

Year Ended
June 30, 2022

ANNUAL FINANCIAL REPORT

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT



OUR students...THE future

**ECTOR COUNTY INDEPENDENT
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2022

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Introductory Section		
Certificate of the Board	i	
Organization Chart	ii	
List of Board of Trustees, Consultants and Advisors	iii	
Financial Section		
Independent Auditor's Report	1	
Management's Discussion and Analysis	5	
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	14	A-1
Statement of Activities	15	B-1
Government Fund Financial Statements:		
Balance Sheet	18	C-1
Reconciliation of Balance Sheet for Governmental Funds to Statement of Net Position	21	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance	22	C-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	24	C-4
Proprietary Fund Financial Statements:		
Statement of Net Position	26	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position	27	D-2
Statement of Cash Flows	28	D-3
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	30	E-1
Statement of Changes in Fiduciary Net Position	31	E-2
Notes to the Financial Statements	35	F-1
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	68	G-1
Budgetary Comparison Schedule - Child Nutrition Program Fund	69	G-2
Schedule of the District's Proportionate Share of the Net Pension Liability - TRS	72	G-3
Schedule of District Pension Contributions - TRS	73	G-4
Schedule of the District's Proportionate Share of the Net OPEB Liability - TRS	74	G-5
Schedule of District OPEB Contributions - TRS	75	G-6
Notes to Required Supplementary Information	76	
Other Supplementary Information:		
Combining Fund Statements:		
Nonmajor Governmental Funds		
Combining Balance Sheet	80	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	90	H-2
Internal Services Funds:		
Combining Statement of Net Position	102	H-3
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position	103	H-4
Combining Statement of Cash Flow	104	H-5
Required TEA Schedules:		
Schedule of Delinquent Taxes Receivable	106	J-1
Budgetary Comparison Schedule - Debt Service Fund	108	J-2
Compensatory Education Program and Bilingual Education Program Compliance Responses	109	J-4

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS *(continued)*

	<u>Page</u>	<u>Exhibit</u>
Federal Awards Section		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	113	
Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance required by the Uniform Guidance	115	
Schedule of Findings and Questioned Costs	118	
Schedule of Expenditures of Federal Awards	120	K-1
Notes to Schedule of Expenditures of Federal Awards	122	K-2
Summary Schedule of Prior Audit Findings	124	
Corrective Action Plan	125	
Required Responses to Selected School FIRST Indicators	126	L-1

INTRODUCTORY SECTION

CERTIFICATE OF BOARD

Ector County Independent School District

Name of School District

Ector

County

068901

Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and approved for the fiscal year ended June 30, 2022, at a meeting of the Board of Trustees of such school district on November 15, 2022.

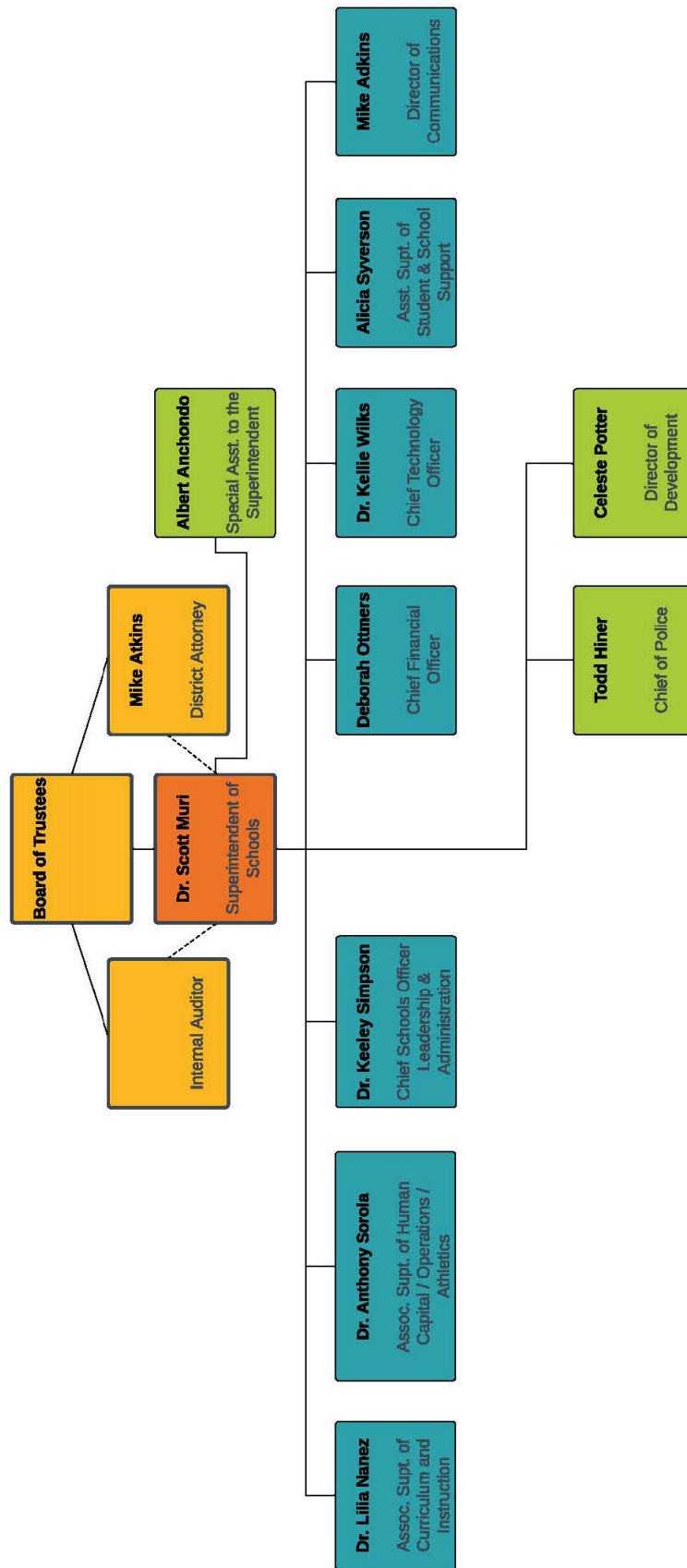
Signature on File

Board Secretary - Chris Stanley

Signature on File

Board President - Dr. Steve Brown

Superintendent of Schools Organization Chart 2021-2022



ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

BOARD OF TRUSTEES, CONSULTANTS, AND ADVISORS

Board of Trustees

Tammy Hawkins	President
Dr. Steve Brown	Vice President
Carol Gregg	Secretary
Delma Abalos	Member
Dr. Donna C. Smith	Member
Chris Stanley	Member
Dennis Jones	Member

Consultants and Advisors

Whitley Penn LLP	Independent Auditors
Atkins, Hollman, Jones, Peacock, Lewis, and Lyon	General Counsel
McCall, Parkhurst & Horton, LLP	Bond Counsel
BOK Financial Securities, Inc.	Bond Financial Advisor
Frost Bank	Official Depository
Underwood Law Firm, PC	Chapter 313 Counsel
Culwell Consulting, LLC	Chapter 313 Financial Advisor

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Ector County Independent School District
Odessa, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary 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 combining and individual nonmajor fund financial statements, required Texas Education Agency (TEA) schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

To the Board of Trustees
Ector County Independent School District

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule L-1 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Odessa, Texas
November 15, 2022



ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Ector County Independent School District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources of the District at the close of the most recent fiscal year by \$115,597,317. Of this amount, \$163,381,522 is net investment in capital assets which represents the net value of the capital assets less the related debt. Restricted net position amounts of \$10,736,741, \$15,188,685 and \$935,086 are restricted for food service, debt service and other purposes, respectively. The remaining amount was a deficit unrestricted net position of (\$74,644,717).
- The District's total net position increased by \$12,060,331. This is primarily related to a decrease in governmental expenses related to a decrease in the net pension liability.
- The District's governmental funds reported combined ending fund balances of \$148,300,260 as of June 30, 2022. Of this amount, \$1,361,762 is non-spendable in the form of (1) inventory in the amount of \$1,159,973 and (2) prepaid items in the amount of \$201,789. Fund balance of \$27,923,572 is restricted for (1) child nutrition services in the amount of \$10,736,741, (2) other purposes in the amount of \$935,086 and (3) debt service in the amount of \$16,251,745. Fund balance of \$25,889,473 is committed for (1) construction and capital equipment of \$12,316,000 and (2) self-insurance of \$1,000,000, and (3) other purposes of \$12,573,473. Fund balance of \$15,249,029 is assigned for (1) construction in the amount of \$10,800,000, and (2) other purposes in the amount of \$4,449,029. The remaining amount in fund balance of \$77,876,424 is classified as unassigned and is available for spending at the District's discretion. This is an increase of 12% as compared to the prior fiscal year. The unassigned fund balance represents 25 percent of total general fund expenditures.
- The District's bonded debt decreased by \$13,795,000 due to debt service principal payments.

Overview of the Financial Statements

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

Government-wide Financial Statements

The analysis of the District's overall financial condition and operations begins on page 18. Its primary objective is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources while the Statement of Activities includes all the revenue and expenses generated by the District's operations during the year. These apply the accrual basis of accounting, which is the same method used by most private sector companies.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and deferred outflows and liabilities and deferred inflows) 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, consideration should be given to 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.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The District reports governmental activities and discretely presented component units in the Statement of Net Position and the Statement of Activities. Governmental activities report all of the District's basic services including 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.

The District includes two separate legal entities in its report - ECISD Education Foundation and Permian High School Booster Club. Although legally separate, these discretely presented component units are important because the District is financially accountable for them.

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

Fund Financial Statements

The fund financial statements begin on page 18 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 Every Student Succeeds Act and the IDEA laws 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). All of the funds of the District can be divided into three categories: governmental fund, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains individual governmental funds for general, special revenue, debt service, and capital projects funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, National School Breakfast and Lunch program, insurance recovery and debt service fund, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and National School Breakfast and Lunch Program special revenue fund.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Proprietary Funds

The District maintains internal service funds for housing, workers' compensation insurance coverage and medical trust. *Internal service funds*, one type of proprietary fund, are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. Because this service predominantly benefits governmental functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The nonmajor enterprise funds financial statements provide information for the internal service funds.

Fiduciary Funds

The fiduciary funds are used to account for resources held for the benefit of students and employees. The fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs.

A *custodial fund* is a type of fiduciary fund used to report resources held by the District in a purely custodial capacity. The District accounts for the activities of student groups and refunds/overpayments due to taxpayers in a custodial fund.

Notes to the Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The general fund and National School Breakfast and Lunch Program is presented as required supplementary information. The required supplementary information also includes information related to the required pension system information and the required other post-employment benefit system information.

Other Information

The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$115,597,317 at the close of the most recent fiscal year.

A portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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	
	2022	2021
Assets:		
Current and other assets	\$ 218,084,536	\$ 235,609,774
Capital and non-current assets	303,136,355	301,170,671
Total Assets	521,220,891	536,780,445
Deferred outflows of resources	66,552,059	59,887,042
Total Deferred Outflows of Resources	66,552,059	59,887,042
Liabilities:		
Current liabilities	42,119,205	50,837,158
Long term liabilities	301,153,743	347,910,632
Total Liabilities	343,272,948	398,747,790
Deferred Inflows of Resources:		
Deferred inflows of resources	128,902,685	94,382,711
Total Deferred Inflows of Resources	128,902,685	94,382,711
Net Position:		
Net investment in capital assets	163,381,522	142,068,970
Restricted	26,860,512	31,264,373
Unrestricted	(74,644,717)	(69,796,357)
Total Net Position	\$ 115,597,317	\$ 103,536,986

Net position of the District's governmental activities increased approximately 12% from \$103,536,986 to \$115,597,317. Significant changes in net position from the prior year are explained as follows:

Total assets decreased mainly because due from other governments was high in the prior year due to ESSER funds that had not been received as of the balance sheet date.

Deferred outflows, net pension liability, net other post-employment liability, and deferred inflows changed due to assignment of pension liability and other post-employment benefits liability from the Teacher Retirement System.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Other current liabilities decreased due to a decrease in the amount of state funding overpayment in fiscal year 2022 as well as prepayments of bond principal.

Table II
Ector County Independent School District
Changes in Net Position

	Governmental Activities	
	2022	2021
Program Revenues		
Charges for services	\$ 3,865,482	\$ 5,250,332
Operating grants and contributions	67,683,100	110,252,587
General Revenues		
Property taxes	172,672,601	170,747,048
State Aid - Formula Grants	123,881,785	108,165,294
Investment earnings	315,773	258,906
Other	5,667,236	30,852,532
Total Revenues	374,085,977	425,526,699
Expenses		
Instruction	188,546,648	196,058,732
Instructional resources and media services	2,185,317	2,598,822
Curriculum and staff development	11,778,190	10,833,645
Instructional leadership	4,969,159	6,459,358
School leadership	21,491,977	23,947,118
Guidance, counseling, and evaluation services	12,669,175	13,042,632
Social work services	1,813,374	1,026,836
Health services	3,068,009	2,942,992
Student transportation	9,534,104	8,502,451
Food service	18,665,116	16,433,897
Extracurricular activities	8,879,315	7,490,884
General administration	7,860,525	9,240,929
Facilities maintenance and operations	44,500,861	49,043,931
Security and monitoring services	3,215,671	3,173,036
Data processing services	10,656,648	22,288,880
Community services	1,450,304	1,514,732
Debt Service	8,191,640	1,206,546
Facilities acquisition and construction	702,290	-
Other governmental charges	1,847,323	1,852,865
Total Expenses	362,025,646	377,658,286
Increase in Net Position	12,060,331	47,868,413
Beginning Net Position	103,536,986	53,451,950
Prior Period Adjustments *	-	2,216,623
Ending Net Position	\$ 115,597,317	\$ 103,536,986

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The District's total revenues decreased by 12% – approximately \$51.7 million from prior year revenues. Significant changes in revenue from the prior year are explained as follows:

Program revenues decreased approximately \$44 million, due to a net decrease in operating grants and contributions, primarily as a result of a decrease in ESSER funding and E-rate revenue.

The District's total expenses decreased by 4% – approximately \$15.7 million from prior year expenses. The decrease is due in large part to the decrease in the net pension liability resulting in a negative expense in the current year.

Governmental Funds Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$148,300,260, a decrease of \$9,263,022 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$77,887,656, while total fund balance reached \$110,649,434. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

Unassigned fund balance represents 25 percent of expenditures and total fund balance represents 35 percent of the same amount.

During the current fiscal year, the total fund balance of the District's general fund decreased by \$7,584,277. Total general fund expenditures increased, primarily in facilities and maintenance while revenues overall decreased slightly due to a decrease in federal funds and property tax revenues.

The Child Nutrition fund balance increased by \$6,126,725 due to an increase in federal program revenues.

The insurance recovery fund balance decreased as planned by \$8,134,467 as projects were completed.

The debt service fund has a total fund balance of \$16,251,745, all of which is restricted for the payment of debt service. The net decrease in the debt service fund balance during the current year of \$710,363 was in line with budgeted expectations.

General Fund Budgetary Highlights

The District amends the budget as needed throughout the year. Changes to the general fund budget are summarized below:

	Budget	
	Original	Final Amended
Total revenues	\$ 314,485,610	\$ 309,448,027
Total expenditures	314,005,610	339,848,543
Net Change in Fund Balance	\$ 480,000	\$ (30,400,516)

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Asset and Debt Administration

Capital Assets

At the end of 2022, the District had approximately \$303 million invested in a broad range of capital assets, (net of accumulated depreciation and amortization) including right to use assets, facilities and equipment for instruction, transportation, athletics, administration, maintenance, and computer technology. This amount represents a net increase of approximately \$2.0 million, due to completed projects and new furniture and equipment.

