Projects Funds	-	-	-	-	-
Other Funds	913,875	1,556,397	35,174,973	-	37,645,245
Internal Service Funds	-	-	457,934	-	457,934
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total - Governmental Activities	<u>\$ 11,527,315</u>	<u>\$ 17,509,244</u>	<u>\$ 35,632,907</u>	<u>\$ 302,222</u>	<u>\$ 64,971,688</u>

Payables at June 30, 2014 were as follows:

	<u>Accounts Payable</u>	<u>Other Governments</u>	<u>Payroll Deductions and Withholdings Payable</u>	<u>Due To Other Funds</u>	<u>Total Payables</u>
Governmental Activities:					
General Fund	\$ 5,772,642	\$ 114	\$ 988,716	\$ 28,538,981	\$ 35,300,453
Capital Projects Funds	3,238,298	-	-	5,064,196	8,302,494
Other Funds	3,916,207	99,997	-	1,352,228	5,368,432
Internal Service Funds	387,022	-	-	677,502	1,064,524
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total - Governmental Activities	<u>\$ 13,314,169</u>	<u>\$ 100,111</u>	<u>\$ 988,716</u>	<u>\$ 35,632,907</u>	<u>\$ 50,035,903</u>

F. CAPITAL ASSET ACTIVITY

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

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements	
Governmental activities:				
Land	\$ 6,605,500	\$ 1,946,274	\$ (87,577)	\$ 8,464,197
Buildings and Improvements	301,073,508	2,549,741	(3,022,644)	\$ 300,600,605
Equipment	34,942,211	3,359,195	(898,742)	\$ 37,402,664
Software	2,642,660	1,031,633	-	\$ 3,674,293
Construction in Progress	1,084,113	9,383,537	-	\$ 10,467,650
Totals at Historical Costs	<u>346,347,992</u>	<u>18,270,380</u>	<u>(4,008,963)</u>	<u>360,609,409</u>
Less accumulated depreciation and amortization for:				
Buildings and Improvements	(130,355,643)	(5,649,796)	2,001,089	(134,004,350)
All Equipment	(22,782,159)	(3,585,530)	830,677	(25,537,012)
Software	(544,441)	(707,556)	-	(1,251,997)
Total accumulated depreciation for:	<u>(153,682,243)</u>	<u>(9,942,882)</u>	<u>2,831,766</u>	<u>(160,793,359)</u>
Governmental activities capital assets, net	<u>\$ 192,665,749</u>	<u>\$ 8,327,498</u>	<u>\$ (1,177,197)</u>	<u>\$ 199,816,050</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 3,630,266
Instruction Resources & Media Services	165,057
Instructional Leadership	52,556
School Leadership	178,083
Guidance, Counseling & Evaluation Services	12,688
Health Services	1,790
Student Transportation	894,154
Food Service	812,112
Co-Curricular/Extracurricular Activities	969,607
General Administration	31,071
Plant Maintenance & Operations	1,007,843
Securities & Monitoring Services	209,747
Data Processing Services	1,923,087
Community Services	54,821
Total Depreciation Expense	<u>\$ 9,942,882</u>

G. BONDS PAYABLE

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

On December 11, 2001, The District issued \$55,868,558 of Unlimited Tax School Building and Refunding Bonds, Series 2001 (the "Bonds") maturing from August 15, 2004 through August 15, 2025. Interest rates vary from 3.55% to 5.75%. The Bonds were issued as part of an October 29, 2001 voter approved referendum of \$89,500,000 to renovate schools within the District and to build a new early education center and a new elementary campus. In addition, the bonds defeased \$3,755,000 of old bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. The refunding resulted in no economic gain or loss to the District.

On August 12, 2003, the District issued \$37,191,694 of Unlimited Tax School Building and Refunding Bonds, Series 2003A (the "Bonds") maturing from August 15, 2006 through August 15, 2027. Interest rates vary from 3.94% through 5.73%. The Bonds were issued as the remainder of the October 29, 2001 voter approved referendum of \$89,500,000 to renovate schools within the District and to build a new early education center and a new elementary campus. In addition, the bonds defeased \$1,799,953 of old bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. The 2003A Series Bonds outstanding were paid off in August 2013.

On February 20, 2007, the District issued \$56,380,113 of Unlimited Tax Refunding Bonds, Series 2007 (the "Bonds") maturing from August 15, 2007 through August 15, 2027. Interest rates vary from 4.00% through 4.64%. The Bonds were issued to advance refund a portion of the District's outstanding bonds to lower the District's debt service payments by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. The refunding resulted in an economic gain to the District of \$2,027,926. On June 30, 2014, \$56,120,113 of bonds considered defeased by the Series 2007 Bonds are still outstanding.

On June 20, 2012, the District issued \$4,690,000 of Unlimited Tax Refunding Bonds, Series 2012 (the "Bonds") maturing from August 15, 2012 through August 15, 2025. Interest rates vary from 2.00% to 3.00%. The Bonds were issued to advance refund a portion of the District's outstanding bonds to lower the District's debt service payments by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. The refunding resulted in an economic gain to the District of \$637,628. The net cash flow decrease from the refunding over the life of the bond issue is \$687,402. On June 30, 2014, \$2,240,000 of bonds considered defeased by the series 2012 bonds are still outstanding.

On March 28, 2013, the District issued \$121,595,000 of Unlimited Tax School Building Bonds, Series 2013 (the "Bonds") maturing from August 15, 2013 through August 15, 2038. Interest rates vary from 3.00% through 5.00%. The Bonds were issued for the construction and renovation and equipping of high school facilities, the construction and equipping of elementary school facilities and the acquisition of any necessary school sites and new school buses, and to fund capitalized interest on, and costs of issuance related to, the Bonds.

A summary of changes in general long-term debt for the year ended June 30, 2014 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable Outstanding 7/1/2013	Issued	Retired	Payable Outstanding 6/30/2014
ECISD Unlimited Tax School Building and Refunding Bonds, Series 2001	3.55, 3.90, 4.20, 4.50, 4.68, 4.80, 4.90, 5.01, 5.13, 5.26, 5.36, 5.46, 5.56, 5.64, 5.7, 5.75%	\$ 55,868,558	\$ 2,877,032	\$ 10,116,575	\$ -	\$ 847,968	\$ 9,268,607
ECISD Unlimited Tax School Building and Refunding Bonds, Series 2003A	3.94, 4.28, 4.47, 4.61, 4.75, 4.92, 5.00, 5.07, 5.20, 5.25, 5.32, 5.41, 5.50, 5.59, 5.67, 5.73%	37,191,694	798,577	2,506,731	-	2,506,731	-
ECISD Unlimited Tax School Refunding Bonds, Series 2007	4.00, 4.16, 4.20, 4.23, 4.25, 4.29, 4.30, 4.35, 4.36, 4.50, 4.56, 4.64%	56,380,113	2,431,810	56,290,113	-	-	56,290,113
ECISD Unlimited Tax Refunding Bonds, Series 2012	2.00, 3.00%	4,690,000	112,500	4,615,000	-	1,480,000	3,135,000
ECISD Unlimited Tax School Building Bonds, Series 2013	3.00, 3.125, 3.25, 4.00, 5.00%	121,595,000	4,428,066	121,595,000	-	-	121,595,000
TOTAL		\$ 275,725,365	\$ 10,647,985	\$ 195,123,419	\$ -	\$ 4,834,699	\$ 190,288,720

Debt service requirements are as follows:

