Year Ended
June 30, 2021

ANNUAL FINANCIAL REPORT

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

ECISD

OUR students...THE future

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

PREPARED BY THE FINANCE DEPARTMENT

DUSTY BAUMANN
PAM CAYWOOD
REBECCA WIDENER
Accounting Department

NOEMI JAQUEZ
Assistant Director of Finance

ALBESSA CHAVEZ
Director of Finance

DEBORAH OTTMERS
Chief Financial Officer

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802 N. Sam Houston
Odessa, Texas

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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INTRODUCTORY SECTION

CERTIFICATE OF BOARD

Ector County Independent School District	Ector	068901
Name of School District	County	Co.-Dist. Number

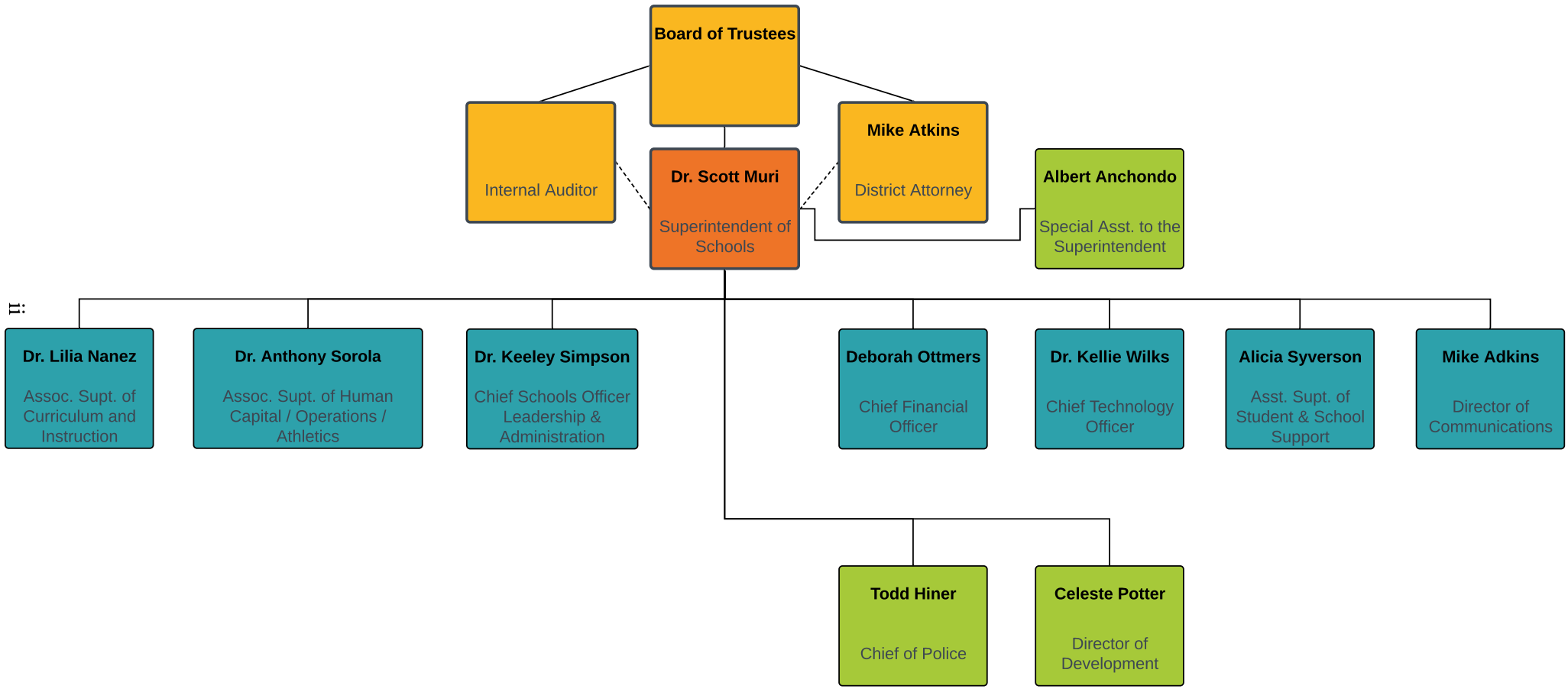
We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one): approved ✓ disapproved ____ for the year ended June 30, 2021 at a meeting of the Board of Trustees of such school district on the 16 day of November, 2021.