	2022	2021
Land	\$ 12,893,485	\$ 12,111,272
Construction in progress	-	282,413
Buildings and land improvements	473,985,968	465,389,751
Furniture and equipment	33,040,236	30,488,355
Vehicles and other assets	31,515,271	30,670,810
Right to use assets	1,871,890	-
Total capital assets	553,306,850	538,942,601
Accumulated depreciation	(249,530,155)	(237,771,930)
Amortization, right to use assets	(640,340)	-
Net capital assets	\$ 303,136,355	\$ 301,170,671

Debt Administration

At year-end, the District had approximately \$134.6 million in bonds outstanding versus approximately \$143.3 million in the previous year. No new debt was issued and the decrease resulted from bond principal payments.

Based on information provided by the Teacher Retirement System of Texas (TRS), the District recognized its proportionate share of TRS's net other post-employment benefits liability of \$98.4 million, an increase from the prior year of \$95.9 million.

Based on information provided by the Teacher Retirement System of Texas (TRS), the District recognized its proportionate share of TRS's net pension liability of \$46.6 million, a decrease from the prior year of \$81.7 million.

Other obligations include accrued worker's compensation and sick leave. More detailed information about the District's long-term liabilities is presented in the notes 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 2023 budget: (1) the need to staff and operate campuses; (2) the anticipated change of student population within the campuses.

These factors were considered when adopting the General Fund budget for fiscal year 2023. Estimated revenues in the General Fund are \$338.7 million, and estimated appropriations and other uses total \$338.7 million. Budgeted appropriations have been increased by approximately \$24.2 million for pay increases, staff development, security and transportation.

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.



BASIC FINANCIAL STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

Exhibit A-1

Data Control Codes		Governmental Activities	Component Units
Assets			
1110	Cash and cash equivalents	\$ 8,109,080	\$ 478,353
1120	Current investments	159,935,214	6,469,223
1225	Property taxes receivables, net	8,674,435	-
1240	Due from other governments	39,877,111	-
1290	Other receivables, net	105,498	14,456
1300	Inventories	1,159,973	-
1410	Prepaid items	223,225	-
	Capital assets not subject to depreciation:		
1510	Land	12,893,485	-
	Capital assets net of depreciation:		
1520	Buildings and improvements, net	273,097,151	-
1540	Furniture and equipment, net	7,124,842	-
1540	Other Capital Assets, net	8,789,327	-
1560	Right to use assets, net	1,231,550	-
1000	Total Assets	521,220,891	6,962,032
Deferred Outflows of Resources			
	Deferred charge on refunding	7,194,511	-
	Deferred outflows - pension	37,842,234	-
	Deferred outflows - OPEB	21,515,314	-
1700	Total Deferred Outflows of Resources	66,552,059	-
Liabilities			
2110	Accounts payable	9,121,686	3,400
2120	Short term debt payable	15,031	-
2140	Interest payable	1,887,376	-
2150	Payroll deductions and withholdings	5,018,947	-
2160	Accrued wages payable	14,542,500	-
2200	Accrued expenses	4,596,258	10,880
2300	Unearned revenue	6,937,407	-
	Noncurrent Liabilities:		
2501	Due within one year	7,045,690	-
2502	Due in more than one year	149,084,324	-
2540	Net Pension Liability	46,597,268	-
2545	Net Other Post-Employment Benefits (OPEB) Obligation	98,426,461	-
2000	Total Liabilities	343,272,948	14,280
Deferred Inflows of Resources			
	Deferred inflows - pension	56,675,845	-
	Deferred inflows - OPEB	72,226,840	-
2600	Deferred Inflows of Resources	128,902,685	-
Net Position			
3200	Net investment in capital assets	163,381,522	-
	Restricted for:		
3840	Food service	10,736,741	-
3850	Debt service	15,188,685	-
3890	Other purposes	935,086	6,947,752
3900	Unrestricted	(74,644,717)	-
3000	Total Net Position	\$ 115,597,317	\$ 6,947,752

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

Exhibit B-1

						Net (Expense) Revenue and Changes in Net Position
						Primary Government
Data Control Codes	Functions/Programs	Program Revenue				Component Units
		Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
	Governmental activities:					
11	Instruction	\$ 188,546,648	\$ 812,934	\$ 22,192,557	\$ (165,541,157)	\$ -
12	Instructional resources and media services	2,185,317	-	35,816	(2,149,501)	-
13	Curriculum and staff development	11,778,190	150,000	5,695,462	(5,932,728)	-
21	Instructional leadership	4,969,159	-	153,411	(4,815,748)	-
23	School leadership	21,491,977	702,385	1,224,775	(19,564,817)	-
31	Guidance, counseling, and evaluation services	12,669,175	-	1,162,325	(11,506,850)	-
32	Social work services	1,813,374	-	241,185	(1,572,189)	-
33	Health services	3,068,009	-	2,280,769	(787,240)	-
34	Student transportation	9,534,104	-	14,388	(9,519,716)	-
35	Food service	18,665,116	80,804	23,596,347	5,012,035	-
36	Extracurricular activities	8,879,315	419,635	208,020	(8,251,660)	-
41	General administration	7,860,525	-	185,502	(7,675,023)	-
51	Facilities maintenance and operations	44,500,861	1,499,724	10,111,081	(32,890,056)	-
52	Security and monitoring services	3,215,671	-	29,760	(3,185,911)	-
53	Data processing services	10,656,648	200,000	188,669	(10,267,979)	-
61	Community services	1,450,304	-	154,765	(1,295,539)	-
72	Interest and fiscal charges for long term debt	8,191,640	-	208,268	(7,983,372)	-
81	Facilities acquisition and construction	702,290	-	-	(702,290)	-
99	Other governmental charges	1,847,323	-	-	(1,847,323)	-
TG	Total Governmental Activities	\$ 362,025,646	\$ 3,865,482	\$ 67,683,100	(290,477,064)	-
	Component Units					
1C	Nonmajor Component Unit	\$ 1,961,237	\$ -	\$ -	-	(1,961,237)
TC	Total Component Units	\$ 1,961,237	\$ -	\$ -	-	(1,961,237)



GOVERNMENTAL FUND FINANCIAL STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

Exhibit C-1
Page 1 of 2

Data Control Codes		General Fund	National School Breakfast & Lunch Program	Insurance Recovery	Debt Service Fund
Assets					
1110	Cash and cash equivalents	\$ 5,368,844	\$ 79,350	\$ -	\$ 5,378
1120	Investments	105,197,511	905,374	14,465,746	17,837,628
Receivables:					
1220	Property taxes - delinquent	18,738,659	-	-	1,967,688
1230	Allowance for uncollectible taxes (credit)	(10,888,540)	-	-	(1,143,372)
1240	Receivables from other governments	29,803,440	13,518	-	-
1260	Due from other funds	1,848,844	10,805,368	-	-
1290	Other receivables	14,406	-	-	-
1300	Inventories	6,509	1,153,464	-	-
1410	Prepaid items	190,557	-	-	-
1000	Total Assets	<u>\$150,280,230</u>	<u>\$ 12,957,074</u>	<u>\$ 14,465,746</u>	<u>\$ 18,667,322</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities					
2110	Accounts payable	\$ 4,644,726	\$ 312,038	\$ 429,098	\$ -
2120	Short Term Debt Payable - Current	15,031	-	-	-
2150	Payroll deduction and withholdings	4,945,007	3,014	-	-
2160	Accrued wages payable	12,511,012	80,044	-	-
2170	Due to other funds	414,348	-	6,632,323	1,589,738
2200	Accrued expenditures	2,981,709	4,733	563,269	-
2300	Unearned revenue	6,268,844	667,040	-	1,523
2000	Total Liabilities	<u>31,780,677</u>	<u>1,066,869</u>	<u>7,624,690</u>	<u>1,591,261</u>
Deferred Inflows of Resources					
	Unavailable revenues - property taxes	7,850,119	-	-	824,316
2600	Total Deferred Inflows of Resources	<u>7,850,119</u>	<u>-</u>	<u>-</u>	<u>824,316</u>
Fund Balance					
Non-Spendable:					
3410	Inventories	6,509	1,153,464	-	-
3430	Prepaid items	190,557	-	-	-
Restricted:					
3450	Federal/State funds grant restrictions	-	10,736,741	-	-
3480	Retirement of long-term debt	-	-	-	16,251,745
3490	Other purposes	-	-	-	-
Committed:					
3510	Construction	818,906	-	-	-
3530	Capital expenditures for equipment	11,497,094	-	-	-
3540	Self Insurance	1,000,000	-	-	-
3545	Other purposes	3,999,683	-	6,841,056	-
Assigned					
3550	Construction	10,800,000	-	-	-
3590	Other purposes	4,449,029	-	-	-
3600	Unassigned	77,887,656	-	-	-
3000	Total Fund Balances	<u>110,649,434</u>	<u>11,890,205</u>	<u>6,841,056</u>	<u>16,251,745</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$150,280,230</u>	<u>\$ 12,957,074</u>	<u>\$ 14,465,746</u>	<u>\$ 18,667,322</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

Exhibit C-1
Page 2 of 2

Data Control Codes		Nonmajor Governmental Funds	Total Governmental Funds
Assets			
1110	Cash and cash equivalents	\$ 814,917	\$ 6,268,489
1120	Investments	150,057	138,556,316
Receivables:			
1220	Property taxes - delinquent	-	20,706,347
1230	Allowance for uncollectible taxes (credit)	-	(12,031,912)
1240	Receivables from other governments	10,060,153	39,877,111
1260	Due from other funds	1,809,842	14,464,054
1290	Other receivables	-	14,406
1300	Inventories	-	1,159,973
1410	Prepaid items	11,232	201,789
1000	Total Assets	\$ 12,846,201	\$ 209,216,573
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities			
2110	Accounts payable	\$ 2,801,355	\$ 8,187,217
2120	Short Term Debt Payable - Current	-	15,031
2150	Payroll deduction and withholdings	70,926	5,018,947
2160	Accrued wages payable	1,951,444	14,542,500
2170	Due to other funds	5,354,656	13,991,065
2200	Accrued expenditures	-	3,549,711
2300	Unearned revenue	-	6,937,407
2000	Total Liabilities	10,178,381	52,241,878
Deferred Inflows of Resources			
	Unavailable revenues - property taxes	-	8,674,435
2600	Total Deferred Inflows of Resources	-	8,674,435
Fund Balance			
Non-Spendable:			
3410	Inventories	-	1,159,973
3430	Prepaid items	11,232	201,789
Restricted:			
3450	Federal/State funds grant restrictions	-	10,736,741
3480	Retirement of long-term debt	-	16,251,745
3490	Other purposes	935,086	935,086
Committed:			
3510	Construction	-	818,906
3530	Capital expenditures for equipment	-	11,497,094
3540	Self Insurance	-	1,000,000
3545	Other purposes	1,732,734	12,573,473
Assigned			
3550	Construction	-	10,800,000
3590	Other purposes	-	4,449,029
3600	Unassigned	(11,232)	77,876,424
3000	Total Fund Balances	2,667,820	148,300,260
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,846,201	\$ 209,216,573



ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO
STATEMENT OF NET POSITION
June 30, 2022

Exhibit C-2

Data Control Codes	Total Fund Balance, Governmental Funds	\$	148,300,260
	Amounts reported for governmental activities in the statements of net position are different because:		
1	Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation and amortization, where applicable.		299,993,214
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts.)		8,674,435
3	Deferred charge on refunding		7,194,511
4	Deferred outflows relating to pension activities		37,842,234
5	Deferred outflows relating to other post employment benefits		21,515,314
	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. Long-term liabilities at year end consist of:		
6	General obligation bonds		(134,585,000)
7	Premium/Discount on issuance		(11,110,858)
8	Accumulated accretion on capital appreciation bonds		(43,911)
9	Lease liabilities		(1,253,486)
10	Accrued compensated absences		(4,449,029)
11	Accrued interest payable		(1,887,376)
12	Net pension liability		(46,597,268)
13	Net other post employment benefit liability		(98,426,461)
14	Deferred inflows relating to pension activities		(56,675,845)
15	Deferred inflows relating to other post-employment benefits		(72,226,840)
16	Addition of Internal Service fund net position (see D-1)		<u>19,333,423</u>
19	Total Net Position-Governmental Activities	\$	<u>115,597,317</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit C-3

Page 1 of 2

Data Control Codes		General Fund	National School Breakfast & Lunch Program	Insurance Recovery	Debt Service Fund
Revenues					
5700	Local, intermediate, and out-of-state	\$ 156,335,779	\$ 82,580	\$ 1,525,482	\$ 18,337,283
5800	State program of revenues	137,219,000	364,584	-	208,268
5900	Federal program of revenues	10,376,060	23,091,084	-	-
5020	Total Revenues	303,930,839	23,538,248	1,525,482	18,545,551
Expenditures					
Current:					
0011	Instruction	174,814,084	-	-	-
0012	Instruction resources and media services	2,053,718	-	-	-
0013	Curriculum and instructional staff development	7,223,669	-	-	-
0021	Instructional leadership	5,238,829	-	-	-
0023	School leadership	20,256,919	-	-	-
0031	Guidance, counseling and evaluation services	12,552,287	-	-	-
0032	Social work services	1,642,990	-	-	-
0033	Health services	3,110,959	-	-	-
0034	Student transportation	8,814,525	-	-	-
0035	Food services	-	17,274,469	-	-
0036	Extracurricular activities	6,337,303	-	-	-
0041	General administration	7,707,086	-	-	-
0051	Facilities maintenance and operations	44,091,575	137,054	9,659,949	-
0052	Security and monitoring services	3,034,575	-	-	-
0053	Data processing services	9,990,337	-	-	-
0061	Community services	1,333,820	-	-	-
Debt Service:					
0071	Principal on long-term debt	939,667	-	-	13,795,000
0072	Interest on long-term debt	49,456	-	-	5,460,914
Capital Outlay:					
0081	Facilities acquisition and construction	702,290	-	-	-
Intergovernmental:					
0099	Other intergovernmental charges	1,847,323	-	-	-
6030	Total Expenditures	311,741,412	17,411,523	9,659,949	19,255,914
1100	Excess (deficiency) of revenues over expenditures	(7,810,573)	6,126,725	(8,134,467)	(710,363)
Other Financing Sources (Uses)					
7912	Sale of real or personal property	35,917	-	-	-
7913	Proceeds from lease	496,545	-	-	-
7915	Transfers in	-	-	-	-
8911	Transfers out	(306,166)	-	-	-
7080	Total Other Financing Sources (Uses)	226,296	-	-	-
1200	Net change in fund balances	(7,584,277)	6,126,725	(8,134,467)	(710,363)
0100	Fund Balance - July 1 (Beginning)	118,233,711	5,763,480	14,975,523	16,962,108
3000	Fund Balance - June 30 (Ending)	\$ 110,649,434	\$ 11,890,205	\$ 6,841,056	\$ 16,251,745

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit C-3

Page 2 of 2

Data Control Codes		Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
5700	Local, intermediate, and out-of-state	\$ 3,827,287	\$ 180,108,411
5800	State program of revenues	669,276	138,461,128
5900	Federal program of revenues	37,429,042	70,896,186
5020	Total Revenues	41,925,605	389,465,725
Expenditures			
Current:			
0011	Instruction	26,479,181	201,293,265
0012	Instruction resources and media services	212,262	2,265,980
0013	Curriculum and instructional staff development	5,975,890	13,199,559
0021	Instructional leadership	254,011	5,492,840
0023	School leadership	2,371,713	22,628,632
0031	Guidance, counseling and evaluation services	1,377,841	13,930,128
0032	Social work services	263,036	1,906,026
0033	Health services	221,482	3,332,441
0034	Student transportation	114,234	8,928,759
0035	Food services	424,396	17,698,865
0036	Extracurricular activities	626,213	6,963,516
0041	General administration	871,750	8,578,836
0051	Facilities maintenance and operations	1,485,225	55,373,803
0052	Security and monitoring services	54,151	3,088,726
0053	Data processing services	287,131	10,277,468
0061	Community services	173,895	1,507,715
Debt Service:			
0071	Principal on long-term debt	-	14,734,667
0072	Interest on long-term debt	-	5,510,370
Capital Outlay:			
0081	Facilities acquisition and construction	-	702,290
Intergovernmental:			
0099	Other intergovernmental charges	-	1,847,323
6030	Total Expenditures	41,192,411	399,261,209
1100	Excess (deficiency) of revenues over expenditures	733,194	(9,795,484)
Other Financing Sources (Uses)			
7912	Sale of real or personal property	-	35,917
7914	Proceeds from loan	-	496,545
7915	Transfers in	306,166	306,166
8911	Transfers out	-	(306,166)
7080	Total Other Financing Sources (Uses)	306,166	532,462
1200	Net change in fund balances	1,039,360	(9,263,022)
0100	Fund Balance - July 1 (Beginning)	1,628,460	157,563,282
3000	Fund Balance - June 30 (Ending)	\$ 2,667,820	\$ 148,300,260