Year Ended June 30,	General Obligations		
	Principal	Interest	Total Requirements
2015	2,263,777	12,038,226	14,302,003
2016	3,067,517	11,212,461	14,279,978
2017	2,947,440	11,330,763	14,278,203
2018	2,850,430	11,430,173	14,280,603
2019	2,754,088	11,523,090	14,277,178
2020-2024	34,420,468	36,361,327	70,781,795
2025-2029	42,375,000	25,363,932	67,738,932
2030-2034	44,885,000	15,129,045	60,014,045
2035-2038	54,725,000	5,286,690	60,011,690
	<u>\$ 190,288,720</u>	<u>\$ 139,675,707</u>	<u>\$ 329,964,427</u>

H. COMMITMENTS UNDER OPERATING LEASES

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

<u>Year Ending June 30,</u>	<u>Future Rental Payments</u>
2015	454,081
2016	279,506
2017	124,492
2018	84,965
2019	1,056
Total Minimum Rentals	<u>\$ 944,100</u>
Rental Expenditures in Fiscal Year 2014	<u>\$ 900,025</u>

I. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Upon retirement or death of certain employees, the District pays any accrued sick leave and vacation leave in a lump sum payment to such employee or his/her estate based upon the following criteria:

1. Hourly position employees not working a scheduled 40-hour week are not eligible to be paid for accrued leave.
2. Sick Leave: Any employee not mentioned above who retired after completing five consecutive years or resigns after completing 20 years of service with the District shall be paid for accrued sick leave. Accrued sick leave shall be computed at one-half the daily rate at the time of retirement or resignation times the number of accrued leave days, which shall not exceed one-half the number of working days in an annual contract. In order to receive payment for unused sick leave, retirement must occur at the end of the employee's contract period, or when retirement is necessitated by a medical disability as approved by the Teacher Retirement System. Exceptions to this provision were reviewed by the Board upon recommendation of the Superintendent. No benefits shall be calculated on a salary schedule exceeding that of a regular teacher's salary schedule. Individuals who are retiring and have worked less than 85 days of the contract year shall have accrued sick leave paid based on the previous year's salary schedule.

3. Vacation Leave: Any accrued vacation leave is paid upon separation at the employee's current daily rate of pay.

A summary of changes in the accumulated sick leave and vacation leave liability follows:

	Sick Leave	Vacation Leave
Balance June 30, 2013	\$ 3,494,293	\$ 1,344,751
Additions/Adjustments - New Entrants and Salary Increments	1,486,561	320,570
Deductions - Payments to Participants	(990,943)	(162,528)
Balance June 30, 2014	<u>\$ 3,989,911</u>	<u>\$ 1,502,793</u>

J. DEFINED BENEFIT PENSION PLAN

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute prohibits benefit improvements if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Contribution rates and contributions for fiscal years 2014-2012 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceed the statutory minimum.

Year	Member		State		Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2014	6.4%	\$9,430,412	6.800%	\$7,118,009	\$1,745,702
2013	6.4%	\$8,982,529	6.400%	\$6,541,409	\$1,314,470
2012	6.4%	\$8,628,287	6.000%	\$6,103,772	\$1,016,385

The District recognized an additional \$456,807 of on-behalf payments for Medicare Part D for the year ended June 30, 2014. Payment of Early Retiree Reinsurance Program (EERP) was not made for the year ended June 30, 2014 as the program was not available to TRS for the 2014 fiscal year end.

K. DEFINED RETIREE HEALTH PLAN

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

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2014-2012.

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2014	0.65%	\$957,776	1.0%	\$1,473,502	0.55%	\$810,426
2013	0.65%	\$912,288	0.5%	\$701,760	0.55%	\$771,936
2012	0.65%	\$876,309	1.0%	\$1,348,168	0.55%	\$741,493

L. RISK MANAGEMENT

Health Insurance

The District sponsors a self-funded plan to provide health care benefits to staff members and their dependents. Transactions related to the plan are accounted for in the Medical Trust Fund (the "Fund"), an internal service fund of the District. The District contributed \$315 per month per employee and each employee contributed \$40 per month, for the period of July through December 2013. Contributions increased to \$330 and \$55 for the period of January through July 2014. Employees, at their option, authorized payroll withholding to pay contributions for dependents. Third party administrators paid all claims from the fund. The plan was authorized by Section 21.922, Texas Education Code, and was documented by contractual agreement. The District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Westport Insurance Corporation, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop loss coverage was in effect for individual claims exceeding \$275,000 annually and aggregate coverage with an attachment point of \$22,978,118. Estimates of claims payable and of claims incurred, but not reported at June 30, 2013, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

For the school year 2013-2014, no claims exceeded the \$275,000 limit plus a one-time aggregating specific of \$125,000. Changes in the balances of claims liabilities during the past year are as follows:

	Ten Months Ended June 30, 2013	Year Ended June 30, 2014
Unpaid claims, beginning of the year	\$ 2,091,997	\$ 1,379,350
Incurred claims (including IBNR's)	11,272,524	15,739,774
Claim Payments	<u>(11,985,171)</u>	<u>(15,499,195)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,379,350</u>	<u>\$ 1,619,929</u>

Worker's Compensation

The District sponsors a self-funded Worker's Compensation Fund. Claims exceeding \$350,000 up to the State of Texas statutory limits per occurrence are covered by a stop loss plan through the Texas Association of School Boards, whose carrier is Safety National Casualty Corporation.

For the school year 2013-2014, no claims exceeded the \$350,000 limit. Changes in the balances of the claims liability during the past year are as follows:

	Ten Months Ended June 30, 2013	Year Ended June 30, 2014
Unpaid claims, beginning of the year	\$ 4,033,643	\$ 3,765,290
Incurred claims (including IBNR's)	463,718	703,241
Claim Payments	<u>(732,071)</u>	<u>(1,095,415)</u>
Unpaid claims, end of fiscal year	<u>\$ 3,765,290</u>	<u>\$ 3,373,116</u>

M. CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
School Building and Refunding Bonds	\$195,123,419	\$ -	\$ (4,834,699)	\$190,288,720	\$ 2,263,777
Accumulated Accretion	17,203,311	2,621,974	(3,632,161)	16,193,124	-
Net Bond Premium	14,241,707	-	(2,019,857)	12,221,850	-
Total Bonds and Notes Payable	226,568,437	2,621,974	(10,486,717)	218,703,694	2,263,777
	Ending Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Other Liabilities:					
Worker's Compensation (IBNR)	3,765,290	703,241	(1,095,415)	3,373,116	720,954
Sick Leave Benefits	3,494,293	1,486,561	(990,943)	3,989,911	827,197
Total Other	7,259,583	2,189,802	(2,086,358)	7,363,027	1,548,151
Total Governmental Activities Long-Term Liabilities	\$233,828,020	\$ 4,811,776	\$ (12,573,075)	\$226,066,721	\$ 3,811,928

N. UNEARNED REVENUES

Unearned revenues at year end consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Net Tax Revenue	\$ 2,852,512	\$ -	\$ 245,605	\$ 3,098,117
State Textbook Fund	-	1,110,838	-	1,110,838
Commodities	-	330,701	-	330,701
Brown Agriculture Fund	-	54,445	-	54,445
TXU Energy Rebate	53,195	-	-	53,195
Permian Basin Child's Play, Inc.	46,299	-	-	46,299
Dollar General	40,000	-	-	40,000
Odessa Regional School Clinic	-	37,055	-	37,055
State Deaf	-	30,689	-	30,689
Weldon Scholarship Fund	-	27,545	-	27,545
Jason's Project Stem	-	20,540	-	20,540
Advanced Placement Incentives	-	18,324	-	18,324
Title VI, LEP Summer School (K-1)	-	15,618	-	15,618
PHS Science Giants Award	-	4,933	-	4,933
Meadows Foundation Award	-	1,282	-	1,282
Payroll Clearing	1,140	-	-	1,140
Blackshear Science Giants Award	-	890	-	890
IDEA-B Discretionary Deaf Formula	-	596	-	596
Texas Department of Transportation	500	-	-	500
Total	<u>\$ 2,993,646</u>	<u>\$ 1,653,456</u>	<u>\$ 245,605</u>	<u>\$ 4,892,707</u>

O. DUE FROM STATE AND FEDERAL AGENCIES

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. Amounts due from federal and state governments as of June 30, 2014, are summarized below.