Carol Gregg
Signature of Board Secretary

Signature of Board President

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

Superintendent of Schools
Organization Chart 2021-2022



ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Board of Trustees and Consultants and Advisors

Board of Trustees

Tammy Hawkins	President
Steve Brown	Vice President
Carol Gregg	Secretary
Delma Abalos	Member
Nelson Minyard	Member
Donna Smith	Member
Chris Stanley	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.	Financial Advisor
Frost Bank	Official Depository

FINANCIAL SECTION

whitleypenn

Odessa Office
7100 E, Texas Highway 191
Suite 400
Odessa, Texas 79765
432.362.3800 Main

whitleypenn.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, compliance schedule, and the schedule 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, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

To the Board of Trustees
Ector County Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Whitley Penn LLP

Odessa, Texas
November 16, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Ector County Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2021. Please read it in conjunction with the independent auditors' report beginning on page 1, and the District's Basic Financial Statements which begin on page 13.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 13 through 16). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

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

The notes to the financial statements (starting on page 28) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

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

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

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

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

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and 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.

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

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

Component units-The District includes a separate legal entity in its report – ECISD Education Foundation. Although legally separate, this "component unit" is 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.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 17 and provide detailed information about the most significant funds-not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the 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). The District's two kinds of funds-governmental and proprietary-use different accounting approaches.

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

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by the student activities. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 26 and a Statement of Changes in Fiduciary Fund Net Position on page 27. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Table I
Ector County Independent School District
NET POSITION

	Governmental Activities	
	2021	2020
Current and other assets	$ 235,609,774	$ 188,782,125
Capital assets	301,170,671	308,548,895
Total assets	536,780,445	497,331,020
Deferred charge on refunding	11,165,052	3,772,867
Deferred resource outflow for TRS	32,455,154	48,340,186
Deferred resource outflow for OPEB	16,266,836	17,801,991
Total deferred outflows of resources	59,887,042	69,915,044
Long-term liabilities	170,266,753	181,861,138
Net Pension liability	81,703,061	89,271,128
Net OPEB liability	95,940,818	119,423,267
Other liabilities	50,837,158	48,812,997
Total liabilities	398,747,790	439,368,530
Deferred resource inflow for TRS	19,620,085	17,603,340
Deferred resource inflow for TRS OPEB	74,762,626	56,822,244
Total deferred inflows of resources	94,382,711	74,425,584
Net position:		
Net Investment in Capital Assets	142,068,970	139,059,663
Restricted	31,264,373	21,750,764
Unrestricted	(69,796,357)	(107,358,477)
Total net position	$ 103,536,986	$ 53,451,950

Net position of the District's governmental activities increased approximately 94% from $53,451,950 to $103,536,986. Significant changes in net position from the prior year are explained as follows:

Total assets increased primarily because of an increase in investments and state funding receivables. The increase in investments was primarily due to increases in delinquent property tax revenues and state aid revenues. Net capital assets decreased primarily because of current year depreciation.

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.

Other current liabilities increased due to state overpayment to the general fund. Long-term liabilities decreased as a result of refunding bond series 2020-A and 2020-B in fiscal year 2021.

Table II
Ector County Independent School District
CHANGES IN NET POSITION

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	$ 5,250,332	$ 8,471,736
Operating grants and contributions	110,252,587	70,985,968
General revenues:		
Property taxes, levied for general purposes	154,880,595	158,310,697
Property taxes, levied for debt service	15,866,453	16,218,582
State aid – formula grants	108,165,294	113,414,183
Grants and contributions not restricted	130,530	103,359
Investment earnings	258,906	1,785,879
Miscellaneous local and intermediate revenue	30,722,002	7,576,603
Total revenue	425,526,699	376,867,007
Expenses:		
Instruction, curriculum and media services	209,491,199	199,069,688
Instructional and school leadership	30,406,476	28,924,898
Student support services	25,514,911	24,319,296
Child nutrition	16,433,897	16,250,153
Co-curricular activities	7,490,884	7,490,121
General administration	9,240,929	8,324,236
Facilities maintenance, security and data processing	74,505,847	55,898,039
Community services	1,514,732	1,431,690
Debt service	1,206,546	5,405,040
Other Intergovernmental charges	1,852,865	1,682,785
Total expenses	377,658,286	348,795,946
Increase in net position	47,868,413	28,071,061
Net position - beginning	53,451,950	25,380,889
Prior period adjustment to net position	2,216,623	-
Net position - ending	$ 103,536,986	$ 53,451,950

The District's total revenues increased by 13% – approximately $48.7 million from prior year revenues. Significant changes in revenue from the prior year are explained as follows:

Program revenues increased approximately $36 million, due to a net increase in operating grants and contributions, primarily as a result of ESSER II funding

Property tax revenue decreased approximately $3.8 million due to a 1.93% decrease in taxable property value from prior year.