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Exhibit C-4

<u>Data Control Codes</u>		
	Net change in fund balances - total governmental funds (from C-3)	\$ (9,263,022)
	Amounts reported for <i>governmental activities</i> in the statement of activities (B-1) are different because:	
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
1	Governmental funds capital outlays	14,646,565
2	Governmental funds depreciation expense	(13,969,222)
3	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,841,533
4	Repayment of long-term debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	13,795,000
5	Repayment of lease liability is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	618,404
	Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities and amounts paid to refunding agents are treated as a decrease in long-term liabilities.	
6	Proceeds for lease liability	(496,545)
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
7	Decrease in interest payable not recognized in fund statements	188,902
8	Decrease in accrued compensated absences	1,368,970
9	Amortization of premium/discount	1,946,859
10	Increase in accumulated accretion on capital appreciation bonds	(28,682)
11	Amortization of deferred charge on refunding	(3,970,541)
12	Changes in net pension liabilities and related deferred outflows and inflows of resources	3,437,113
13	Changes in net OPEB liabilities and related deferred outflows and inflows of resources	5,298,621
14	Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities (see D-2).	
		<u>(3,353,624)</u>
	Change in Net Position of Governmental Activities (See B-1)	<u><u>\$ 12,060,331</u></u>

PROPRIETARY FUND FINANCIAL STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

Exhibit D-1

	Governmental Activities - Internal Service Fund
Assets	
Current Assets:	
Cash and cash equivalents	\$ 1,840,591
Temporary investments, at fair value	21,378,898
Receivables:	
Due from other funds	1,490,138
Other receivables	91,092
Prepaid Items	21,436
Total Current Assets	<u>24,822,155</u>
Noncurrent Assets:	
Land	54,012
Building and improvements	3,663,335
Accumulated depreciation - buildings	(574,206)
Total Noncurrent assets	<u>3,143,141</u>
Total Assets	<u>27,965,296</u>
Liabilities	
Current Liabilities:	
Accounts payable	934,469
Due to other funds	1,963,127
Accrued expenses	3,780,781
Total Current Liabilities	<u>6,678,377</u>
Noncurrent Liabilities:	
Claims and judgments	1,953,496
Total Noncurrent Liabilities	<u>1,953,496</u>
Total Liabilities	<u>8,631,873</u>
Net Position	
Unrestricted net position	19,333,423
Total Net Position	<u>\$ 19,333,423</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

Exhibit D-2

	Governmental Activities - Internal Service Fund
Operating Revenues	
Rent Revenue	\$ 333,729
Insurance premiums	29,078,970
Stop Loss Reimbursement	<u>1,458,714</u>
Total Operating Revenues	<u>30,871,413</u>
Operating Expenses	
Claims and Prescriptions	30,500,929
Purchased and contracted services	1,233,844
Supplies and materials	29,701
Claims expense and other operating expenses	2,412,245
Depreciation	<u>87,004</u>
Total Operating Expenses	<u>34,263,723</u>
Operating Income Loss	<u>(3,392,310)</u>
Non-Operating Revenues (Expenses)	
Investment earnings	<u>38,686</u>
Total Nonoperating Revenues (Expenses)	<u>38,686</u>
Change in Net Position	(3,353,624)
Net Position - July 1 (Beginning)	<u>22,687,047</u>
Net Position - June 30 (Ending)	<u><u>\$ 19,333,423</u></u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

Exhibit D-3

	Governmental Activities - Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash received from rental receipts	\$ 242,637
Cash received from employees and employer	28,588,253
Cash receipts (payments) for interfund services provided	922,688
Cash payments to suppliers for goods and services	(29,359,270)
Cash payments for insurance claims	1,458,714
Cash payments for other operating expenses	(3,601,024)
Net Cash Provided by (Used for) Operating Activities	(1,748,002)
Cash Flows from Investing Activities:	
Interest on investments	38,687
Net Cash Provided by Investing Activities	38,687
Net change in Cash and Cash Equivalents	(1,709,315)
Cash and Cash Equivalents at Beginning of Year	24,928,804
Cash and Cash Equivalents at End of Year	\$ 23,219,489
Reconciliation to Balance Sheet	
Cash and Cash Equivalents Per Cash Flow	\$ 23,219,489
Cash and Cash Equivalents per Balance Sheet	\$ 23,219,489
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (3,392,310)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	87,004
Change in Assets and Liabilities:	
Decrease (increase) in Receivables	(91,092)
Decrease (increase) in Interfund Receivables	507,355
Decrease (increase) in Prepaid Expenses	(21,436)
Increase (decrease) in Accounts Payable	105,135
Increase (decrease) in Accrued Expenses	1,058,697
Increase (decrease) in Interfund Payables	(75,384)
Increase (decrease) in Claims Payable	74,029
Net Cash Provided by (Used for) Operating Activities	\$ (1,748,002)

FIDUCIARY FUND FINANCIAL STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

Exhibit E-1

	<u>Custodial Fund</u>
Assets	
Current Assets:	
Cash and cash equivalents	<u>\$ 1,132,444</u>
Total Assets	<u><u>\$ 1,132,444</u></u>
Net Position	
Restricted for Other Purposes	<u>\$ 1,132,444</u>
Total Net Position	<u><u>\$ 1,132,444</u></u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2022

Exhibit E-2

	<u>Custodial Fund</u>
Contributions	
Revenues from student activities	<u>\$ 484,742</u>
Total Contributions	<u>484,742</u>
Deductions	
Professional and Contracted Services	7,880
Supplies and Materials	99,354
Other Deductions	<u>64,216</u>
Total Deductions	<u>171,450</u>
Change in net position	313,292
Net Position Beginning of Year	<u>819,152</u>
Net Position - Ending	<u><u>\$ 1,132,444</u></u>



NOTES TO FINANCIAL STATEMENTS



Note 1 - Summary of Significant Accounting Policies

The Ector County Independent School District (the "District") is an independent 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 the registered voters of the District and has fiscal accountability over all activities within the jurisdiction of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in the Statement of Auditing Standards 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.

The following is a summary of the most significant accounting policies.

A. Reporting Entity

The District's 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 considered an independent entity for financial reporting purposes, and is considered a primary government as defined by GASB. As the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other, type of reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* include programs supported primarily by taxes, charges to school districts for services, state funds, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

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 School Band Boosters are presented separately in one column of Exhibit A-1 and Exhibit B-1 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.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements while the agency funds have no measurement of focus. 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 are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, only current assets, current liabilities, deferred inflows of resources, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

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

Revenues from local sources consist primarily of property taxes and are recorded as revenue when received. The District considers property tax revenue available if they expect the revenue to 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. If balances have not been expended by the end of the project period, determination is made to record as unearned revenue, fund balance, or return the funds if the grantors stipulate that the District must refund all or part of the unused amount.

The District reports the following major governmental funds:

- 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.
- National School Breakfast & Lunch Program – The District accounts for the expenditures and related revenues related to the operation of the child nutrition program.
- Insurance Recovery – This special revenue fund is used to account for insurance recovery proceeds for the repair or replacement of the insured property on assets as a result of insurance claims.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

- Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund. This is a budgeted fund and separate bank accounts are maintained.

The District reports the following nonmajor governmental funds:

- Special Revenue Funds - These funds account for resources restricted to or committed for specific purposes by a grantor, or for resources that are committed for specific purposes by the Board. 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.

Additionally, the District reports the following fund types:

- Internal Service Funds - These funds are used to account for financing of goods or services provided by one department to other departments of the District on a cost-reimbursement basis. The District operates the Housing Fund, Workers' Compensation fund and the Medical Trust fund internal service funds.
- Fiduciary Funds - The District accounts for resources held for others in custodial funds. This fund uses the economic resources measurement focus and accrual basis. The District's Custodial Fund is the Student Activity fund.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to the funds and/or employees for self-funded health services. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, investment pools, and short-term investments with original maturities of one year or less from the date of acquisition.

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's investment pools are valued and reported at amortized cost, which approximates fair value. The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

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.

F. Inventories and Prepaid Items

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 Agriculture. Although commodities are received at no cost, their fair value is supplied by the Texas Department of Agriculture 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.

At year end, the commodities inventory is recorded to inventory. A portion of fund balance is classified as nonspendable to reflect minimum inventory quantities considered necessary for the District's continuing operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include land, buildings, and furniture and equipment are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Note 1 - Summary of Significant Accounting Policies (continued)

G. Capital Assets (continued)

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Furniture and Equipment	5-20
Vehicles	5-10
Software	5
Right to Use Equipment	3-5

H. Compensated Absences

Compensated absences are absences for which employees will be paid, such as sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

The District's policy for accrued sick leave and vacation leave is based on the following:

- Hourly position employees not working a scheduled 40-hour week are not eligible to be paid for accrued leave
- 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.
- Vacation leave: Any accrued vacation leave is paid upon separation at the employee's current daily rate of pay.

I. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Premiums and discounts are presented as a component of liabilities while deferred charges on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight-line method. Long-term debt is reported net of the applicable premium or discount.

Note 1 - Summary of Significant Accounting Policies (continued)

I. Long-term Obligations (continued)

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.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- Deferred outflows of resources for refunding – Reported in the government-wide financial statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflows of resources for post-employment benefits – Reported in the government wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on pension plan investments and 2) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to post-employment benefits resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net post-employment benefit liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period. The remaining deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

Note 1 - Summary of Significant Accounting Policies (continued)

J. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow or resources in the period that the amounts become available.
- Deferred inflows of resources for pension – reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred inflows of resources for post-employment benefits – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

K. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Note 1 - Summary of Significant Accounting Policies (continued)

M. Net Position

Net Position on the Statement of Net Position includes the following:

- Net investment in capital assets - this component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.
- Restricted for federal and state programs - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agencies.
- Restricted for Debt Service - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenants for the purpose of future debt service payments.
- Unrestricted net position - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

N. Fund Balance

The fund balance in governmental funds has been classified as follows to describe the nature and relative strength of the spending constraints:

- *Non-spendable fund balance* - Represents amounts that are not in spendable form, such as inventory and prepaids, or are required to be maintained intact.
- *Restricted fund balance* - Represents amounts constrained to specific purposes by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation.
- *Committed fund balance* - Represents amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, i.e., Board of Trustees. To be reported as committed, amounts cannot be used for any other purpose unless the District's Board of Trustees approves the changes by Board Resolution. Examples of committed fund balance include potential litigation, claims and judgements, campus activity funds, construction, capital expenditures for equipment and self-insurance.
- *Assigned fund balance* - Represents amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority.
- *Unassigned fund balance* - Represents amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Note 1 - Summary of Significant Accounting Policies (continued)

N. Fund Balance (continued)

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

When the District incurs an expense for which it may use either restricted or unrestricted resources, it uses the restricted resources first unless unrestricted resources will have to be returned because they were not used. 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.

The District sponsors self-insured plans to provide workers' compensation benefits to employees and a Medical Trust Fund to provide health care benefits to employees and dependents. Revenues of these Internal Service Funds are received from both the District's governmental funds. Expenses are comprised of claims incurred during the fiscal year, professional and contracted services, and other miscellaneous expenses.

The General Fund is contingently liable for liabilities of these funds.

O. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (the "TEA") in the Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide data base for policy development and funding plans.

In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the Texas State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.

P. Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 1 - Summary of Significant Accounting Policies (continued)

Q. Implementation of New Accounting Standards

The following GASB pronouncements have been implemented by the District in the current fiscal year:

GASB Statement No. 87 *Leases* was issued in June 2017 and was effective for periods beginning after June 15, 2021. This Statement established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has evaluated the effects of this standard and has determined that this Statement does impact to the financial statements and has incorporated its leases into its capital assets and long-term liabilities on both the face of the financial statements and the note disclosures.

GASB Statement No. 89 *Accounting for Interest Cost Incurred before the end of a Construction Period*, was issued in June 2018 and was effective for periods beginning after December 15, 2020. This Statement requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost was incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement should be handled prospectively. The requirements of this Statement should be handled prospectively. The District has evaluated the effects of this Statement and has determined that it does not impact to the financial statements.

GASB Statement No. 93 *Replacement of Interbank Offered Rates* was issued in June 2020 and had various effective dates. The Statement establishes accounting and financial reporting requirements related to the replacement of the interbank offered rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. During the current fiscal year paragraphs 13 and 14 modifications. The District has evaluated the effects of this standard and has determined that this Statement does not impact its financial statements.

No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32* was issued in June 2020. This Statement provides guidance regarding the financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The Statement will also enhance (1) information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Paragraphs 4 and 5 of the Statement were effective immediately whereas the remaining requirements of this Statement are effective for periods beginning after June 15, 2021. The District has evaluated the effects of this Statement and has determined it does not impact the financial statements.

The GASB issued Statement No. 98 *The Annual Comprehensive Financial Report* in October 2021. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. The requirements of the Statement are effective for fiscal years ending after December 15, 2021. The District has evaluated the effects of this statement and has determined it does not impact the financial statements.

Note 2 - Deposits and Investments

Cash Deposits: The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

On June 30, 2022, the carrying amount of the District's cash deposits (cash and interest-bearing accounts) was \$9,241,165 and the bank balance was \$12,979,651. The District's cash deposits on June 30, 2022, were entirely covered by FDIC Insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments: The District's investment policy is in accordance with the Public Funds Investment Act (Government Code Chapter 2256). Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds.

The State Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. It requires the District to adopt, implement, and publicize an investment policy. The investment 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 United States Treasury, certain United States agencies, and obligations of 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. Management of the District believes it is in compliance with the requirements of the Act and with local policies. The District's temporary investments consist of balances held by the Texas Local Government Investment Pool (TexPool), TexStar and Lone Star Investment Pool (LSIP).

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the District's investments in TexPool are stated at amortized cost, which approximates fair value. TexPool is currently rated AAAM by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

Note 2 - Deposits and Investments (continued)

Lone Star Investment Pool is restricted to invest in obligations of the United States or its agencies and instrumentalities; other obligations insured by the United States; fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously; and SEC-registered no-load money market mutual funds, the assets which consist exclusively of the obligations described above.

TexSTAR Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered and managed by JPMorgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. JP Morgan Chase Bank and/or its subsidiary JP Morgan Investor Services Co. is the custodial bank. The primary objectives of TexSTAR are, in order of priority, on of principal, maintenance of sufficient liquidity to meet Participants' needs, diversification to avoid unreasonable or avoidable risks, and yield.