Fund Name	State Entitlements	Federal Grants	Total
General Fund	\$ 15,952,847	\$ -	\$ 15,952,847
IDEA - Part B, Formula	-	519,217	519,217
ESEA Title I, Part A - Improving Basic Programs	-	500,196	500,196
ESEA Title II, Part A - Training and Recruiting	-	339,052	339,052
Regional Day School - Deaf	-	89,042	89,042
ESEA Title III, Part A - English Language Acquisition	-	50,979	50,979
Career and Technical Basic Grant	-	38,789	38,789
IDEA - Part B, Preschool	-	10,609	10,609
IDEA - Part B, Deaf	-	2,708	2,708
IDEA - Part B, Preschool Deaf	-	2,411	2,411
IDEA - Part B, Discretionary Deaf	-	2,270	2,270
IDEA -C Early Intervention	-	1,124	1,124
Total	\$ 15,952,847	\$ 1,556,397	\$ 17,509,244

P. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 135,798,945	\$ -	\$ 15,769,489	\$ -	\$ 151,568,434
Penalties, Interest and Other					
Tax-Related Income	1,715,718	-	190,104	-	1,905,822
Investment Income	50,086	610	1,898	84,414	137,008
Food Sales	-	4,983,230	-	-	4,983,230
Co-Curricular Student Activities	427,649	-	-	-	427,649
Other	3,232,466	617,607	7	-	3,850,080
Total	\$ 141,224,864	\$ 5,601,447	\$ 15,961,498	\$ 84,414	\$ 162,872,223

Q. CONTINGENT LIABILITIES

The District participates in numerous federally-funded programs, on both a direct and state pass-through basis, as well as on a service-provider basis. In connection with these grants, the District is required to comply with specific terms and agreements, as well as applicable federal and state laws, and regulations. Such compliance is subject to review and audit by the grantors and their representatives, including audits under the “Single Audit” concept and compliance examinations which build upon such audits.

In the opinion of management, the District has materially complied with all requirements. However, such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of such disallowance of claimed expenditures, the District does not expect the resulting liability to have a material adverse effect on its combined financial statements at June 30, 2014.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not determinable presently, in the opinion of the District’s counsel the resolution of these matters will not have a material adverse effect on the financial statements of the District.

R. SHARED SERVICE ARRANGEMENTS

The District is the fiscal agent for a Shared Service Arrangement (“SSA”) that provides deaf education to member districts. In addition to the District, other member districts include Midland, Big Spring, Andrews, Coahoma, Kermit, McCamey, Monahans, Ft. Stockton, Stanton, and Big Lake-Reagan. 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 315, 316, 317, 340 and 435 using Model 3 in the SSA section. Expenditures of the SSA are summarized below:

Ector County Independent School District	\$	468,733
Midland Independent School District		112,844
Big Spring Independent School District		52,082
Andrews Independent School District		34,721
Coahoma Independent School District		8,680
Kermit Independent School District		17,361
McCamey Independent School District		17,361
Monahans Independent School District		26,041
Ft. Stockton Independent School District		34,721
Stanton Independent School District		8,680
Reagan County Independent School District		17,361
Total	\$	<u><u>798,585</u></u>

S. CONSTRUCTION COMMITMENT

The District had the following construction commitments as of June 30, 2014:

<u>Name of Project</u>	<u>Contractor</u>	<u>Contract Amount</u>
Odessa High School Addition	JSA Architects	\$ 1,750,000
Permian High School Addition	Parkhill Smith & Cooper, Inc.	\$ 1,750,000
West Elementary	MW Builders	\$ 18,346,000
Downing Elementary	MW Builders	\$ 18,346,000
Buice Elementary	MW Builders	\$ 18,346,000

DRAFT

BUDGETARY COMPARISON REPORTING

DRAFT

ECTOR COUNTY 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			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 138,078,217	\$ 141,280,353	\$ 141,224,864	\$ (55,489)
5800	State Program Revenues	73,289,706	80,198,883	80,091,618	(107,265)
5900	Federal Program Revenues	1,603,999	2,455,617	2,439,761	(15,856)
5020	Total Revenues	212,971,922	223,934,853	223,756,243	(178,610)
EXPENDITURES:					
Current:					
0011	Instruction	127,573,949	125,655,072	120,029,842	5,625,230
0012	Instructional Resources and Media Services	2,491,387	2,730,083	2,570,669	159,414
0013	Curriculum and Instructional Staff Development	2,809,877	4,325,582	3,130,180	1,195,402
0021	Instructional Leadership	3,087,247	3,236,932	2,946,333	290,599
0023	School Leadership	14,273,306	15,139,862	14,283,501	856,361
0031	Guidance, Counseling and Evaluation Services	8,339,938	8,570,298	7,623,304	946,994
0032	Social Work Services	388,821	504,517	488,230	16,287
0033	Health Services	1,859,938	1,868,760	1,721,989	146,771
0034	Student (Pupil) Transportation	8,365,711	8,491,050	7,641,797	849,253
0035	Food Services	16,000	29,200	14,478	14,722
0036	Extracurricular Activities	4,980,403	5,598,260	5,602,230	(3,970)
0041	General Administration	5,728,037	6,382,501	5,778,851	603,650
0051	Facilities Maintenance and Operations	20,557,570	23,099,661	21,623,011	1,476,650
0052	Security and Monitoring Services	2,310,657	2,361,529	2,261,921	99,608
0053	Data Processing Services	5,363,164	5,589,845	5,026,165	563,680
0061	Community Services	949,283	991,010	864,459	126,551
Capital Outlay:					
0081	Facilities Acquisition and Construction	2,000	757,000	3,000	754,000
Intergovernmental:					
0091	Contracted Instructional Services Between	481,125	279,794	280,231	(437)
0099	Other Intergovernmental Charges	1,566,091	1,583,091	1,577,733	5,358
6030	Total Expenditures	211,144,504	217,194,047	203,467,924	13,726,123
1100	Excess of Revenues Over Expenditures	1,827,418	6,740,806	20,288,319	13,547,513
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	65,000	1,667,000	1,652,475	(14,525)
7915	Transfers In	-	641,000	667,845	26,845
8911	Transfers Out (Use)	(1,892,418)	(14,496,798)	(14,375,275)	121,523
7080	Total Other Financing Sources (Uses)	(1,827,418)	(12,188,798)	(12,054,955)	133,843
1200	Net Change in Fund Balances	-	(5,447,992)	8,233,364	13,681,356
0100	Fund Balance - July (Beginning)	76,114,024	76,114,024	76,114,024	-
3000	Fund Balance - June 30 (Ending)	\$ 76,114,024	\$ 70,666,032	\$ 84,347,388	\$ 13,681,356

COMBINING SCHEDULES

DRAFT

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS			
1110 Cash and Cash Equivalents	\$ 16,211	\$ -	\$ -
1120 Investments - Current	-	-	-
1220 Property Taxes - Delinquent	-	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-	-
1240 Receivables from Other Governments	500,196	519,217	10,609
1260 Due from Other Funds	-	-	29,497
1300 Inventories	-	-	-
1000 Total Assets	<u>\$ 516,407</u>	<u>\$ 519,217</u>	<u>\$ 40,106</u>
LIABILITIES			
2110 Accounts Payable	\$ 154,846	\$ -	\$ 359
2170 Due to Other Funds	338,299	518,072	39,747
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	23,262	1,145	-
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>516,407</u>	<u>519,217</u>	<u>40,106</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	-	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	-	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3510 Construction	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 516,407</u>	<u>\$ 519,217</u>	<u>\$ 40,106</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang Acquisition	272 Medicaid Admin. Claim MAC	289 Title VI, LEP Summer Program	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf
\$ 888,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,473,503	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	38,789	339,052	50,979	-	-	2,270	2,708
5,708,071	-	-	-	-	15,618	-	-
1,059,407	-	-	-	-	-	-	-
<u>\$ 9,129,586</u>	<u>\$ 38,789</u>	<u>\$ 339,052</u>	<u>\$ 50,979</u>	<u>\$ -</u>	<u>\$ 15,618</u>	<u>\$ 2,270</u>	<u>\$ 2,708</u>
\$ 520,872	\$ 882	\$ 7,500	\$ 26,182	\$ -	\$ -	\$ 1,109	\$ -
26,754	37,907	331,552	24,797	-	-	1,161	2,112
-	-	-	-	-	-	-	-
58,784	-	-	-	-	-	-	-
330,701	-	-	-	-	15,618	-	596
<u>937,111</u>	<u>38,789</u>	<u>339,052</u>	<u>50,979</u>	<u>-</u>	<u>15,618</u>	<u>2,270</u>	<u>2,708</u>
1,059,407	-	-	-	-	-	-	-
7,133,068	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>8,192,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 9,129,586</u>	<u>\$ 38,789</u>	<u>\$ 339,052</u>	<u>\$ 50,979</u>	<u>\$ -</u>	<u>\$ 15,618</u>	<u>\$ 2,270</u>	<u>\$ 2,708</u>

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

Data Control Codes	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives	404 Student Success Initiative
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120 Investments - Current	-	-	-	-
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240 Receivables from Other Governments	2,411	1,124	-	-
1260 Due from Other Funds	-	-	18,324	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>\$ 2,411</u>	<u>\$ 1,124</u>	<u>\$ 18,324</u>	<u>\$ -</u>
LIABILITIES				
2110 Accounts Payable	\$ 1,645	\$ 872	\$ -	\$ -
2170 Due to Other Funds	766	252	-	-
2180 Due to Other Governments	-	-	-	-
2200 Accrued Expenditures	-	-	-	-
2300 Unearned Revenues	-	-	18,324	-
2000 Total Liabilities	<u>2,411</u>	<u>1,124</u>	<u>18,324</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3480 Retirement of Long-Term Debt	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:				
3510 Construction	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 2,411</u>	<u>\$ 1,124</u>	<u>\$ 18,324</u>	<u>\$ -</u>

410 State Textbook Fund	435 SSA Regional Day School - Deaf	481 Meadows Foundation Award	482 Education Foundation Awards	486 Blackshear Science Award	489 Brown Agriculture Award	490 Barbara Jordan Trust	491 OHS Scholarship Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	75,030	52,674	32,163
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	89,042	-	-	-	-	-	-
3,170,426	45,210	1,412	2,588	890	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 3,170,426</u>	<u>\$ 134,252</u>	<u>\$ 1,412</u>	<u>\$ 2,588</u>	<u>\$ 890</u>	<u>\$ 75,030</u>	<u>\$ 52,674</u>	<u>\$ 32,163</u>
\$ 2,059,588	\$ 1,843	\$ 130	\$ 2,588	\$ -	\$ 901	\$ -	\$ -
-	-	-	-	-	19,684	-	7,250
-	99,997	-	-	-	-	-	-
-	1,723	-	-	-	-	-	-
1,110,838	30,689	1,282	-	890	54,445	-	-
<u>3,170,426</u>	<u>134,252</u>	<u>1,412</u>	<u>2,588</u>	<u>890</u>	<u>75,030</u>	<u>-</u>	<u>7,250</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	52,674	24,913
-	-	-	-	-	-	-	-
-	-	-	-	-	-	52,674	24,913
<u>\$ 3,170,426</u>	<u>\$ 134,252</u>	<u>\$ 1,412</u>	<u>\$ 2,588</u>	<u>\$ 890</u>	<u>\$ 75,030</u>	<u>\$ 52,674</u>	<u>\$ 32,163</u>

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

Data Control Codes	492 Jason's Project STEM	496 School Clinic	497 Weldon Scholarship Fund	498 PHS Science Giant Award	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	28,333	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	-	-	-	-
1260	Due from Other Funds	20,540	37,055	-	4,933
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 20,540</u>	<u>\$ 37,055</u>	<u>\$ 28,333</u>	<u>\$ 4,933</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2170	Due to Other Funds	-	-	600	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenues	20,540	37,055	27,545	4,933
2000	Total Liabilities	<u>20,540</u>	<u>37,055</u>	<u>28,145</u>	<u>4,933</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	188	-
Committed Fund Balance:					
3510	Construction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>188</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 20,540</u>	<u>\$ 37,055</u>	<u>\$ 28,333</u>	<u>\$ 4,933</u>

Total Nonmajor Special Revenue Funds	511 Debt Service Fund	671 Security Infra- Structure	673 New Tech High Startup	674 Maintenance Projects	675 OHS Science Labs	676 Sewer Plant Expansion	678 New Elementary Fund
\$ 904,816	\$ 5,171	\$ 14,179	\$ 3,275	\$ 3,718	\$ 2,624	\$ -	\$ -
1,661,703	13,388,152	-	-	-	-	-	-
-	913,875	-	-	-	-	-	-
-	(668,225)	-	-	-	-	-	-
1,556,397	-	-	-	-	-	-	-
9,054,564	391,203	8,067,032	-	3,760	267,573	190,000	9,283,019
1,059,407	-	-	-	-	-	-	-
<u>\$ 14,236,887</u>	<u>\$ 14,030,176</u>	<u>\$ 8,081,211</u>	<u>\$ 3,275</u>	<u>\$ 7,478</u>	<u>\$ 270,197</u>	<u>\$ 190,000</u>	<u>\$ 9,283,019</u>
\$ 2,779,317	\$ 145,574	\$ 5,299	\$ -	\$ 2,492	\$ -	\$ -	\$ -
1,348,953	-	-	3,275	-	-	-	-
99,997	-	-	-	-	-	-	-
84,914	-	-	-	-	-	-	-
1,653,456	245,605	-	-	-	-	-	-
<u>5,966,637</u>	<u>391,179</u>	<u>5,299</u>	<u>3,275</u>	<u>2,492</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,059,407	-	-	-	-	-	-	-
7,133,068	-	-	-	-	-	-	-
-	13,638,997	-	-	-	-	-	-
77,775	-	-	-	-	-	-	-
-	-	8,075,912	-	4,986	270,197	190,000	9,283,019
<u>8,270,250</u>	<u>13,638,997</u>	<u>8,075,912</u>	<u>-</u>	<u>4,986</u>	<u>270,197</u>	<u>190,000</u>	<u>9,283,019</u>
<u>\$ 14,236,887</u>	<u>\$ 14,030,176</u>	<u>\$ 8,081,211</u>	<u>\$ 3,275</u>	<u>\$ 7,478</u>	<u>\$ 270,197</u>	<u>\$ 190,000</u>	<u>\$ 9,283,019</u>