At June 30, 2022, the District's cash and investment balances, the weighted average maturity, and the credit ratings of these investments were as follows:

	Carrying Value	Weighted Average Maturity (Days)	Credit Rating
Governmental Activities			
Cash and deposits	\$ 8,109,080	N/A	N/A
Investments			
Local Government Investment Pools:			
TexPool	102,699,075	32	AAAm
LoneStar	690,413		AAA
TexStar	40,711,065	11	AAA
Total Local Government Investment Pools	144,100,553		
Short term investments:			
Money market	10,049,414	N/A	
Federal government obligation fund	538,978	N/A	
Municipal bonds	844,151	2	
US Treasury Bills	3,966,814	8	
Federal Farm Credit Bank	435,304		
Total short term investments	15,834,661	53	
Total Investments	159,935,214		
Total Governmental Activities	168,044,294		
Fiduciary Funds			
Cash and Deposits	1,132,444	N/A	N/A
Total Fiduciary Funds	1,132,444		
Total	\$ 169,176,738		

Due to the immediate availability of the funds, the District's temporary investments at June 30, 2022 are included in cash and cash equivalents. Local government investment pools are recorded at amortized cost which approximates fair value. Texpool, Lone Star and TexStar do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.

Note 2 - Deposits and Investments (continued)

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

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates may adversely affect the value of investments. To limit the risk that changes in interest rates will adversely affect the fair value of the investments. The district monitors interest rate risk utilizing weighted average maturity (WAM) analysis. The District requires its investment portfolio to have maturities of less than one year on a WAM basis. However, specific to the District's debt service funds, maturities longer than one year are authorized within legal limits and as long as sufficient investment liquidity to timely meet debt service payment obligations is maintained. The long-term investment the District currently holds, which has no call options, is due when the debt instrument is due and the District intends to hold the investment until maturity, thereby reducing its risk of loss due to changes in the fair value of the investment.

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, mutual bond funds, public funds investment pools to those that have received top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2022, the District's investments in Texas Pool and Lone Star were rated AAAM and AAA, respectively.

Custodial Credit Risk: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The District's policy regarding deposits is in accordance with this law.

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Exhibit F-1

Note 3 - Receivables and Unearned Revenue

Receivables as of June 30, 2022, for the District's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	National School Breakfast & Lunch Program	Debt Service Fund	Nonmajor Governmental Funds	Nonmajor Internal Service Fund	Total
Property Taxes	\$ 18,738,659	\$ -	\$ 1,967,688	\$ -	\$ -	\$ 20,706,347
Due from other governments	29,803,440	13,518	-	10,060,153	-	39,877,111
Other	14,406	-	-	-	91,092	105,498
Gross Receivables	48,556,505	13,518	1,967,688	10,060,153	91,092	60,688,956
Less allowance for doubtful accounts	(10,888,540)	-	(1,143,372)	-	-	(12,031,912)
Net Total Receivables	\$ 37,667,965	\$ 13,518	\$ 824,316	\$ 10,060,153	\$ 91,092	\$ 48,657,044

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the fiscal year 2022, the various components of unearned revenues reported in the governmental funds were as follows:

	Unearned
Advanced collection of fees (food service)	\$ 667,040
Unearned federal revenue	1,523
Unearned state and local revenue	6,268,844
	\$ 6,937,407

Note 4 - Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result from normal operations and are cleared out periodically. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

The composition of interfund balances and transfers as of June 30, 2022, is as follows:

	Interfund Receivable	Interfund Payable	Net
Governmental Activities:			
General Fund	\$ 1,848,844	\$ 414,348	\$ 1,434,496
National School Breakfast & Lunch Program	10,805,368	-	10,805,368
Insurance recovery	-	6,632,323	(6,632,323)
Debt Service Fund	-	1,589,738	(1,589,738)
Nonmajor Governmental Funds	1,809,842	5,354,656	(3,544,814)
Nonmajor Internal Service Funds	1,490,138	1,963,127	(472,989)
Total Governmental Activities	15,954,192	15,954,192	-
Total	\$ 15,954,192	\$ 15,954,192	\$ -

Transfer Out	Transfer In	Amount
General Fund	Nonmajor Governmental Funds	\$ 306,166
Total		\$ 5,495,081

The purpose of the transfer from General Fund to the SSA Regional Day School State Deaf fund is for the District's portion of fund expenditures.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Exhibit F-1

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

Governmental Activities:

	Balance July 01, 2021	Additions	Transfers	(Retirements)	Balance June 30, 2022
Governmental Capital Assets					
Capital assets, not being depreciated:					
Land	\$ 12,111,272	\$ 782,213	\$ -	\$ -	\$ 12,893,485
Construction in progress	282,413	-	(282,413)	-	-
Total capital assets, not being depreciated	12,393,685	782,213	(282,413)	-	12,893,485
Capital assets, being depreciated:					
Buildings and improvements	465,389,751	8,596,217	-	-	473,985,968
Furniture and equipment	30,488,355	4,058,225	-	(1,506,344)	33,040,236
Vehicles	26,415,252	998,019	-	(110,753)	27,302,518
Software	4,255,556	-	-	(42,803)	4,212,753
Right to use assets	-	1,871,890	-	-	1,871,890
Total capital assets, being depreciated	526,548,914	15,524,351	-	(1,659,900)	540,413,365
Less accumulated depreciation for:					
Buildings and improvements	(190,800,845)	(10,087,972)	-	-	(200,888,817)
Furniture and equipment	(25,623,290)	(1,797,347)	-	1,505,243	(25,915,394)
Vehicles	(17,105,381)	(1,522,710)	-	109,615	(18,518,476)
Software	(4,242,414)	(7,857)	-	42,803	(4,207,468)
Right to use assets	-	(640,340)	-	-	(640,340)
Total accumulated depreciation	(237,771,930)	(14,056,226)	-	1,657,661	(250,170,495)
Governmental Capital Assets	\$ 301,170,669	\$ 2,250,338	\$ (282,413)	\$ (2,239)	\$ 303,136,355

Depreciation expense was charged to functions/programs of the District as follows:

Function	Depreciation Expense
Governmental Activities:	
Instruction	\$ 5,130,571
Instructional resources and media services	165,334
Curriculum and staff development	1,041
Instructional leadership	26,286
School leadership	483,717
Guidance, counseling and evaluation services	14,954
Health services	1,066
Student transportation	1,054,654
Food Services	1,317,698
Extracurricular activities	2,219,918
General administration	59,315
Plant maintenance and operations	2,536,175
Security and monitoring services	261,020
Data processing services	656,025
Community services	41,448
Internal service fund	87,004
Total Governmental Activities	\$ 14,056,226

Note 6 - Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness and compensated absences. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund.

Changes in Long-term Liabilities

Long-term liability activities for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
General Obligation Bonds	\$ 148,380,000	\$ -	\$ 13,795,000	\$ 134,585,000	\$ 6,225,000
Premiums on bonds	13,057,717	-	1,946,859	11,110,858	-
Accumulated accretion on capital appreciation bonds	15,229	28,682	-	43,911	-
Worker's compensation claims payable	1,879,467	74,029	-	1,953,496	-
Accrued compensated absences	8,342,235	-	1,158,972	7,183,263	820,690
Lease liabilities	-	1,871,890	618,404	1,253,486	-
Total Governmental Long-term Liabilities	<u>\$ 171,674,648</u>	<u>\$ 1,974,601</u>	<u>\$ 17,519,235</u>	<u>\$ 156,130,014</u>	<u>\$ 7,045,690</u>

General Obligation Bonds

General Obligation Bonds outstanding, at June 30, 2022, are comprised of the following:

Issue	Original Issuance Amount	Interest Rate (%)	Maturity Date	Debt Outstanding
<u>General Obligation Bonds:</u>				
Unlimited Tax Building Bonds, Series 2013	121,595,000	3.00% to 5.00%	8/15/2038	\$ 35,280,000
Unlimited Tax Refunding Bonds, Series 2016	49,235,000	3.00% to 5.00%	8/15/2027	35,925,000
Unlimited Tax Refunding Bonds, Series 2020A	8,935,000	3.00%	8/15/2037	8,775,000
Unlimited Tax Refunding Bonds, Series 2020B	56,150,000	1.75% to 5.00%	8/15/2036	54,605,000
				<u>\$ 134,585,000</u>

Debt service requirements to maturity for the General Obligation Bonds are as follows:

Year Ending June 30th	Principal	Interest	Totals
2023	\$ 6,225,000	\$ 4,910,891	\$ 11,135,891
2024	6,840,000	4,595,591	11,435,591
2025	7,165,000	4,257,241	11,422,241
2026	7,535,000	3,901,991	11,436,991
2027	6,840,000	4,621,866	11,461,866
2028 - 2032	41,165,000	12,772,408	53,937,408
2033 - 2037	50,040,000	4,900,314	54,940,314
2038	8,775,000	131,625	8,906,625
	<u>\$ 134,585,000</u>	<u>\$ 40,091,927</u>	<u>\$ 174,676,927</u>

Note 6 - Long-term Liabilities (continued)

Capital Appreciation Bonds

A portion of the bonds sold in the Series 2012 bond issues were capital appreciation bonds commonly referred to as “premium compound interest bonds.” The District annually records the appreciation of the bond principal for the accreted value of the bonds through maturity of the issue. The interest of these bond series will be paid upon maturity. The following table summarizes the significant features of the individual bonds, by issue:

Series	Accreted Value	Original Bond Principal	Accreted Interest	Maturity Value	Maturity Dates
2020B Refunding	\$ 83,911	\$ 40,000	\$ 43,911	\$ 1,545,000	2026 and 2027

Prior Years’ Refunding of Long-Term Debt

In prior years, the District defeased certain general obligation debt by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District’s financial statements. At June 30, 2022, there are no defeased bonds outstanding.

Deferred charge on refunding

The balance of deferred charge on refunding at June 30, 2022 was and is presented as a deferred outflow of resources in the Statement of Net Position:

	Balance July 01, 2021	Deferred Charge on New Issues	Recognized Amortization	Balance June 30, 2022
Deferred charge on refunding	\$ 11,165,052	\$ -	\$ 3,970,541	\$ 7,194,511

Note 7 - Revenues from Local, Intermediate, and Out-of-State Sources

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

	General Fund	National School Breakfast & Lunch Program	Debt Service Fund	Insurance Recovery	Nonmajor Governmental Funds	Internal Service Fund	Total
Property Taxes	\$ 152,524,869	\$ -	\$ 18,306,199	\$ -	\$ -	\$ -	\$ 170,831,068
Insurance Recovery	77,166	-	-	1,499,724	-	-	1,576,890
Campus Activity	-	-	-	-	1,122,020	-	1,122,020
Insurance Premiums	-	-	-	-	-	30,537,684	30,537,684
Food Service Activity	-	80,204	-	-	-	-	80,204
Extracurricular Activities	480,235	-	-	-	-	-	480,235
Tuition and Fees	812,754	-	-	-	-	-	812,754
Investment Income	218,174	1,776	31,084	25,758	295	38,686	315,773
Gifts and bequests	867,201	-	-	-	-	-	867,201
Rent	67,956	-	-	-	-	333,729	401,685
Other	1,287,424	600	-	-	2,704,972	-	3,992,996
	<u>\$ 156,335,779</u>	<u>\$ 82,580</u>	<u>\$ 18,337,283</u>	<u>\$ 1,525,482</u>	<u>\$ 3,827,287</u>	<u>\$ 30,910,099</u>	<u>\$ 211,018,510</u>

Note 8 - Defined Benefit Pension Plan

A. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

B. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2021.pdf>, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

C. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit.

There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Note 8 - Defined Benefit Pension Plan (continued)

D. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

Contribution Rates		
Plan Fiscal Year		
	2022	2021
Member (Employee)	8.00%	7.70%
Non-employer contributing agency (State)	7.75%	7.50%
District	7.75%	7.50%

Fiscal Year (2022)	
	Contributions
Employer (District)	\$ 8,329,288
Employee (Member)	15,985,051
Non-employer Contributing Entity	
On-behalf Contributions (State)	10,591,691

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate, times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year, reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.

Note 8 - Defined Benefit Pension Plan (continued)

D. Contributions (continued)

When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

E. Actuarial Assumptions

The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2020, rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
Municipal Bond Rate as of August 2020	2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2120
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad Hoc Post-Employment Benefit Changes	None

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. The actuarial methods and assumption were primarily based on a study of actual experience for the three-year ending August 31, 2017 and were adopted in July 2018. For a full description of these ns see the actuarial valuation report described the 2021 TRS ACFR, which includes actuarial valuation report dated November 9, 2020.

F. Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent. The projection of flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payment of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 - Defined Benefit Pension Plan (continued)

F. Discount Rate (continued)

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2021 are summarized below:

Asset Class¹	Target Allocation¹	Long-Term Expected Arithmetic Real Rate of Return²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	-0.20%	0.01%
Absolute Return (Including Credit Sensitive Investments)	0.00%	1.10%	0.00%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources and Infrastructure	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
Risk Parity			
Risk Parity	8.00%	2.80%	0.28%
Leverage			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag ³			-0.95%
Expected Return	100.00%		6.90%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2021 policy model.

³ Capital Market Assumptions come from Aon Hewitt as of August 31, 2021.

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Note 8 - Defined Benefit Pension Plan (continued)

G. Discount Rate Sensitivity Analysis (continued)

The following table presents the Net Pension Liability of the plan using the discount rate of 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's proportional share of the net pension liability	\$ 101,822,426	\$ 46,597,268	\$ 1,792,902

H. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2022, the District reported a liability of \$46,597,268 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 46,597,268
State's proportionate share of the net pension liability associated with the District	59,774,871
Total	\$ 106,372,139

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021, the District's proportion of the collective net pension liability was 0.1830% which was an increase of 0.0304% from its proportion measured as of August 31, 2020.

All future statutorily required contributions will be made from the General Fund.

Changes Since the Prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

For the year ended June 30, 2022, the District recognized pension expense of \$4,768,591. The District also recognized an additional on-behalf revenue and expense of \$238,972 representing for support provided by the State.

Note 8 - Defined Benefit Pension Plan (continued)

H. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

At June 30, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,979	\$ (3,280,485)
Changes of assumptions	16,471,224	(7,180,041)
Net difference between projected and actual earnings on pension plan investments	-	(39,071,204)
Changes in proportion and differences between District contributions and proportionate share of contributions	14,282,130	(7,144,115)
District contributions subsequent to the measurement date	7,010,901	-
Total	\$ 37,842,234	\$ (56,675,845)

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$7,010,901 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Pension Expense Amount
2023	\$ (4,583,240)
2024	(5,059,958)
2025	(7,744,234)
2026	(10,608,017)
2027	1,545,908
Thereafter	605,029
	\$ (25,844,512)

The General and Special Revenue Funds are used to liquidate pension liabilities.

Note 9 - Defined Other Post-Employment Benefit Plans

A. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS- Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

B. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2021.pdf>, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

C. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes, including automatic COLAs.

The premium rates for retirees are reflected in the following table.

TRS-Care Monthly Premium Rates		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Note 9 - Defined Other Post-Employment Benefit Plans (continued)

D. Contributions

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2022	2021
Member	0.65%	0.65%
Non-employer contributing agency	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%

	Fiscal Year 2022
	Contributions
Employer (District)	\$ 2,044,316
Employee (Member)	1,305,911
Non-employer Contributing Entity	
On-behalf Contributions (State)	3,045,141

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$5,520,343 medical and health care billing by certain out-of-network providers.

E. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, and (f) Wage Inflation.

Note 9 - Defined Other Post-Employment Benefit Plans (continued)

E. Actuarial Assumptions (continued)

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2018.

Component	Result
Valuation Date	August 31, 2020, rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65 percent participation rate prior to age 65 and 40 percent participation rate after age 65. Pre-65 retirees: 25 percent are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Salary Increases	3.05% to 9.05% including inflation
Healthcare Trend Rates	The initial medical trend rates were 8.50 percent for Medicare retirees and 7.10 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 12 years.
Ad Hoc Post-Employment Benefit Changes	None

[^] Source: p.77 of 2021 TRS ACFR

F. Discount Rate

A single discount rate of 1.95 percent was used to measure the Total OPEB Liability. There was an increase of 0.0039 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the nonemployer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021, using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds

Note 9 - Defined Other Post-Employment Benefit Plans (continued)

G. Discount Rate Sensitivity Analysis

Discount Rate – The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease	Current Rate	1% Increase
	(0.95%)	(1.95%)	(2.95%)
District's proportionate share of the Net OPEB Liability:	\$ 118,724,992	\$ 98,426,461	\$ 82,450,857

Healthcare Cost Trend Rate - The following presents the District's proportional share of the net OPEB liability of the plan using net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate:

	Healthcare Cost Trend		
	1% Decrease	Current	1% Increase
District's proportionate share of the Net OPEB Liability:	\$ 79,722,172	\$ 98,426,461	\$ 123,522,971

H. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2022, the District reported a liability of \$98,426,461 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 98,426,461
State's proportionate share of the net OPEB liability associated with the District	131,869,523
Total	\$ 230,295,984

The Net OPEB Liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021.