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

Data Control Codes	681 2013 Maint Projects Fund	682 Student Info Software Fund	684 2014 Turf Installation Fund	685 2014 Sewer Infra- Structure	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	-	-	-	-
1260	Due from Other Funds	624,810	1,080,000	2,592,050	3,620,962
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 624,810</u>	<u>\$ 1,080,000</u>	<u>\$ 2,592,050</u>	<u>\$ 3,620,962</u>
LIABILITIES					
2110	Accounts Payable	\$ 8,733	\$ -	\$ 853,417	\$ 121,375
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>8,733</u>	<u>-</u>	<u>853,417</u>	<u>121,375</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3510	Construction	616,077	1,080,000	1,738,633	3,499,587
3000	Total Fund Balances	<u>616,077</u>	<u>1,080,000</u>	<u>1,738,633</u>	<u>3,499,587</u>
4000	Total Liabilities and Fund Balances	<u>\$ 624,810</u>	<u>\$ 1,080,000</u>	<u>\$ 2,592,050</u>	<u>\$ 3,620,962</u>

Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 23,796	\$ 933,783
-	15,049,855
-	913,875
-	(668,225)
-	1,556,397
25,729,206	35,174,973
-	1,059,407
<u>\$ 25,753,002</u>	<u>\$ 54,020,065</u>
\$ 991,316	\$ 3,916,207
3,275	1,352,228
-	99,997
-	84,914
-	1,899,061
<u>994,591</u>	<u>7,352,407</u>
-	1,059,407
-	7,133,068
-	13,638,997
-	77,775
<u>24,758,411</u>	<u>24,758,411</u>
<u>24,758,411</u>	<u>46,667,658</u>
<u>\$ 25,753,002</u>	<u>\$ 54,020,065</u>

ECTOR COUNTY 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	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	4,725,558	4,661,884	161,508
5020 Total Revenues	<u>4,725,558</u>	<u>4,661,884</u>	<u>161,508</u>
EXPENDITURES:			
Current:			
0011 Instruction	2,889,093	4,534,975	161,508
0013 Curriculum and Instructional Staff Development	1,605,423	614	-
0021 Instructional Leadership	35,207	39,493	-
0023 School Leadership	24,343	-	-
0031 Guidance, Counseling and Evaluation Services	66,794	77,823	-
0032 Social Work Services	58,948	-	-
0033 Health Services	-	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	-	8,979	-
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
0052 Security and Monitoring Services	-	-	-
0053 Data Processing Services	-	-	-
0061 Community Services	45,750	-	-
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>4,725,558</u>	<u>4,661,884</u>	<u>161,508</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	-	-	-
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	289 Title VI, LEP Summer Program	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf
\$ 4,997,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
290,163	-	-	-	-	-	-	-
9,552,642	260,443	1,848,139	469,155	42,216	-	22,165	29,056
14,840,704	260,443	1,848,139	469,155	42,216	-	22,165	29,056
-	27,573	238,394	160,323	-	-	19,965	29,021
-	1,898	1,602,551	164,193	-	-	2,200	-
-	-	-	84,127	-	-	-	-
-	78,567	7,194	7,870	-	-	-	-
-	148,698	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	42,216	-	-	-
13,502,381	-	-	-	-	-	-	-
-	3,707	-	26,055	-	-	-	35
-	-	-	-	-	-	-	-
1,203,108	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	26,587	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,705,489	260,443	1,848,139	469,155	42,216	-	22,165	29,056
135,215	-	-	-	-	-	-	-
2,981	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,981	-	-	-	-	-	-	-
138,196	-	-	-	-	-	-	-
8,054,279	-	-	-	-	-	-	-
\$ 8,192,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ECTOR COUNTY 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	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives	404 Student Success Initiative
REVENUES:				
5700	\$ -	\$ -	\$ -	\$ -
5800	-	-	3,415	10,337
5900	5,026	1,124	-	-
5020	<u>5,026</u>	<u>1,124</u>	<u>3,415</u>	<u>10,337</u>
EXPENDITURES:				
Current:				
0011	3,245	1,124	2,700	10,337
0013	1,781	-	715	-
0021	-	-	-	-
0023	-	-	-	-
0031	-	-	-	-
0032	-	-	-	-
0033	-	-	-	-
0035	-	-	-	-
0036	-	-	-	-
0041	-	-	-	-
0051	-	-	-	-
0052	-	-	-	-
0053	-	-	-	-
0061	-	-	-	-
Debt Service:				
0071	-	-	-	-
0072	-	-	-	-
0073	-	-	-	-
Capital Outlay:				
0081	-	-	-	-
6030	<u>5,026</u>	<u>1,124</u>	<u>3,415</u>	<u>10,337</u>
1100	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7912	-	-	-	-
7915	-	-	-	-
8911	-	-	-	-
7080	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	-	-	-	-
0100	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

410 State Textbook Fund	435 SSA Regional Day School - Deaf	481 Meadows Foundation Award	482 Education Foundation Awards	486 Blackshear Science Award	489 Brown Agriculture Award	490 Barbara Jordan Trust	491 OHS Scholarship Fund
\$ 55,748	\$ 272,840	\$ 500	\$ 126,392	\$ 745	\$ 11,239	\$ 23	\$ 10
3,634,241	286,167	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,689,989</u>	<u>559,007</u>	<u>500</u>	<u>126,392</u>	<u>745</u>	<u>11,239</u>	<u>23</u>	<u>10</u>
3,689,989	774,436	500	106,070	745	11,239	-	-
-	16,411	-	20,322	-	-	-	-
-	-	-	-	-	-	-	-
-	61,960	-	-	-	-	-	-
-	33,707	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	8,768	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,500
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,689,989</u>	<u>895,282</u>	<u>500</u>	<u>126,392</u>	<u>745</u>	<u>11,239</u>	<u>-</u>	<u>5,500</u>
-	(336,275)	-	-	-	-	23	(5,490)
-	-	-	-	-	-	-	-
-	336,275	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	<u>336,275</u>	-	-	-	-	-	-
-	-	-	-	-	-	23	(5,490)
-	-	-	-	-	-	52,651	30,403
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,674</u>	<u>\$ 24,913</u>

ECTOR COUNTY 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	492 Jason's Project STEM	496 School Clinic	497 Weldon Scholarship Fund	498 PHS Science Giant Award
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 124,710	\$ 2,553	\$ 8	\$ 8,780
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>124,710</u>	<u>2,553</u>	<u>8</u>	<u>8,780</u>
EXPENDITURES:				
Current:				
0011 Instruction	124,710	-	-	8,780
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	2,553	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing 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>124,710</u>	<u>2,553</u>	<u>-</u>	<u>8,780</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	-	-
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	-	-	8	-
0100 Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>180</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188</u>	<u>\$ -</u>