At August 31, 2021, the District's proportion of the collective Net OPEB Liability was 0.2552% which was an increase of 0.0028% from its proportion measured as of August 31, 2020.

All future statutorily required contributions will be made from the General Fund.

Note 9 - Defined Other Post-Employment Benefit Plans (continued)

H. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period:

- The discount rate changed from 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the Total OPEB Liability.

Changes of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended June 30, 2022, the District recognized negative OPEB expense of \$3,349,024. The District also recognized negative on-behalf expense and revenue of \$4,866,993 for support provided by the State.

At June 30, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actuarial economic experience	\$ 4,237,725	\$ (47,645,293)
Changes of assumptions	10,901,886	(20,815,375)
Net difference between projected and actual earnings on OPEB plan investments	106,859	-
Changes in proportion and difference between the District contributions and the proportionate share of contributions	4,571,024	(3,766,172)
Contributions paid to TRS subsequent to the measurement date	1,697,820	-
Total	\$ 21,515,314	\$ (72,226,840)

The \$1,697,820 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	OPEB Expense Amount
2023	\$ (10,433,002)
2024	(10,435,412)
2025	(10,434,753)
2026	(7,843,908)
2027	(4,336,356)
Thereafter	(8,925,915)
	\$ (52,409,346)

Note 9 - Defined Other Post-Employment Benefit Plans (continued)

I. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2022, 2021 and 2020, the subsidy payments received by TRS Care on behalf of the District are as follows:

<u>Fiscal Year</u>	<u>Medicare Part D</u>
June 30, 2022	\$ 872,216
June 30, 2021	870,228
June 30, 2020	758,512

Note 10 - Risk Management

Property/Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers, and from participation in a risk pool. The District's participation in the risk pool is limited to payment of premiums.

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 \$380 per month per employee for the period of July 2021 through June 2022. Each employee contributed \$125 per month for the period of July 2021 through June 2022. 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 Sirius America Insurance Company, commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop loss coverage was in effect in 2021 for individual claims exceeding \$350,000 annually and aggregate coverage with an attachment point of \$30,746,728. Stop loss coverage was in effect in 2022 for individual claims exceeding \$375,000 annually and aggregate coverage with an attachment point of \$32,748,400. These amounts were \$350,000 individual and \$30,334,131 aggregate in 2021 and \$375,000 individual and \$32,748,400 in 2022. Estimates of claims payable and of claims incurred, but not reported at June 30, 2022, 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 fiscal year 2021-2022, three claims exceeded the \$350,000 limit plus one one-time aggregating specific of \$200,000 and two claim exceeded the \$375,000 limit plus one-time aggregating specific of \$200,000.

Changes in the balances of claims and liabilities are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year Unpaid Claims</u>	<u>Incurred Claims (IBNR)</u>	<u>Claims Payments</u>	<u>End of Year Accrual</u>
June 30, 2022	\$ 2,260,960	\$ 28,822,757	\$ (28,253,130)	\$ 2,830,587
June 30, 2021	1,807,206	25,792,128	(25,338,374)	2,260,960
June 30, 2020	1,849,491	19,683,250	(19,725,535)	1,807,206

Note 10 - Risk Management (continued)

Workers' Compensation

The District sponsors a self-funded Worker's Compensation Fund. Claims exceeding \$500,000 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 2021-2022, no claims exceeded the \$500,000 limit.

Estimates of claims payable and of claims incurred but not reported at June 30, 2022, are reflected as accrued expenses of the Fund. The liabilities include an amount for claims that have been incurred but were not reported until after June 30, 2022. Liability for claims is reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing the liabilities is an estimate. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

Changes in the balances of claims liabilities are as follows:

Fiscal Year	Beginning of Year Unpaid Claims	Incurred Claims (IBNR)	Claims Payments	End of Year Accrual
June 30, 2022	\$ 2,340,590	\$ 1,678,172	\$ (1,115,072)	\$ 2,903,690
June 30, 2021	2,560,759	421,749	(641,918)	2,340,590
June 30, 2020	2,612,013	776,265	(827,519)	2,560,759

Note 11 - Shared Service Arrangements

The District is the fiscal agent for a Shared Service Arrangement ("SSA") that provides deaf education services to member districts. In addition to the District, other member districts are noted below. 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 venue Fund 315, 340, and 435 using Model 3 in the SSA section. Expenditures of the SSA are summarized below:

Ector County Independent School District	\$ 596,192
Midland Independent School District	235,339
Big Spring Independent School District	78,446
Andrews Independent School District	78,446
Ft. Stockton Independent School District	62,757
Reagan County Independent School District	47,068
Monahans Independent School District	31,379
Coahoma Independent School District	15,689
Kermit Independent School District	15,689
Crane Independent School District	15,689
Iraan Sheffield Independent School District	15,689
	<u>\$ 1,192,383</u>

Note 12 - 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, 2022.

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.

Note 13 - Arbitrage

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District has estimated that it has no arbitrage liability as of June 30, 2022.

Note 14 - Tax Abatements

Value limitation agreements are part of a state program, originally created in 2001, which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in the statute. The project(s) under the Chapter 313 Agreement(s) must be consistent with the State's goal to "encourage large scale capital investments in this state." Chapter 313 of the Texas Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each Applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the Applications' approval, each of the Agreements were deemed to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the projects. The Applications, the Agreements, and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>.

In fiscal year 2018/19, the Ector County Independent School District (ECISD) Board of Trustees approved an Agreement with Oberon Solar IA LLC, the "Company", for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. The Company qualified for a tax limitation agreement under Texas Tax Code §313.024(b)(5), as a renewable energy electric generation project.

After approval, the Applicant company must maintain a viable presence in the District for the entire period of the value limitation, plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

Note 14 - Tax Abatements (continued)

In the event that an entity terminates the Agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of the Agreement or to meet any material obligation under the Agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of the Agreement together with the payment of penalty and interest on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute. The Agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

As of the date of this letter, the Company is in full compliance with all of their obligations under law and the Agreement.

This agreement limits the taxable value of the covered property to \$30,000,000 for a ten-year period beginning with fiscal year 2020. The result of this limitation in valuation is an estimated reduction of M&O taxes of \$954,290 for the 2021 fiscal year and the total tax reduction of \$1,608,216 for the ten-year period. For the 2021 fiscal year, payments to ECISD under the agreement totaled \$261,570. For the 2022 fiscal year, payments to ECISD under the agreement totaled \$576,795.

Note 15 – School Nutrition Excess Net Cash Resources

The Texas Department of Agriculture Food and Nutrition Division states in order to maintain the nonprofit status required for the School Nutrition Program, the net cash resources of the School Nutrition Program account must not exceed three month's average expenditures. During fiscal year 2022, ECISD's School Nutrition department submitted a plan for reducing an excessive operating fund balance from school year 2020-2021. Such plan was accepted and approved. As of June 30, 2022, ECISD's School Nutrition department had net cash resources of approximately \$10,736,742, which exceeds the 3 month's average expenditures of \$4,318,617. Excess fund balance of approximately \$4M has been set up in fiscal year 2022-2023 to pay operating expenses.

**REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY
COMPARISON SCHEDULES**

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended June 30, 2022

Exhibit G-1

		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
Data Control Codes		Original	Final	Actual Amounts, GAAP Basis	
Revenues					
5700	Local revenues	\$ 165,700,000	\$ 155,908,863	\$ 156,335,779	\$ 426,916
5800	State program revenues	144,985,610	143,517,609	137,219,000	(6,298,609)
5900	Federal program revenues	3,800,000	10,021,555	10,376,060	354,505
5020	Total Revenues	314,485,610	309,448,027	303,930,839	(5,517,188)
Expenditures					
Current:					
0011	Instruction	188,222,263	187,439,652	174,814,084	12,625,568
0012	Instruction resources and media services	2,334,270	2,500,703	2,053,718	446,985
0013	Curriculum and instructional staff development	6,192,063	7,681,115	7,223,669	457,446
0021	Instructional leadership	6,572,561	5,756,541	5,238,829	517,712
0023	School leadership	21,706,538	21,611,377	20,256,919	1,354,458
0031	Guidance, counseling and evaluation services	13,441,605	13,191,892	12,552,287	639,605
0032	Social work services	1,339,176	1,719,503	1,642,990	76,513
0033	Health services	2,935,834	3,472,370	3,110,959	361,411
0034	Student transportation	7,746,553	9,649,918	8,814,525	835,393
0035	Food services	-	21,461	-	21,461
0036	Extracurricular activities	7,420,234	7,089,117	6,337,303	751,814
0041	General administration	9,503,593	9,026,183	7,707,086	1,319,097
0051	Facilities maintenance and operations	30,021,389	50,923,341	44,091,575	6,831,766
0052	Security and monitoring services	2,545,870	3,174,383	3,034,575	139,808
0053	Data processing services	10,577,409	11,110,950	9,990,337	1,120,613
0061	Community services	1,477,002	1,593,400	1,333,820	259,580
Debt Service:					
0071	Principal on long-term debt	-	1,137,517	939,667	197,850
0072	Interest on long-term debt	-	59,870	49,456	10,414
Capital Outlay:					
0081	Facilities acquisition and construction	-	720,000	702,290	17,710
Intergovernmental:					
0099	Other Intergovernmental Charges	1,969,250	1,969,250	1,847,323	121,927
6030	Total Expenditures	314,005,610	339,848,543	311,741,412	28,107,131
1100	Excess (deficiency) of revenues over expenditures	480,000	(30,400,516)	(7,810,573)	22,589,943
Other Financing Sources (Uses)					
7912	Sale of property	70,000	35,917	35,917	-
7913	Right-to-uses leases	-	1,425,322	496,545	(928,777)
8911	Transfers Out	(550,000)	(550,000)	(306,166)	243,834
7080	Total Other Financing Sources (Uses)	(480,000)	911,239	226,296	(684,943)
1200	Net change in fund balances	-	(29,489,277)	(7,584,277)	21,905,000
0100	Fund Balances - Beginning	118,233,711	118,233,711	118,233,711	-
3000	Fund Balances - Ending	\$ 118,233,711	\$ 88,744,434	\$ 110,649,434	\$ 21,905,000

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
For The Year Ended June 30, 2022

Exhibit G-2

		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
Data Control Codes		Original	Final	Actual Amounts	
Revenues					
5700	Local revenues	\$ 3,000	\$ 78,500	\$ 82,580	\$ 4,080
5800	State program revenues	413,000	413,000	364,584	(48,416)
5900	Federal program revenues	18,289,494	23,313,994	23,091,084	(222,910)
5020	Total Revenues	18,705,494	23,805,494	23,538,248	(267,246)
Expenditures					
Current:					
0035	Food services	18,268,355	23,368,355	17,274,469	6,093,886
0051	Facilities maintenance and operations	437,139	437,139	137,054	300,085
6030	Total Expenditures	18,705,494	23,805,494	17,411,523	6,393,971
1100	Excess (deficiency) of revenues over expenditures	-	-	6,126,725	6,126,725
1200	Net change in fund balances	-	-	6,126,725	6,126,725
0100	Fund Balances - Beginning	5,763,480	5,763,480	5,763,480	-
3000	Fund Balances - Ending	\$ 5,763,480	\$ 5,763,480	\$ 11,890,205	\$ 6,126,725



**REQUIRED SUPPLEMENTARY INFORMATION – PENSION AND OTHER
POST-EMPLOYMENT INFORMATION**

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
For the Last Eight Measurement Years

Exhibit G-3

	2022	2021	2020	2019
District's proportion of the net pension liability	0.18300%	0.15255%	0.17173%	0.16252%
District's proportionate share of the net pension liability	\$ 46,597,268	\$ 81,703,061	\$ 89,271,128	\$ 89,454,550
State's proportionate share of the net pension liability associated with the District	59,774,871	133,153,469	115,099,303	130,227,666
Total	\$ 106,372,139	\$ 214,856,530	\$ 204,370,431	\$ 219,682,216
District's covered payroll (for Measurement Year)	\$ 194,543,132	\$ 178,615,584	\$ 166,363,097	\$ 162,321,705
District's proportionate share of the net pension liability as a percentage of its covered payroll	23.95%	45.74%	53.66%	55.11%
Plan fiduciary net position as a percentage of the total pension liability *	88.79%	75.74%	75.24%	73.74%

	2018	2017	2016	2015
District's proportion of the net pension liability	0.16301%	0.17793%	0.17171%	0.12568%
District's proportionate share of the net pension liability	\$ 52,121,909	\$ 67,236,631	\$ 60,696,210	\$ 33,571,908
State's proportionate share of the net pension liability associated with the District	81,929,372	96,003,500	88,961,129	75,916,290
Total	\$ 134,051,281	\$ 163,240,131	\$ 149,657,339	\$ 109,488,198
District's covered payroll (for Measurement Year)	\$ 164,691,543	\$ 162,443,801	\$ 150,542,332	\$ 147,350,185
District's proportionate share of the net pension liability as a percentage of its covered payroll	31.65%	41.39%	40.32%	22.78%
Plan fiduciary net position as a percentage of the total pension liability *	82.17%	78.00%	78.43%	83.25%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Eight Fiscal Years

Exhibit G-4

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contributions	\$ 8,329,288	\$ 4,356,619	\$ 3,233,829	\$ 3,339,028
Contributions in relation to the contractual required contributions	<u>(8,329,288)</u>	<u>(4,356,619)</u>	<u>(3,233,829)</u>	<u>(3,339,028)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 200,889,873	\$ 192,050,226	\$ 175,704,924	\$ 164,417,160
Contributions as a percentage of covered payroll	4.15%	2.27%	1.84%	2.03%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,951,106	\$ 2,792,264	\$ 3,086,526	\$ 2,819,306
Contributions in relation to the contractual required contributions	<u>(2,951,106)</u>	<u>(2,792,264)</u>	<u>(3,086,526)</u>	<u>(2,819,306)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 162,515,095	\$ 164,788,323	\$ 160,914,812	\$ 149,308,655
Contributions as a percentage of covered payroll	1.82%	1.69%	1.92%	1.89%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
For the Last Five Measurement Years Ended June 30

Exhibit G-5

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.25520%	0.25238%	0.25253%	0.24519%	0.25593%
District's proportionate share of the net OPEB liability	\$ 98,426,461	\$ 95,940,818	\$ 119,423,267	\$ 122,426,875	\$ 111,292,438
State's proportionate share of the net OPEB liability associated with the District	131,869,523	128,921,462	158,686,808	135,999,016	126,511,621
Total	<u>\$ 230,295,984</u>	<u>\$ 224,862,280</u>	<u>\$ 278,110,075</u>	<u>\$ 258,425,891</u>	<u>\$ 237,804,059</u>
District's covered payroll (for Measurement Year)	\$ 194,543,132	\$ 178,615,584	\$ 166,363,097	\$ 162,321,705	\$ 164,691,543
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	50.6%	53.7%	71.8%	75.4%	67.6%
Plan fiduciary net position as a percentage of the total OPEB liability	6.18%	4.99%	2.66%	1.57%	91.00%

Notes:

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Ten years of data should be presented in this schedule but data is unavailable prior to the implementation of GASB 75 in 2017.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Five Fiscal Years Ended June 30

Exhibit G-6

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 2,044,316	\$ 1,440,594	\$ 1,475,872	\$ 1,373,728	\$ 1,322,075
Contributions in relation to the contractual required contributions	<u>(2,044,316)</u>	<u>(1,440,594)</u>	<u>(1,475,872)</u>	<u>(1,373,728)</u>	<u>(1,322,075)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 200,889,873	\$ 192,077,205	\$ 175,704,924	\$ 164,417,160	\$ 162,515,095
Contributions as a percentage of covered payroll	1.02%	0.75%	0.84%	0.84%	0.81%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Ten years of data should be presented in this schedule but data is unavailable prior to 2015.