Total Nonmajor Special Revenue Funds	511 Debt Service Fund	671 Security Infra- Structure	673 New Tech High Startup	674 Maintenance Projects	675 OHS Science Labs	676 Sewer Plant Expansion	678 New Elementary Fund
\$ 5,601,447	\$ 15,961,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,224,323	-	-	-	-	-	-	-
21,778,916	-	-	-	-	-	-	-
<u>31,604,686</u>	<u>15,961,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
12,794,727	-	-	182,246	-	-	-	-
3,416,108	-	-	-	-	-	-	-
158,827	-	-	-	-	-	-	-
179,934	-	-	-	-	-	-	-
327,022	-	-	-	-	-	-	-
58,948	-	-	-	-	-	-	-
44,769	-	-	-	-	-	-	-
13,502,381	-	-	-	-	-	-	-
38,776	-	-	-	-	-	-	-
8,768	-	-	-	-	-	-	-
1,203,108	-	-	-	662,492	-	-	-
-	-	162,797	-	-	-	-	-
-	-	172,438	-	-	-	-	-
77,837	-	-	-	-	-	-	-
-	4,834,702	-	-	-	-	-	-
-	10,647,985	-	-	-	-	-	-
-	7,500	-	-	-	-	-	-
-	-	233,814	-	45,740	6,544	-	-
<u>31,811,205</u>	<u>15,490,187</u>	<u>569,049</u>	<u>182,246</u>	<u>708,232</u>	<u>6,544</u>	<u>-</u>	<u>-</u>
<u>(206,519)</u>	<u>471,311</u>	<u>(569,049)</u>	<u>(182,246)</u>	<u>(708,232)</u>	<u>(6,544)</u>	<u>-</u>	<u>-</u>
2,981	-	-	-	-	-	-	-
336,275	-	4,804,000	-	-	-	-	-
-	-	-	(477,845)	-	-	(190,000)	-
<u>339,256</u>	<u>-</u>	<u>4,804,000</u>	<u>(477,845)</u>	<u>-</u>	<u>-</u>	<u>(190,000)</u>	<u>-</u>
132,737	471,311	4,234,951	(660,091)	(708,232)	(6,544)	(190,000)	-
8,137,513	13,167,686	3,840,961	660,091	713,218	276,741	380,000	9,283,019
<u>\$ 8,270,250</u>	<u>\$ 13,638,997</u>	<u>\$ 8,075,912</u>	<u>\$ -</u>	<u>\$ 4,986</u>	<u>\$ 270,197</u>	<u>\$ 190,000</u>	<u>\$ 9,283,019</u>

ECTOR COUNTY 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	681 2013 Maint Projects Fund	682 Student Info Software Fund	684 2014 Turf Installation Fund	685 2014 Sewer Infra- Structure
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	2,339,923	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing 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	-	-	1,261,367	300,413
6030 Total Expenditures	<u>2,339,923</u>	<u>-</u>	<u>1,261,367</u>	<u>300,413</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,339,923)</u>	<u>-</u>	<u>(1,261,367)</u>	<u>(300,413)</u>
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	1,080,000	3,000,000	3,800,000
8911 Transfers Out (Use)	<u>(104,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
7080 Total Other Financing Sources (Uses)	<u>(104,000)</u>	<u>1,080,000</u>	<u>3,000,000</u>	<u>3,800,000</u>
1200 Net Change in Fund Balance	(2,443,923)	1,080,000	1,738,633	3,499,587
0100 Fund Balance - July 1 (Beginning)	<u>3,060,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 616,077</u>	<u>\$ 1,080,000</u>	<u>\$ 1,738,633</u>	<u>\$ 3,499,587</u>

Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ 21,562,945
-	4,224,323
-	21,778,916
-	47,566,184
182,246	12,976,973
-	3,416,108
-	158,827
-	179,934
-	327,022
-	58,948
-	44,769
-	13,502,381
-	38,776
-	8,768
3,002,415	4,205,523
162,797	162,797
172,438	172,438
-	77,837
-	4,834,702
-	10,647,985
-	7,500
1,847,878	1,847,878
5,367,774	52,669,166
(5,367,774)	(5,102,982)
-	2,981
12,684,000	13,020,275
(771,845)	(771,845)
11,912,155	12,251,411
6,544,381	7,148,429
18,214,030	39,519,229
\$ 24,758,411	\$ 46,667,658

COMBINING SCHEDULES – INTERNAL SERVICE FUNDS

DRAFT

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

	771 Worker's Compensation Fund	772 Medical Trust Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 399,461	\$ 1,244,134	\$ 1,643,595
Investments - Current	7,573,989	8,909,605	16,483,594
Due from Other Funds	226,039	231,895	457,934
Total Assets	<u>8,199,489</u>	<u>10,385,634</u>	<u>18,585,123</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	387,022	387,022
Due to Other Funds	677,502	-	677,502
Accrued Expenses	720,954	1,619,929	2,340,883
Total Current Liabilities	<u>1,398,456</u>	<u>2,006,951</u>	<u>3,405,407</u>
NonCurrent Liabilities:			
Other Long-Term Debt - Due in More than One Year	2,652,162	-	2,652,162
Total Noncurrent Liabilities	<u>2,652,162</u>	<u>-</u>	<u>2,652,162</u>
Total Liabilities	<u>4,050,618</u>	<u>2,006,951</u>	<u>6,057,569</u>
NET POSITION			
Unrestricted Net Position	4,148,871	8,378,683	12,527,554
Total Net Position	<u>\$ 4,148,871</u>	<u>\$ 8,378,683</u>	<u>\$ 12,527,554</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	771 Worker's Compensation Fund	772 Medical Trust Fund	Total Internal Service Funds
OPERATING REVENUES:			
Employee and Employer Premiums	\$ 904,100	\$ 19,303,300	\$ 20,207,400
Stop Loss Reimbursement	20,620	-	20,620
Total Operating Revenues	<u>924,720</u>	<u>19,303,300</u>	<u>20,228,020</u>
OPERATING EXPENSES:			
Claims and Prescriptions	703,241	15,739,774	16,443,015
Professional Services	181,153	33,000	214,153
Other Operating Costs	-	1,629,226	1,629,226
Total Operating Expenses	<u>884,394</u>	<u>17,402,000</u>	<u>18,286,394</u>
Operating Income	<u>40,326</u>	<u>1,901,300</u>	<u>1,941,626</u>
NONOPERATING REVENUES (EXPENSES):			
Earnings from Temporary Deposits & Investments	2,842	1,981	4,823
Total Nonoperating Revenues (Expenses)	<u>2,842</u>	<u>1,981</u>	<u>4,823</u>
Income Before Transfers	43,168	1,903,281	1,946,449
Transfer In from the General Fund	-	1,459,000	1,459,000
Change in Net Position	43,168	3,362,281	3,405,449
Total Net Position - July 1 (Beginning)	<u>4,105,703</u>	<u>5,016,402</u>	<u>9,122,105</u>
Total Net Position June 30 (Ending)	<u>\$ 4,148,871</u>	<u>\$ 8,378,683</u>	<u>\$ 12,527,554</u>

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

	771 Worker's Compensation Fund	772 Medical Trust Fund	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Employees and Employer	\$ 1,276,568	\$ 19,093,318	\$ 20,369,886
Cash Received from Stop Loss Carrier	20,620	-	20,620
Cash Payments for Claims	(1,095,415)	(15,499,195)	(16,594,610)
Other Payments	(181,153)	(1,621,554)	(1,802,707)
Net Cash Provided by Operating Activities	<u>20,620</u>	<u>1,972,569</u>	<u>1,993,189</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Transfer from the General Fund	-	1,459,000	1,459,000
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	2,842	1,981	4,823
Net Increase in Cash and Cash Equivalents	23,462	3,433,550	3,457,012
Cash and Cash Equivalents at Beginning of Year	7,949,988	6,720,189	14,670,177
Cash and Cash Equivalents at End of Year	<u>\$ 7,973,450</u>	<u>\$ 10,153,739</u>	<u>\$ 18,127,189</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>			
Operating Income:	\$ 40,326	\$ 1,901,300	\$ 1,941,626
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease in Due From Other Funds	372,468	(209,982)	162,486
Decrease in Accrued Expenses	(392,174)	240,579	(151,595)
Increase in Accounts Payable	-	40,672	40,672
Net Cash Provided by Operating Activities	<u>\$ 20,620</u>	<u>\$ 1,972,569</u>	<u>\$ 1,993,189</u>

REQUIRED TEA SCHEDULES

DRAFT

ECTOR COUNTY 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	\$ 1.500000	\$ 0.061000	\$ 4,813,258,000
2006	1.450000	0.069200	5,509,142,000
2007	1.400000	0.072500	6,569,269,000
2008	1.280000	0.080000	7,597,165,000
2009	1.030000	0.082000	9,273,311,000
2010	1.0400	0.088600	9,000,890,000
2011	1.040000	0.095000	9,565,177,000
2012	1.040000	0.095000	10,232,624,000
2013	1.040000	0.079500	11,598,844,880
2014 (School year under audit)	1.040000	0.121000	13,401,694,166
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
\$ 2,118,258	\$ -	\$ 73,495	\$ 2,951	\$ (118,949)	\$ 1,922,863
298,003	-	21,875	1,044	(2,070)	273,014
341,311	-	29,282	1,516	(2,646)	307,867
360,738	-	41,732	2,608	(802)	315,596
662,306	-	88,410	7,038	8,621	575,479
763,246	-	163,365	13,917	17,147	603,111
1,022,704	-	258,679	23,629	(9,814)	730,582
2,020,775	-	629,929	73,274	15,922	1,333,494
3,077,606	-	76,050	8,146	(1,447,889)	1,545,521
-	155,593,667	134,416,127	15,635,366	(1,622,386)	3,919,788
<u>\$ 10,664,947</u>	<u>\$ 155,593,667</u>	<u>\$ 135,798,944</u>	<u>\$ 15,769,489</u>	<u>\$ (3,162,866)</u>	<u>\$ 11,527,315</u>

ECTOR COUNTY 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		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 4,784,800	\$ 4,784,800	\$ 4,997,899	\$ 213,099
5800 State Program Revenues	342,275	342,275	290,163	(52,112)
5900 Federal Program Revenues	9,519,900	9,519,900	9,552,642	32,742
5020 Total Revenues	14,646,975	14,646,975	14,840,704	193,729
EXPENDITURES:				
0035 Food Services	13,439,913	14,182,010	13,502,381	679,629
0051 Facilities Maintenance and Operations	1,207,062	1,207,062	1,203,108	3,954
6030 Total Expenditures	14,646,975	15,389,072	14,705,489	683,583
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(742,097)	135,215	877,312
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	2,981	2,981
1200 Net Change in Fund Balances	-	(742,097)	138,196	880,293
0100 Fund Balance - July (Beginning)	8,054,279	8,054,279	8,054,279	-
3000 Fund Balance - June 30 (Ending)	\$ 8,054,279	\$ 7,312,182	\$ 8,192,475	\$ 880,293

DRAFT

ECTOR COUNTY 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			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 16,184,981	\$ 16,018,313	\$ 15,961,498	\$ (56,815)
5020	Total Revenues	16,184,981	16,018,313	15,961,498	(56,815)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	4,834,701	4,834,701	4,834,702	(1)
0072	Interest on Long Term Debt	10,647,985	10,647,985	10,647,985	-
0073	Bond Issuance Cost and Fees	8,800	8,800	7,500	1,300
6030	Total Expenditures	15,491,486	15,491,486	15,490,187	1,299
1200	Net Change in Fund Balances	693,495	526,827	471,311	(55,516)
0100	Fund Balance - July (Beginning)	13,167,686	13,167,686	13,167,686	-
3000	Fund Balance - June 30 (Ending)	\$ 13,861,181	\$ 13,694,513	\$ 13,638,997	\$ (55,516)

DRAFT

Draft - For Discussion Purposes Only

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Ector County Independent School District
802 N. Sam Houston
Odessa, Texas 79761

Members of the Board:

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ector County Independent School District (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated **Date __, 2014.**

Internal Control over Financial Reporting

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

Internal Control Over Financial Reporting (Continued)

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in material control that we consider to be material weaknesses. However, material weaknesses might exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2014-001).

Compliance and Other Matters

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

We have performed tests designed to verify the District's compliance with the requirements of the Texas Public Funds Investment Act. During the year ended June 30, 2014, no instances of noncompliance were found.

We noted certain matters that we reported to management of the District in a separate letter dated Date __, 2014.

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.

This report is intended solely for the information of the District's trustees, the audit committee, the administration, Texas Education Agency, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Odessa, Texas
Date __, 2014

Draft - For
Discussion
Purposes Only

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

Board of Trustees
Ector County Independent School District
802 N. Sam Houston
Odessa, Texas 79761

Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited Ector County Independent School District (the "District")'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Draft - For Discussion Purposes Only

Auditors' Responsibility (Continued)

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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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 the 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 the 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 the 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.

Report on Internal Control Over Compliance (Continued) Purposes Only

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.

Odessa, Texas
Date __, 2014

DRAFT

Draft - For Discussion Purposes Only

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

Section I – Summary of the Auditor’s Results:

Type of Auditor’s Report Issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be Material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be Material weaknesses?	No
Type of Auditor’s Report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

Identification of Major Programs: CFDA Numbers

	<u>Program Name</u>
84.010A	ESEA Title I, Part A, Improving Basic Programs
84.367A	Title II, Part A, Teacher and Principal Training Special Education Cluster (IDEA)
84.027A	IDEA B Formula
84.173A	IDEA B Preschool
84.027A	IDEA B Discretionary Deaf
84.027A	IDEA B Discretionary Deaf Formula
84.173	IDEA B Preschool Deaf

Dollar threshold used to distinguish between Type A and Type B programs:	\$667,724
--	-----------

Auditee qualified as a low-risk auditee?	No
--	----

Section II – Financial Statement Findings

FINDING 2014-001

Criteria:

Under Government Accountability Office (GAO) Government Auditing Standards chapter 6 the District is required to establish and maintain a system of internal control designed to provide reasonable assurance regarding the achievement of the following objectives:

- a. Effectiveness and efficiency of program operations
- b. Relevance and reliability of information
- c. Compliance with applicable laws, regulations, contracts and grant agreements

Condition:

The District has established and implemented a system of internal control designed to provide assurance regarding GAO Government Auditing Standards chapter 6. However, changes in financial reporting personnel and implementation of new accounting software impacted the effectiveness of the control system during fiscal 2014. As a result, various financial statement areas including cash, accounts receivable, accounts payable, accrued liabilities, fixed assets, and inventory were not monitored and reconciled in a timely manner. In some cases the reconciliation process was more than six months in arrears and not completed until three months subsequent to the District's fiscal year end. For example, the cash reconciliation for April 2014 was not completed until September of 2014. Also, certain accounts receivable were not assigned to the appropriate project number.

Cause:

The District switched to a new financial software accounting system during the current year. District personnel's lack of familiarity with the new system, as well as resistance to changing and learning the new system, led to control procedures not being followed as they should have been.

Effect:

During the audit process it was determined that transactions in the areas of accounts receivable, accounts payable, and accrued liabilities were either not yet recorded or recorded incorrectly and required significant adjustment. This included transactions that were posted to incorrect accounts, and several transactions that were not recorded in the appropriate fiscal year. Additionally, other transactions could have been incorrectly recorded and improper transactions could have been occurring that would not have been identified in a timely manner.