Note 1 - Budgetary Information

The Board adopts an “appropriated budget” on a basis consistent with GAAP for the General Fund, Debt Service Fund, and National School Breakfast and Lunch Program Fund (which is included in special revenue funds). At a minimum, the District is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these three funds.

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

- Prior to June 19th for a fiscal year start date of July 1, the District prepares a budget based on the incremental budgeting concept for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- After one or more budget workshops with the Board, a meeting is called for the purpose of adopting the proposed budget. At least ten days but not more than 30 days public notice of the meeting is required.
- Prior to June 30th for a fiscal year start date of July 1, the Board legally adopts the budget for the general fund, debt service fund, and food service fund.
- After the budgets for the above listed funds are approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources major object category requires Board approval prior to the fact. These amendments are presented to the Board at its regular monthly meeting and/or special board meetings and are reflected in the official minutes. Because the District has a policy of careful budgetary control, several budgetary amendments were necessary throughout the year.
- Expenditure budgets are controlled at the expenditure functional and object level by the appropriate budget manager (principal, department director, or divisional administrator). Budget managers may authorize transfers within functional and organizational categories that do not affect the total functional and organizational appropriation. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, time are to be either canceled or appropriately in the subsequent year’s budget. The District had no outstanding end-of-year encumbrances.

Note 2 - TRS Pension**Changes of Assumptions**

The single discount rate of 7.25 percent was used as of August 31, 2021.

It is assumed that future employer and state contributions will be 8.5 percent in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years.

There is no change in the contribution rate.

Changes in Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Note 2 - TRS Pension (continued)

Other Information

Effective September 1, 2014, employers who did not contribute to Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

Note 3 - TRS OPEB Plan

Changes of Assumptions

The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021. This change increased the Total OPEB Liability.

Changes of Benefit Terms

There were no changes in benefit terms since Prior Measurement Date.



OTHER SUPPLEMENTARY INFORMATION

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
June 30, 2022

Exhibit H-1
Page 1 of 10

Data Control Codes		206	211	224	225
		ESEA Title X, Part C	ESEA Title I, Part A	IDEA Part B, Formula	IDEA Part B, Preschool
	Assets				
1110	Cash and cash equivalents	\$ -	\$ 47,640	\$ -	\$ -
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	23,463	3,672,017	1,162,939	28,393
1260	Due from other funds	-	-	-	-
1410	Prepaid items	-	599	3,200	-
1000	Total Assets	<u>\$ 23,463</u>	<u>\$ 3,720,256</u>	<u>\$ 1,166,139</u>	<u>\$ 28,393</u>
	Liabilities, Deferred Inflows of Resources, and Fund Balance				
	Liabilities				
2110	Accounts payable	\$ -	\$ 212,983	\$ 197,845	\$ -
2150	Payroll deduction and withholdings	1,232	18,625	31,947	951
2160	Accrued wages payable	9,576	1,417,208	311,423	11,453
2170	Due to other funds	12,655	2,071,440	624,924	15,989
2000	Total Liabilities	<u>23,463</u>	<u>3,720,256</u>	<u>1,166,139</u>	<u>28,393</u>
	Fund Balance				
	Non-Spendable:				
3430	Prepaid items	-	599	3,200	-
	Restricted:				
3490	Other purposes	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
	Assigned				
3600	Unassigned	-	(599)	(3,200)	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,463</u>	<u>\$ 3,720,256</u>	<u>\$ 1,166,139</u>	<u>\$ 28,393</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
June 30, 2022

Exhibit H-1
Page 2 of 10

Data Control Codes		242 Summer Food Service Pgm for Children	244 Perkins Career and Technical - Basic Grant	255 ESEA Title II, Part A	258 Charter Schools Program
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	187,822	19,991	144,212	67,306
1260	Due from other funds	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 187,822</u>	<u>\$ 19,991</u>	<u>\$ 144,212</u>	<u>\$ 67,306</u>
	Liabilities, Deferred Inflows of Resources, and Fund Balance				
	Liabilities				
2110	Accounts payable	\$ -	\$ 620	\$ -	\$ 58,535
2150	Payroll deduction and withholdings	-	501	3,922	-
2160	Accrued wages payable	-	6,981	51,053	-
2170	Due to other funds	187,822	11,889	89,237	8,771
2000	Total Liabilities	<u>187,822</u>	<u>19,991</u>	<u>144,212</u>	<u>67,306</u>
	Fund Balance				
	Non-Spendable:				
3430	Prepaid items	-	-	-	-
	Restricted:				
3490	Other purposes	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
	Assigned				
3600	Unassigned	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000					
	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 187,822</u>	<u>\$ 19,991</u>	<u>\$ 144,212</u>	<u>\$ 67,306</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
June 30, 2022

Exhibit H-1
Page 3 of 10

Data Control Codes		263	272	276	278
		ESEA Title III Part A	Medicaid Administrative Claim Program (MAC)	ESEA I, A Instructional Continuity	ESSER American Rescue Plan
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	123,606	-	-	5,916
1260	Due from other funds	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 123,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,916</u>
	Liabilities, Deferred Inflows of Resources, and Fund Balance				
	Liabilities				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2150	Payroll deduction and withholdings	1,658	-	-	420
2160	Accrued wages payable	12,523	-	-	2,163
2170	Due to other funds	109,425	-	-	3,333
2000	Total Liabilities	<u>123,606</u>	<u>-</u>	<u>-</u>	<u>5,916</u>
	Fund Balance				
	Non-Spendable:				
3430	Prepaid items	-	-	-	-
	Restricted:				
3490	Other purposes	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
	Assigned				
3600	Unassigned	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 123,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,916</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
June 30, 2022

Exhibit H-1
Page 4 of 10

Data Control Codes		279	281	282	284
		TCLAS			IDEA
		State ESSER III Funds	ESSER II	ESSER III	Part B, Formula - ARP
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	113,821	-	3,341,912	103,639
1260	Due from other funds	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 113,821</u>	<u>\$ -</u>	<u>\$ 3,341,912</u>	<u>\$ 103,639</u>
	Liabilities, Deferred Inflows of Resources, and Fund Balance				
	Liabilities				
2110	Accounts payable	\$ -	\$ -	\$ 1,877,449	\$ 40,546
2150	Payroll deduction and withholdings	593	-	1,816	-
2160	Accrued wages payable	15,791	-	34,147	-
2170	Due to other funds	97,437	-	1,428,500	63,093
2000	Total Liabilities	<u>113,821</u>	<u>-</u>	<u>3,341,912</u>	<u>103,639</u>
	Fund Balance				
	Non-Spendable:				
3430	Prepaid items	-	-	-	-
	Restricted:				
3490	Other purposes	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
	Assigned				
3600	Unassigned	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 113,821</u>	<u>\$ -</u>	<u>\$ 3,341,912</u>	<u>\$ 103,639</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
June 30, 2022

Exhibit H-1
Page 5 of 10

Data Control Codes		285	289	315	340
		IDEA Part B, Preschool - ARP	Federal Funded Special Revenues	SSA IDEA Part B Discretionary	SSA IDEA Part C, ECI
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	20,391	553,978	251	2,082
1260	Due from other funds	-	-	5,714	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 20,391</u>	<u>\$ 553,978</u>	<u>\$ 5,965</u>	<u>\$ 2,082</u>
	Liabilities, Deferred Inflows of Resources, and Fund Balance				
	Liabilities				
2110	Accounts payable	\$ 4,531	\$ 377,754	\$ -	\$ 244
2150	Payroll deduction and withholdings	-	941	848	-
2160	Accrued wages payable	-	10,490	5,117	-
2170	Due to other funds	15,860	164,793	-	1,838
2000	Total Liabilities	<u>20,391</u>	<u>553,978</u>	<u>5,965</u>	<u>2,082</u>
	Fund Balance				
	Non-Spendable:				
3430	Prepaid items	-	-	-	-
	Restricted:				
3490	Other purposes	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
	Assigned				
3600	Unassigned	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,391</u>	<u>\$ 553,978</u>	<u>\$ 5,965</u>	<u>\$ 2,082</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
June 30, 2022

Exhibit H-1
Page 6 of 10

Data Control Codes		397	410	429	435 SSA
		Advanced Placement Incentives	Instructional Materials Allotment	State Funded Special Revenues	Regional Day School State Deaf
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	-	-	159,142	329,272
1260	Due from other funds	10,768	-	-	-
1410	Prepaid items	-	-	-	7,433
1000	Total Assets	<u>\$ 10,768</u>	<u>\$ -</u>	<u>\$ 159,142</u>	<u>\$ 336,705</u>
	Liabilities, Deferred Inflows of Resources, and Fund Balance				
	Liabilities				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ 752
2150	Payroll deduction and withholdings	-	-	-	7,472
2160	Accrued wages payable	-	-	-	63,019
2170	Due to other funds	3,356	-	159,142	265,462
2000	Total Liabilities	<u>3,356</u>	<u>-</u>	<u>159,142</u>	<u>336,705</u>
	Fund Balance				
	Non-Spendable:				
3430	Prepaid items	-	-	-	7,433
	Restricted:				
3490	Other purposes	7,412	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
	Assigned				
3600	Unassigned	-	-	-	(7,433)
3000	Total Fund Balances	<u>7,412</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000					
	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,768</u>	<u>\$ -</u>	<u>\$ 159,142</u>	<u>\$ 336,705</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
June 30, 2022

Exhibit H-1
Page 7 of 10

Data Control Codes		461	462	463	464
		Campus Activity Funds	Memorial Scholarship Fund	Raising Blended Learners	Susan Powell Memorial Scholarship
	Assets				
1110	Cash and cash equivalents	\$ 767,277	\$ -	\$ -	\$ -
1120	Investments	-	12,107	-	29,659
	Receivables:				
1240	Receivables from other governments	-	-	-	-
1260	Due from other funds	42,105	-	146,478	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 809,382</u>	<u>\$ 12,107</u>	<u>\$ 146,478</u>	<u>\$ 29,659</u>
	Liabilities, Deferred Inflows of Resources, and Fund Balance				
	Liabilities				
2110	Accounts payable	\$ 25,013	\$ -	\$ -	\$ -
2150	Payroll deduction and withholdings	-	-	-	-
2160	Accrued wages payable	-	-	500	-
2170	Due to other funds	-	3,900	-	-
2000	Total Liabilities	<u>25,013</u>	<u>3,900</u>	<u>500</u>	<u>-</u>
	Fund Balance				
	Non-Spendable:				
3430	Prepaid items	-	-	-	-
	Restricted:				
3490	Other purposes	-	8,207	145,978	29,659
	Committed:				
3545	Other purposes	784,369	-	-	-
	Assigned				
3600	Unassigned	-	-	-	-
3000	Total Fund Balances	<u>784,369</u>	<u>8,207</u>	<u>145,978</u>	<u>29,659</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 809,382</u>	<u>\$ 12,107</u>	<u>\$ 146,478</u>	<u>\$ 29,659</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
June 30, 2022

Exhibit H-1
Page 8 of 10

Data Control Codes		465	477	482	483
		Connectivity Project	Chapter 313	Education Foundation Awards Fund	Citi Foundation Award - AVID
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	-	-	-	-
1260	Due from other funds	204,269	948,365	390,292	12,021
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 204,269</u>	<u>\$ 948,365</u>	<u>\$ 390,292</u>	<u>\$ 12,021</u>
	Liabilities, Deferred Inflows of Resources, and Fund Balance				
	Liabilities				
2110	Accounts payable	\$ -	\$ -	\$ 5,083	\$ -
2150	Payroll deduction and withholdings	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	8,500	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>13,583</u>	<u>-</u>
	Fund Balance				
	Non-Spendable:				
3430	Prepaid items	-	-	-	-
	Restricted:				
3490	Other purposes	204,269	-	376,709	12,021
	Committed:				
3545	Other purposes	-	948,365	-	-
	Assigned				
3600	Unassigned	-	-	-	-
3000	Total Fund Balances	<u>204,269</u>	<u>948,365</u>	<u>376,709</u>	<u>12,021</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 204,269</u>	<u>\$ 948,365</u>	<u>\$ 390,292</u>	<u>\$ 12,021</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
June 30, 2022

Exhibit H-1
Page 9 of 10

Data Control Codes		488	489	490	491
		Summer Learning Grant	Brown Agriculture Fund	Barbara Jordan Elem Trust	OHS Scholarship Fund
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	52,312	2,016	25,319
	Receivables:				
1240	Receivables from other governments	-	-	-	-
1260	Due from other funds	22,490	-	1,703	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 22,490</u>	<u>\$ 52,312</u>	<u>\$ 3,719</u>	<u>\$ 25,319</u>
	Liabilities, Deferred Inflows of Resources, and Fund Balance				
	Liabilities				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2150	Payroll deduction and withholdings	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	4,761	-	-
2000	Total Liabilities	<u>-</u>	<u>4,761</u>	<u>-</u>	<u>-</u>
	Fund Balance				
	Non-Spendable:				
3430	Prepaid items	-	-	-	-
	Restricted:				
3490	Other purposes	22,490	47,551	3,719	25,319
	Committed:				
3545	Other purposes	-	-	-	-
	Assigned				
3600	Unassigned	-	-	-	-
3000	Total Fund Balances	<u>22,490</u>	<u>47,551</u>	<u>3,719</u>	<u>25,319</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 22,490</u>	<u>\$ 52,312</u>	<u>\$ 3,719</u>	<u>\$ 25,319</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
June 30, 2022

Exhibit H-1
Page 10 of 10

		494	496	497	
Data Control Codes		Chevron Project Lead the Way	Odessa Regional School Clinic	Weldon Scholarship Fund	Total Nonmajor Special Revenue Funds
Assets					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 814,917
1120	Investments	-	-	28,644	150,057
Receivables:					
1240	Receivables from other governments	-	-	-	10,060,153
1260	Due from other funds	8,500	17,137	-	1,809,842
1410	Prepaid items	-	-	-	11,232
1000	Total Assets	\$ 8,500	\$ 17,137	\$ 28,644	\$ 12,846,201
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ 2,801,355
2150	Payroll deduction and withholdings	-	-	-	70,926
2160	Accrued wages payable	-	-	-	1,951,444
2170	Due to other funds	2,529	-	-	5,354,656
2000	Total Liabilities	2,529	-	-	10,178,381
Fund Balance					
Non-Spendable:					
3430	Prepaid items	-	-	-	11,232
Restricted:					
3490	Other purposes	5,971	17,137	28,644	935,086
Committed:					
3545	Other purposes	-	-	-	1,732,734
Assigned					
3600	Unassigned	-	-	-	(11,232)
3000	Total Fund Balances	5,971	17,137	28,644	2,667,820
4000					
Total Liabilities, Deferred Inflows of Resources, and Fund Balances					
		\$ 8,500	\$ 17,137	\$ 28,644	\$ 12,846,201

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit H-2
Page 1 of 10

		206	211	224	225
Data Control Codes		ESEA	ESEA	IDEA	IDEA
		Title X, Part C	Title I, Part A	Part B, Formula	Part B, Preschool
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	69,466	9,092,562	5,855,292	163,536
5020	Total Revenues	69,466	9,092,562	5,855,292	163,536
Expenditures					
Current:					
0011	Instruction	-	5,155,415	5,607,568	163,536
0012	Instruction resources and media services	-	14,309	-	-
0013	Curriculum and instructional staff development	-	3,338,533	9,762	-
0021	Instructional leadership	-	73,393	3,970	-
0023	School leadership	-	198,636	-	-
0031	Guidance, counseling and evaluation services	-	70,428	232,378	-
0032	Social work services	69,466	91,462	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	1,564	1,614	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	6,263	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	2,675	-	-
0061	Community services	-	139,884	-	-
6030	Total Expenditures	69,466	9,092,562	5,855,292	163,536
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit H-2
Page 2 of 10

Data Control Codes		242	244	255	258
		Summer Food Service Pgm for Children	Perkins Career and Technical - Basic Grant	ESEA Title II, Part A	Charter Schools Program
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	281,372	394,283	809,391	103,400
5020	Total Revenues	281,372	394,283	809,391	103,400
	Expenditures				
	Current:				
0011	Instruction	-	203,630	231,797	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	95,450	577,345	84,400
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	249	19,000
0031	Guidance, counseling and evaluation services	-	95,203	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	281,372	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
6030	Total Expenditures	281,372	394,283	809,391	103,400
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit H-2
Page 3 of 10

Data Control Codes		263	272	276	278
		ESEA Title III, Part A	Medicaid Administrative Claim Program (MAC)	ESEA I, A Instructional Continuity	ESSER American Rescue Plan
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	554,132	92,570	39,539	10,909
5020	Total Revenues	554,132	92,570	39,539	10,909
	Expenditures				
	Current:				
0011	Instruction	126,118	-	-	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	420,667	-	39,539	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	10,909
0033	Health services	-	92,570	-	-
0034	Student transportation	-	-	-	-
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	7,347	-	-	-
6030	Total Expenditures	554,132	92,570	39,539	10,909
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit H-2
Page 4 of 10

		279	281	282	284
Data Control Codes		TCLAS			IDEA
		State ESSER III			Part B, Formula -
		Funds	ESSER II	ESSER III	ARP
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	433,882	1,984,373	10,875,247	99,204
5020	Total Revenues	433,882	1,984,373	10,875,247	99,204
Expenditures					
Current:					
0011	Instruction	382,782	895,230	7,997,048	32,720
0012	Instruction resources and media services	-	19,777	1,730	-
0013	Curriculum and instructional staff development	7,969	61,601	907,262	-
0021	Instructional leadership	-	46,394	2,602	47,580
0023	School leadership	-	205,340	1,004,207	-
0031	Guidance, counseling and evaluation services	43,131	75,296	822,703	18,904
0032	Social work services	-	9,881	18,338	-
0033	Health services	-	23,575	87,833	-
0034	Student transportation	-	111,056	-	-
0035	Food services	-	143,024	-	-
0036	Extracurricular activities	-	10,650	-	-
0041	General administration	-	60,834	-	-
0051	Facilities maintenance and operations	-	236,544	-	-
0052	Security and monitoring services	-	24,332	-	-
0053	Data processing services	-	40,304	29,024	-
0061	Community services	-	20,535	4,500	-
6030	Total Expenditures	433,882	1,984,373	10,875,247	99,204
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit H-2
Page 5 of 10

Data Control Codes		285	289	315	340
		IDEA Part B, Preschool - ARP	Federal Funded Special Revenues	SSA IDEA Part B Discretionary	SSA IDEA Part C, ECI
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	19,807	6,420,032	128,052	1,993
5020	Total Revenues	<u>19,807</u>	<u>6,420,032</u>	<u>128,052</u>	<u>1,993</u>
	Expenditures				
	Current:				
0011	Instruction	19,807	4,254,159	127,652	1,993
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	248,487	400	-
0021	Instructional leadership	-	80,072	-	-
0023	School leadership	-	77,504	-	-
0031	Guidance, counseling and evaluation services	-	19,442	-	-
0032	Social work services	-	58,006	-	-
0033	Health services	-	10,358	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	253,354	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	1,227,418	-	-
0052	Security and monitoring services	-	29,819	-	-
0053	Data processing services	-	161,413	-	-
0061	Community services	-	-	-	-
6030	Total Expenditures	<u>19,807</u>	<u>6,420,032</u>	<u>128,052</u>	<u>1,993</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit H-2
Page 6 of 10

		397	410	429	435
Data Control Codes		Advanced Placement Incentives	Instructional Materials Allotment	State Funded Special Revenues	SSA Regional Day School State Deaf
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ 426,900
5800	State program revenues	3,870	69,056	267,078	329,272
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	3,870	69,056	267,078	756,172
Expenditures					
Current:					
0011	Instruction	-	69,056	112,780	935,201
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	5,758	-	154,298	7,934
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	118,218
0031	Guidance, counseling and evaluation services	-	-	-	356
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
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	-	-	-	629
6030	Total Expenditures	5,758	69,056	267,078	1,062,338
1100	Excess (deficiency) of revenues over expenditures	(1,888)	-	-	(306,166)
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	306,166
7080	Total Other Financing Sources (Uses)	-	-	-	306,166
1200	Net change in fund balances	(1,888)	-	-	-
0100	Fund Balance - July 1 (Beginning)	9,300	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ 7,412	\$ -	\$ -	\$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit H-2
Page 7 of 10

		461	462	463	464
Data Control Codes		Campus Activity Funds	Memorial Scholarship Fund	Raising Blended Learners	Susan Powell Memorial Scholarship
Revenues					
5700	Local, intermediate, and out-of-state	\$ 1,122,261	\$ 1,024	\$ 150,000	\$ 58
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	1,122,261	1,024	150,000	58
Expenditures					
Current:					
0011	Instruction	45,252	-	-	-
0012	Instruction resources and media services	176,446	-	-	-
0013	Curriculum and instructional staff development	-	-	4,022	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	601,049	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	359,209	-	-	-
0041	General administration	-	4,901	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
6030	Total Expenditures	1,181,956	4,901	4,022	-
1100	Excess (deficiency) of revenues over expenditures	(59,695)	(3,877)	145,978	58
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	(59,695)	(3,877)	145,978	58
0100	Fund Balance - July 1 (Beginning)	844,064	12,084	-	29,601
3000	Fund Balance - June 30 (Ending)	\$ 784,369	\$ 8,207	\$ 145,978	\$ 29,659

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit H-2
Page 8 of 10

		465	477	482	483
Data Control Codes		Connectivity Project	Chapter 313	Education Foundation Awards Fund	Citi Foundation Award - AVID
Revenues					
5700	Local, intermediate, and out-of-state	\$ 200,000	\$ 1,341,795	\$ 406,536	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	200,000	1,341,795	406,536	-
Expenditures					
Current:					
0011	Instruction	-	-	117,437	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	9,934	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	4,974	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	3,000	-
0041	General administration	-	690,000	116,015	-
0051	Facilities maintenance and operations	-	-	15,000	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	53,715	-	-	-
0061	Community services	-	-	-	1,000
6030	Total Expenditures	53,715	690,000	266,360	1,000
1100	Excess (deficiency) of revenues over expenditures	146,285	651,795	140,176	(1,000)
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	146,285	651,795	140,176	(1,000)
0100	Fund Balance - July 1 (Beginning)	57,984	296,570	236,533	13,021
3000	Fund Balance - June 30 (Ending)	\$ 204,269	\$ 948,365	\$ 376,709	\$ 12,021

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit H-2
Page 9 of 10

		488	489	490	491
Data Control Codes		Summer Learning Grant	Brown Agriculture Fund	Barbara Jordan Elem Trust	OHS Scholarship Fund
Revenues					
5700	Local, intermediate, and out-of-state	\$ 170,000	\$ 103	\$ 4	\$ 50
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	170,000	103	4	50
Expenditures					
Current:					
0011	Instruction	-	-	-	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	147,510	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
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	-	-	-	-
6030	Total Expenditures	147,510	-	-	-
1100	Excess (deficiency) of revenues over expenditures	22,490	103	4	50
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	22,490	103	4	50
0100	Fund Balance - July 1 (Beginning)	-	47,448	3,715	25,269
3000	Fund Balance - June 30 (Ending)	\$ 22,490	\$ 47,551	\$ 3,719	\$ 25,319

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit H-2
Page 10 of 10

		494	496	497	
Data Control Codes		Chevron Project Lead the Way	Odessa Regional School Clinic	Weldon Scholarship Fund	Total Nonmajor Special Revenue Funds
Revenues					
5700	Local, intermediate, and out-of-state	\$ 8,500	\$ -	\$ 56	\$ 3,827,287
5800	State program revenues	-	-	-	669,276
5900	Federal program revenues	-	-	-	37,429,042
5020	Total Revenues	8,500	-	56	41,925,605
Expenditures					
Current:					
0011	Instruction	-	-	-	26,479,181
0012	Instruction resources and media services	-	-	-	212,262
0013	Curriculum and instructional staff development	2,529	-	-	5,975,890
0021	Instructional leadership	-	-	-	254,011
0023	School leadership	-	-	-	2,371,713
0031	Guidance, counseling and evaluation services	-	-	-	1,377,841
0032	Social work services	-	-	-	263,036
0033	Health services	-	7,146	-	221,482
0034	Student transportation	-	-	-	114,234
0035	Food services	-	-	-	424,396
0036	Extracurricular activities	-	-	-	626,213
0041	General administration	-	-	-	871,750
0051	Facilities maintenance and operations	-	-	-	1,485,225
0052	Security and monitoring services	-	-	-	54,151
0053	Data processing services	-	-	-	287,131
0061	Community services	-	-	-	173,895
6030	Total Expenditures	2,529	7,146	-	41,192,411
1100	Excess (deficiency) of revenues over expenditures	5,971	(7,146)	56	733,194
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	306,166
7080	Total Other Financing Sources (Uses)	-	-	-	306,166
1200	Net change in fund balances	5,971	(7,146)	56	1,039,360
0100	Fund Balance - July 1 (Beginning)	-	24,283	28,588	1,628,460
3000	Fund Balance - June 30 (Ending)	\$ 5,971	\$ 17,137	\$ 28,644	\$ 2,667,820



INTERNAL SERVICE FUNDS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2022

Exhibit H-3

		715	771	772	
Data Control Codes		Housing Fund	Worker's Comp	Medical Trust	Total Internal Service Funds
Assets					
Current assets:					
1110	Cash and cash equivalents	\$ 271,631	\$ -	\$ 1,568,960	\$ 1,840,591
1120	Temporary investments, at fair value	-	7,519,728	13,859,170	21,378,898
Receivables:					
1260	Due from other funds	-	1,038,107	452,031	1,490,138
1290	Other receivables	91,092	-	-	91,092
1410	Prepaid items	-	-	21,436	21,436
	Total Current assets	362,723	8,557,835	15,901,597	24,822,155
Noncurrent assets:					
Capital assets:					
1511	Land	54,012	-	-	54,012
1521	Buildings	3,663,335	-	-	3,663,335
1571	Accumulated depreciation - Buildings	(574,206)	-	-	(574,206)
	Total noncurrent assets	3,143,141	-	-	3,143,141
1000	Total Assets	3,505,864	8,557,835	15,901,597	27,965,296
Liabilities					
Current Liabilities:					
2110	Accounts payable	2,502	74,682	857,285	934,469
2170	Due to other funds	426,285	1,090,114	446,728	1,963,127
2200	Accrued expenses	-	950,194	2,830,587	3,780,781
	Total Liabilities	428,787	2,114,990	4,134,600	6,678,377
Non-current Liabilities:					
2590	Claims and judgments	-	1,953,496	-	1,953,496
	Total Non-current Liabilities	-	1,953,496	-	1,953,496
2000	Total Liabilities	428,787	4,068,486	4,134,600	8,631,873
Net Position					
3900	Unrestricted net position	3,077,077	4,489,349	11,766,997	19,333,423
3000	Total Net Position	\$ 3,077,077	\$ 4,489,349	\$ 11,766,997	\$ 19,333,423

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, 2022

Exhibit H-4

Data Control Codes		715	771	772	Total Internal Service Funds
		Housing Fund	Worker's Comp	Medical Trust	
	Operating Revenues				
5743	Rent revenue	\$ 333,729	\$ -	\$ -	\$ 333,729
5759	Insurance premiums	-	1,068,042	28,010,928	29,078,970
5800	Stop loss reimbursement	-	29,854	1,428,860	1,458,714
5020	Total Operating Revenues	<u>333,729</u>	<u>1,097,896</u>	<u>29,439,788</u>	<u>30,871,413</u>
	Operating Expenses				
6100	Claims and prescriptions	-	1,678,173	28,822,756	30,500,929
6200	Purchased and contracted services	664,701	73,483	495,660	1,233,844
6300	Supplies and materials	29,701	-	-	29,701
6400	Claims expense and other operating expenses	-	-	2,412,245	2,412,245
6449	Depreciation	87,004	-	-	87,004
6030	Total Operating Expenses	<u>781,406</u>	<u>1,751,656</u>	<u>31,730,661</u>	<u>34,263,723</u>
1200	Operating Income (Loss)	<u>(447,677)</u>	<u>(653,760)</u>	<u>(2,290,873)</u>	<u>(3,392,310)</u>
	Non-Operating Revenues (Expenses)				
7955	Earnings - temporary deposits and investments	-	14,537	24,149	38,686
	Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>14,537</u>	<u>24,149</u>	<u>38,686</u>
1200	Change in Net Position	(447,677)	(639,223)	(2,266,724)	(3,353,624)
0100	Net Position - Beginning	<u>3,524,754</u>	<u>5,128,572</u>	<u>14,033,721</u>	<u>22,687,047</u>
3300	Net Position - Ending	<u>\$ 3,077,077</u>	<u>\$ 4,489,349</u>	<u>\$ 11,766,997</u>	<u>\$ 19,333,423</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2022

Exhibit H-5

	715	771	772	Total Internal
	<u>Housing Fund</u>	<u>Worker's Comp</u>	<u>Medical Trust</u>	<u>Service Funds</u>
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities:				
Cash received from rental receipts	\$ 242,637	\$ -	\$ -	\$ 242,637
Cash received from employees and employer	-	130,597	28,457,656	28,588,253
Cash receipts (payments) for interfund services provided	421,295	953,424	(452,031)	922,688
Cash payments to suppliers	-	(1,113,875)	(28,245,395)	(29,359,270)
Cash payments for insurance claims	-	29,854	1,428,860	1,458,714
Cash payments for other operating expenses	(693,119)	-	(2,907,905)	(3,601,024)
Net Cash Provided by (Used for) Operating Activities	<u>(29,187)</u>	<u>-</u>	<u>(1,718,815)</u>	<u>(1,748,002)</u>
Cash Flows from Investing Activities:				
Investment proceeds (net)	-	-	-	-
Interest on investments	-	14,538	24,149	38,687
Net Cash Provided by Investing Activities	<u>-</u>	<u>14,538</u>	<u>24,149</u>	<u>38,687</u>
Net change in Cash and Cash Equivalents	(29,187)	14,538	(1,694,666)	(1,709,315)
Cash and Cash Equivalents at Beginning of Year	<u>300,818</u>	<u>7,505,190</u>	<u>17,122,796</u>	<u>24,928,804</u>
Cash and Cash Equivalents at End of Year	<u>\$ 271,631</u>	<u>\$ 7,519,728</u>	<u>\$ 15,428,130</u>	<u>\$ 23,219,489</u>
Reconciliation to Balance Sheet				
Cash and Cash Equivalents Per Cash Flow	<u>\$ 271,631</u>	<u>\$ 7,519,728</u>	<u>\$ 15,428,130</u>	<u>\$ 23,219,489</u>
Cash and Cash Equivalents per Balance Sheet	<u>\$ 271,631</u>	<u>\$ 7,519,728</u>	<u>\$ 15,428,130</u>	<u>\$ 23,219,489</u>
Reconciliation of Operating Income to Net Cash				
Provided by Operating Activities:				
Operating Income (Loss)	\$ (447,677)	\$ (653,760)	\$ (2,290,873)	\$ (3,392,310)
Adjustments to Reconcile Operating Income to Net Cash				
Provided by Operating Activities				
Depreciation	87,004	-	-	87,004
Change in Assets and Liabilities:				
Decrease (increase) in Receivables	(91,092)	-	-	(91,092)
Decrease (increase) in Interfund Receivables	5,962	953,424	(452,031)	507,355
Decrease (increase) in Prepaid Expenses	-	-	(21,436)	(21,436)
Increase (decrease) in Accounts Payable	1,283	74,682	29,170	105,135
Increase (decrease) in Accrued Expenses	-	489,070	569,627	1,058,697
Increase (decrease) in Interfund Payables	415,333	(937,445)	446,728	(75,384)
Increase (decrease) in Claims Payable	-	74,029	-	74,029
Net Cash Provided by (Used for) Operating Activities	<u>\$ (29,187)</u>	<u>\$ -</u>	<u>\$ (1,718,815)</u>	<u>\$ (1,748,002)</u>