Recommendation:

We recommend that the District implement and maintain programs so that financial reporting personnel obtain appropriate resources and training to insure timely reconciliation of accounts and to strengthen internal control over financial reporting.

Questioned Costs:

None

Views of Responsible Officials:

The District has responded to the internal control weaknesses mentioned by reviewing the transactions noted by the auditor with accounting staff, explaining what caused the errors, and will be monitoring transactions and reconciliations with accounting staff on a monthly basis to assure timeliness and accuracy. Also, the District has added an accounting staff person to further expedite the performance of tasks, and has renewed emphasis on adherence to the grants project number structure designed to correspond with the new accounting system in use. The District believes these steps will resolve the weaknesses noted by the auditor. Please contact David Harwell, Chief Financial Officer, at (432) 456-9499 for further information.

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

Draft - For
Discussion
Purposes Only

Section III – Federal Award Findings and Questioned Costs

No matters were reported

DRAFT

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE PERIOD ENDED JUNE 30, 2013

Draft - For
Discussion
Purposes Only

Section III – Federal Award Findings and Questioned Costs

Significant Deficiency in Internal Control over Financial Reporting and Non-Compliance with Allowable Costs/Cost Principles

Federal Program:

CFDA 84.010A, Elementary and Secondary Education Act (“ESEA”) Title I, Part A, Improving Basic Programs

FINDING 2013-1

Resolved, the finding was not repeated in fiscal 2014.

DRAFT

FEDERAL AWARDS SECTION

DRAFT

ECTOR COUNTY 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
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
Junior Reserve Officer's Training Corps	12.000	068901	\$ 89,411
Total Direct Programs			\$ 89,411
TOTAL DEPARTMENT OF DEFENSE			\$ 89,411
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	13610101068901	\$ 632,477
ESEA, Title I, Part A - Improving Basic Programs	84.010A	14610101068901	3,953,354
ESEA Title I, Part D, Subpart 2 - Delin. Programs	84.010A	13610103068901	7,691
ESEA Title I, Part D, Subpart 2 - Delin. Programs	84.010A	14610103068901	92,374
TTL I 1003(A) Priority and Focus School Grant	84.010A	14610112068901101	73,586
TTL I 1003(A) Priority and Focus School Grant	84.010A	14610112068901102	2,064
TTL I 1003(A) Priority and Focus School Grant	84.010A	14610112068901103	1,447
TTL I 1003(A) Priority and Focus School Grant	84.010A	14610112068901105	4,400
TTL I 1003(A) Priority and Focus School Grant	84.010A	14610112068901107	6,465
TTL I 1003(A) Priority and Focus School Grant	84.010A	14610112068901110	18,527
TTL I 1003(A) Priority and Focus School Grant	84.010A	14610112068901117	8,775
TTL I 1003(A) Priority and Focus School Grant	84.010A	14610112068901119	2,064
TTL I 1003(A) Priority and Focus School Grant	84.010A	14610112068901121	7,140
TTL I 1003(A) Priority and Focus School Grant	84.010A	14610112068901122	10,053
TTL I 1003(A) Priority and Focus School Grant	84.010A	14610112068901123	7,537
TTL I 1003(A) Priority and Focus School Grant	84.010A	14610112068901124	35,571
TTL I 1003(A) Priority and Focus School Grant	84.010A	14610112068901126	27,114
TTL I 1003(A) Priority and Focus School Grant	84.010A	14610112068901127	2,064
Total CFDA Number 84.010A			4,892,703
ESEA, Title I, Part C - Migratory Children	84.011A	13615001068901	6,151
Total Title I, Part A Cluster			4,898,854
IDEA - Part B, Formula	84.027A	136600010689016600	522,511
IDEA - Part B, Formula	84.027A	146600010689016600	4,273,217
IDEA-B Discretionary Deaf	84.027A	136600020689016673	3,234
IDEA-B Discretionary Deaf	84.027A	146600110689016673	19,506
IDEA-B Discretionary Deaf Formula	84.027A	136600010689016601	3,110
IDEA-B Discretionary Deaf Formula	84.027A	146600010689016601	26,673
Total CFDA Number 84.027A			4,848,251
IDEA - Part B, Preschool	84.173A	136610010689016610	15,587
IDEA - Part B, Preschool	84.173A	146610010689016610	149,825
IDEA-B Preschool Deaf	84.173A	136610010689016611	231
IDEA-B Preschool Deaf	84.173A	146610010689016611	5,026
Total CFDA Number 84.173A			170,669
Total Special Education Cluster (IDEA)			5,018,920
Carl D. Perkins Basic Formula Grant	84.048A	13420006068901	32,481
Carl D. Perkins Basic Formula Grant	84.048A	14420006068901	243,550
Total CFDA Number 84.048A			276,031
IDEA-C Early Intervention	84.181A	143911010689013911	1,124
Title III, Part A - English Language Acquisition	84.365A	13671001068901	61,122
2013-2014 Title III, Part A - LEP	84.365A	14671001068901	350,100

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
2013-2014 Title III, Part A - Immigrant	84.365A	14671003068901	57,933
Total CFDA Number 84.365A			<u>469,155</u>
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	13694501068901	218,559
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	14694501068901	1,678,970
Total CFDA Number 84.367A			<u>1,897,529</u>
Total Passed Through State Department of Education			<u>\$ 12,561,613</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 12,561,613</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Passed Through Texas Dept of Human Services	93.556	09030C02FY12	\$ 11,568
Total Passed Through Texas Dept of Human Services			<u>\$ 11,568</u>
<u>Passed Through State Department of Education</u>			
Medicaid Administrative Claiming Program - MAC	93.778	068901	\$ 42,216
Total Passed Through State Department of Education			<u>\$ 42,216</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 53,784</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program	10.553	71401401	\$ 3,060,115
National School Lunch Program - Cash Assistance	10.555	71301401	5,694,423
National School Lunch Prog. - Non-Cash Assistance	10.555	068901	740,984
Total CFDA Number 10.555			<u>6,435,407</u>
Summer Feeding Program - Cash Assistance	10.559	068901	57,120
Total Child Nutrition Cluster			<u>9,552,642</u>
Total Passed Through the State Department of Agriculture			<u>\$ 9,552,642</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 9,552,642</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 22,257,450</u></u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2014

1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of the Ector County Independent School District, Odessa, Texas (the District). The District reporting entity is defined in note I.A. of the notes to the District's general purpose financial statements. Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through other government agencies is included in the exhibit.

2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting that is described in note I.C. of the notes to the District's general purpose financial statements.

Indirect costs shown on the Schedule of Expenditures of Federal Awards are properly credited as revenues to the General Fund. These indirect cost revenues were determined by applying approved indirect cost rates to actual applicable expenditures of the projects.

3) Relationship to General Purpose Financial Statements

Federal financial assistance revenues are reported in the District's general purpose financial statements as follows:

	100-199 General Fund	2,439,761
	200-499 Special Revenue Funds	21,778,916
		24,218,677
	Less: SHARS revenue	1,961,227
	Schedule of Federal Awards	22,257,450

4) Relationship to Federal Financial Reports

Amounts reported in the accompanying exhibits agree with the amounts reported in the related Federal financial reports.

5) Commodity Inventories

Inventories of commodities donated by the Federal government are stated at the prevailing market value at the date of receipt as determined by the United States Department of Agriculture. The cost of inventory is recorded as expenditure at the time individual inventory items are consumed (consumption method). Commodity inventories on hand at June 30, 2014 totaled \$330,701.