REQUIRED TEA SCHEDULES

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2022

Exhibit J-1
Page 1 of 2

	1	2	3	10
	Tax Rates		Net Assessed/Appraised	Beginning
Last Ten	Maintenance	Debt Service	Value For School	Balance
Fiscal Years			Tax Purposes	7/1/2021
2013 and prior	Various	Various	Various	\$ 3,325,930
2014	1.040000	0.121000	\$ 11,598,844,880	618,983
2015	1.040000	0.121000	13,401,694,166	947,078
2016	1.040000	0.110000	14,256,078,650	980,782
2017	1.040000	0.110000	13,190,683,066	1,340,456
2018	1.040000	0.109600	11,855,872,243	1,428,486
2019	1.170000	0.109600	12,190,897,339	1,948,832
2020	1.068350	0.109570	15,070,399,797	3,038,992
2021	1.054700	0.123200	14,780,081,913	6,718,657
2022	1.051700	0.126220	14,448,009,937	-
1000 Totals				<u><u>\$ 20,348,196</u></u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2022

Exhibit J-1
Page 2 of 2

	20	31	32	40	50
<u>Last Ten Fiscal Years</u>	<u>Current Year's Total Levy</u>	<u>Maintenance Total Collections</u>	<u>Debt Service Total Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 6/30/2022</u>
2013 and prior	\$ -	\$ 64,602	\$ 7,516	\$ (82,301)	\$ 3,171,511
2014	-	35,765	4,161	(743)	578,314
2015	-	73,163	8,512	(604)	864,799
2016	-	105,188	11,126	9,685	874,153
2017	-	131,331	13,891	(185,369)	1,009,865
2018	-	226,930	23,915	(166,212)	1,011,429
2019	-	442,636	41,464	(104,654)	1,360,078
2020	-	640,125	65,651	(198,457)	2,134,759
2021	-	2,467,843	288,317	(738,711)	3,223,786
2022	<u>170,212,203</u>	<u>145,479,339</u>	<u>17,459,734</u>	<u>(795,477)</u>	<u>6,477,653</u>
1000 Totals	<u><u>\$ 170,212,203</u></u>	<u><u>\$ 149,666,922</u></u>	<u><u>\$ 17,924,287</u></u>	<u><u>\$ (2,262,843)</u></u>	<u><u>\$ 20,706,347</u></u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended June 30, 2022

Exhibit J-2

Data Control Codes		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
		Original	Final	Actual Amounts	
	Revenues				
5700	Local and intermediate sources	\$ 19,018,741	\$ 18,329,741	\$ 18,337,283	\$ 7,542
5800	State program revenues	231,925	209,791	208,268	(1,523)
5020	Total Revenues	<u>19,250,666</u>	<u>18,539,532</u>	<u>18,545,551</u>	<u>6,019</u>
	Expenditures				
	Debt Service:				
0071	Principal on long-term debt	13,795,000	13,795,000	13,795,000	-
0072	Interest on long-term debt	5,455,666	5,460,914	5,460,914	-
6030	Total Expenditures	<u>19,250,666</u>	<u>19,255,914</u>	<u>19,255,914</u>	<u>-</u>
1100	Excess (deficiency) of revenues over expenditures	-	(716,382)	(710,363)	6,019
1200	Net change in fund balances	-	(716,382)	(710,363)	6,019
0100	Fund Balances - Beginning	<u>16,962,108</u>	<u>16,962,108</u>	<u>16,962,108</u>	<u>-</u>
3000	Fund Balances - Ending	<u>\$ 16,962,108</u>	<u>\$ 16,245,726</u>	<u>\$ 16,251,745</u>	<u>\$ 6,019</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT**Exhibit J-4****COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES****For the Year Ended June 30, 2022**

Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$30,227,263
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$17,140,052
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 4,390,149
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 2,738,727



FEDERAL AWARDS SECTION



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

To the Board of Trustees
Ector County Independent School District
Odessa, Texas

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 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, 2022, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated November 15, 2022.

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) as a basis for designing 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. 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*.

To the Board of Trustees
Ector County Independent School District

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.

Whitley Penn LLP

Odessa, Texas
November 15, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
Ector County Independent School District
Odessa, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Ector County Independent School District's (the "District") compliance with the types of compliance requirements described in the OMB *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, 2022. 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.

In our opinion, the District's complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

To the Board of Trustees
Ector County Independent School District

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Odessa, Texas
November 15, 2022

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
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Federal Communications Commission:

<i>COVID - 19 - Emergency Connectivity Fund</i>	32.009
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U.S. Department of Education:

<i>COVID - 19 - ESSER II</i>	84.425D
<i>COVID - 19 - ARP Homeless I - TECHY Supplemental</i>	84.425W
<i>COVID - 19 - TCLAS - ESSER III</i>	84.425U
<i>COVID - 19 - ESSER III</i>	84.425D

U. S. Department of Health and Human Services:

<i>COVID - 19 - ELC Health Support Grant - Re-opening Schools</i>	93.323
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Dollar Threshold Considered Between Type A and Type B Federal Programs	\$1,974,882
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Auditee qualified as low risk auditee?	Yes
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ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2022

II. Financial Statement Findings

No current findings were noted.

III. Federal Award Findings and Questioned Costs

There are no federal awards findings during the current fiscal year

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Exhibit K-1
Page 1 of 2

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal Assistance Listing Number	(2A) Pass Through Entity Identifying Number	(3) Federal Expenditures and Indirect Costs
U. S. Department of Agriculture			
Passed Through the Texas Education Agency:			
<i>School Breakfast Program - Cash Assistance</i>	10.553	71402101	\$ 7,201,677
<i>National School Lunch Program - Cash Assistance</i>	10.555	71302101	14,355,457
Passed Through the Texas Department of Agriculture:			
<i>Summer Feeding Program - Cash Assistance</i>	10.559	00327	1,510,779
<i>Child & Adult Care Food Program - Non- Cash Assistance</i>	10.559	00327	370,556
<i>Total Child Nutrition Cluster (ALN 10.553, 10.555, 10.559)</i>			<u>23,438,469</u>
<i>Child & Adult Care Food Program - Cash Assistance</i>	10.558	00327	932,817
Total U. S. Department of Agriculture			<u>24,371,286</u>
Federal Communications Commission			
Direct			
<i>Emergency Connectivity Fund</i>	32.009	EOECF219002882111	3,901,138
Total Federal Communications Commission			<u>3,901,138</u>
U. S. Department of Education			
Passed Through Texas Education Agency:			
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	84.010A	20610101068901	7,918
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	84.010A	21610101068901	1,531,481
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	84.010A	22610101068901	7,073,912
<i>ESEA, Title I, Part D, Subpart 2-DEL</i>	84.010A	20610103068901	433
<i>ESEA, Title I, Part D</i>	84.010A	22610103068901	43,027
<i>TTL I 1003 School Improvement</i>	84.010A	21610141068901	59,988
<i>School Action Fund Planning</i>	84.010A	196101517110006	65,278
<i>School Action Fund Continuation</i>	84.010A	226101517110010	78,748
<i>School Action Fund Continuation</i>	84.010A	226101517110011	449,079
<i>School Action Fund Continuation</i>	84.010A	226101517110012	70,306
<i>School Action Fund Continuation</i>	84.010A	226101517110013	140,928
<i>School Action Fund Continuation</i>	84.010A	226101517110014	127,255
<i>School Action Fund Improvement</i>	84.010A	226101637110005	559,795
<i>Total ALN Number 84.010</i>			<u>10,208,148</u>
<i>IDEA- Part B, Formula</i>	84.027A	206600010689016000	366,584
<i>IDEA- Part B, Formula</i>	84.027A	216600010689016000	1,086,945
<i>IDEA- Part B, Formula</i>	84.027A	226600010689016000	4,705,897
<i>COVID - 19 - IDEA- Part B, Formula, ARP</i>	84.027X	225350010689015350	103,639
<i>IDEA - Part B, Discretionary Deaf</i>	84.027A	206600110689016673	34,125
<i>IDEA - Part B, Discretionary Deaf</i>	84.027A	216600110689016673	1,177
<i>IDEA - Part B, Discretionary Deaf</i>	84.027A	226600110689016673	98,351
<i>IDEA - Part B, Preschool</i>	84.173A	226600010689016000	4,141
<i>IDEA - Part B, Preschool</i>	84.173A	226600110689016000	169,584
<i>COVID - 19 - IDEA - Part B, Preschool, ARP</i>	84.173X	2253600108689015360	20,693
<i>Total Special Education Cluster (IDEA) (ALN 84.027, 84.173)</i>			<u>6,591,136</u>
<i>21-22 Perkins V: Strengthening CTE for 21st Century</i>	84.048A	22420006068901	411,911
<i>IDEA- C, Early Childhood Intervention</i>	84.181A	213911010689013911	2,082
<i>2021 -2022 Texas Education for Homeless Youth</i>	84.196A	224600057110087	72,572
<i>2021 - 2023 Charter School Program</i>	84.282A	215901027110013	103,400

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Exhibit K-1
Page 2 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Federal Expenditures and Indirect Costs
U. S. Department of Education (continued)			
Passed Through Texas Education Agency: (continued)			
<i>Title III, Part A- English Language Acquisition</i>	84.365A	20671001068901	\$ 80,669
<i>Title III, Part A- English Language Acquisition</i>	84.365A	21671001068901	443,339
<i>Title III, Part A- Immigrant</i>	84.365A	21671003068901	2,720
<i>Title III, Part A- Immigrant</i>	84.365A	22671003068901	62,840
<i>Total ALN Number 84.365</i>			<u>589,568</u>
<i>ESEA Title II, Part A: Supporting Effective Instruction</i>	84.367A	20694501068901	5,835
<i>ESEA Title II, Part A: Supporting Effective Instruction</i>	84.367A	21694501068901	95,814
<i>ESEA Title II, Part A: Supporting Effective Instruction</i>	84.367A	22694501068901	441,621
<i>2021-2022 Principal Residency Cycle</i>	84.367A	216945677110009	294,906
<i>2021-2022 Principal Residency Cycle</i>	84.367A	69452271	531
<i>Educator Assessments EDTPA Pilot</i>	84.367A	226945677110012	16,539
<i>Total ALN Number 84.367</i>			<u>855,246</u>
<i>LEP Summer School</i>	84.369A	69552002	20,644
<i>School Action Fund Planning</i>	84.377A	166107397110005	133,559
<i>School Action Fund Planning</i>	84.377A	166107397110006	119,740
<i>School Action Fund Planning</i>	84.377A	166107397110007	117,011
<i>School Action Fund Planning</i>	84.377A	166107397110008	47,655
<i>Instructional Continuity</i>	84.377A	1761070068901	42,293
<i>Total ALN Number 84.377</i>			<u>460,258</u>
<i>Title IV, Part A, Subpart 1</i>	84.424A	20680101068901	61,374
<i>Title IV, Part A, Subpart 1</i>	84.424A	21680101068901	84,456
<i>Title IV, Part A, Subpart 1</i>	84.424A	22680101068901	183,245
<i>Total ALN Number 84.424</i>			<u>329,075</u>
<i>COVID - 19 - ESSER II</i>	84.425D	21521001068901	4,105,785
<i>COVID - 19 - ARP Homeless I - TECHY Supplemental</i>	84.425W	215330017110023	12,022
<i>COVID - 19 - TCLAS - ESSER III</i>	84.425U	21528042068901	478,151
<i>COVID - 19 - ESSER III</i>	84.425D	21528001068901	11,984,848
<i>Total ALN Number 84.425</i>			<u>16,580,806</u>
Total U. S. Department of Education			<u>36,224,846</u>
U. S. Department of Health and Human Services			
Passed Through Texas Health and Human Services Commission:			
<i>COVID - 19 - ELC Health Support Grant - Re-opening Schools</i>	93.323	02735731	1,229,187
<i>Cares Act Provider Relief - SHARS</i>	93.498	N/A	10,357
<i>Medicaid Administrative Claiming Program</i>	93.778	HHS000537900265	92,570
<i>Total Medicaid Cluster (ALN 93.778)</i>			<u>92,570</u>
Total U. S. Department of Health and Human Services			<u>1,332,114</u>
Total Expenditures of Federal Awards			<u>\$ 65,829,384</u>

Note 1 - Basis of Accounting

The District accounts for all awards under federal programs in the General and Certain Special Revenue Funds in accordance with the Texas Education Agency's Financial Accountability System Resource Guide. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. If balances have not been expended by the end of the project period, determination is made to record as unearned revenue, fund balance, or return the funds if the grantors stipulate that the District must refund all or part of the unused amount. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 3 - Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards program per Exhibit K-1 and expenditures reported on Exhibit C-3:

Total Expenditures of Federal Awards on Exhibit K-1	\$ 65,829,384
Medicaid SHARS	1,811,273
E-Rate	3,162,283
Junior Reserve Officer's Training Corps (JROTC)	84,916
West Texas Opportunities Child Care Tuition	8,330
Total Federal Revenue - Exhibit C-3	<u>\$ 70,896,186</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

Exhibit K-2

Note 4 - General Fund Expenditures

Federal Awards reported in the general fund are summarized as follows:

Federal Revenue reported in the General Fund	
Medicaid SHARS	\$ 1,811,273
E-Rate	3,162,283
Junior Reserve Officer's Training Corps (JROTC)	84,916
West Texas Opportunities Child Care Tuition	8,330
Indirect Costs:	
Summer Feeding Program	347,385
Child & Adult Care Food Program	651,445
ESEA, Title I, Part A	445,741
ESEA, Title I, Part D	1,841
ESEA, Title I, PartD, Subpart 2-DEL	433
TTL I 1003 School Improvement	5,418
School Action Planning	29,918
School Action Fund Improvement	23,957
School Action Fund Continuation	37,075
IDEA-B Formula	304,134
IDEA-B Formula, ARP	4,435
SSA - IDEA - Part B, Discretionary	5,601
IDEA-B Preschool	10,189
IDEA-B Preschool, ARP	886
2021 - 2022 Perkins V: Strengthening CTE for 21st Century	17,628
IDEA-C, Early Childhood Intervention	89
2021 -2022 Texas Education for Homeless Youth	3,106
Title III, Part A- English Language Acquisition	30,027
Title III, Part A- Immigrant	5,409
2022-2023 Principal Residency Cycles	45,855
Instructional Continuity	2,754
Title IV Part A Subpart 1	15,054
ESSER II	2,121,412
ESSER III	1,109,601
TCLAS - ESSER III	44,269
ARP Homeless I - TECHY Supplemental	1,113
ELC Health Support Grant - Re-opening Schools	44,483
Total Federal Revenue reported in the General Fund	<u>\$ 10,376,060</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2022

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Year Findings

Not Applicable

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2022

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

I. Corrective Action Plan

Not Applicable

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
For the Year Ended June 30, 2022

Schedule L-1

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	
	(If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ 43,911

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission on the required due date and published as a part of the school district's AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).





OUR students...THE future