State Aid – Formula Grants and Grants and contributions not restricted decreased by a net of $5.2 million due to reduced general funds.

Investment earnings and miscellaneous local revenue increased by a net of approximately $21.6 million primarily due to recognition of insurance recovery revenue, lower interest rates and increased federal revenues accounted for in the general fund due to COVID-19.

The District's total expenses increased by 8% – approximately $28.8 million from prior year expenses. The increase is mainly attributed to increases in compensation and continued efforts to address areas affected by COVID-19.

Significant changes in the various function expenses from the prior year are as follows:

- Instruction, curriculum and media services expenses increased during 2020-2021 approximately $10.4 million.
- Instructional and school leadership expenses increased approximately $1.5 million.
- Student support services expense increased approximately $1.2 million.
- School nutrition program expenses increased approximately $185,000.
- Co-curricular activities expenses decreased by approximately $1,000.
- General administration expenses increased by approximately $900,000.
- Facilities maintenance, security and data processing expenses increased approximately $18.6 million. These areas were challenged with keeping our facilities clean as we battled COVID-19 and to provide technology for remote learning.
- Community services expense increased approximately $85,000.
- Debt service expenses decreased by approximately $4.2 million due to refunding and payment of debt obligations.
- Other intergovernmental charges increased approximately $170,000 as a result of an increase in the tax appraisal fees.

In an effort to provide a better understanding of the impact the District has experienced as a result of implementing the reporting requirements of GASB 68 for the District's portion of the State's proportion of pension expense and GASB 75 for the District's portion of the State's proportion of other post-employment benefits, we have incorporated adjustments in net position (Table III). More detailed information about the District's benefits plans is presented in Notes J and K to the financial statements.

Table III
Ector County Independent School District
ADJUSTMENTS TO NET POSITION

Description	Fund Statements	GASB68	GASB75	All Other GASB 34	Entity Wide Statement
Revenues:					
Program revenues:					
Charges for services	$ -	$ -	$ -	$ 5,250,332	$ 5,250,332
Operating grants and contributions	-	-	-	110,252,587	110,252,587
General revenues:					-
Property taxes, levied for general purposes	154,880,595	-	-	-	154,880,595
Property taxes, levied for debt service	15,866,453	-	-	-	15,866,453
State aid – formula grants	214,652,658	6,212,301	(3,295,991)	(109,403,674)	108,165,294
Grants and contributions not restricted	-	-	-	130,530	130,530
Investment earnings	240,158	-	-	18,748	258,906
Miscellaneous local and intermediate revenue	36,687,877	-	-	(5,965,875)	30,722,002
Total Revenue	422,327,741	6,212,301	(3,295,991)	282,648	425,526,699
Expenses:					
Instruction, curriculum and media services	196,421,559	13,008,574	(4,767,155)	4,828,221	209,491,199
Instructional and school leadership	28,910,377	1,590,690	(632,518)	537,927	30,406,476
Student support services	24,900,131	1,345,262	(522,383)	(208,098)	25,514,912
Child nutrition	14,741,019	608,977	(191,981)	1,275,882	16,433,897
Co-curricular activities	5,240,545	183,305	(68,708)	2,135,742	7,490,884
General administration	8,980,906	428,734	(178,843)	10,132	9,240,929
Facilities maintenance, security and data processing	74,680,678	1,165,020	(509,243)	(830,608)	74,505,847
Community Services	1,474,039	-	-	40,693	1,514,732
Debt service	20,472,748	-	-	(19,266,203)	1,206,545
Facilities Acquisition and Construction	333,213	-	-	(333,213)	-
Other Intergovernmental Charges	1,852,865	-	-	-	1,852,865
Total Expenditures	378,008,080	18,330,562	(6,870,831)	(11,809,525)	377,658,286
Excess (Deficiency) of Revenues Over (Under)	44,319,661	(12,118,261)	3,574,840	12,092,173	47,868,413
Other Sources (Uses):					
Capital Related Debt Issued	65,085,000			(65,085,000)	-
Sale of Real and Personal Property	99,049	-	-	(99,049)	-
Transfers In	506,410	-	-	(506,410)	-
Premium or Discount on Issuance of Bonds	9,605,859			(9,605,859)	-
Transfers Out (Use)	(506,410)	-	-	506,410	-
Other (Uses)	(74,005,019)	-	-	74,005,019	-
Total Sources (Uses)	784,889	-	-	(784,889)	-
Change in Net Position	45,104,550	(12,118,261)	3,574,840	11,307,284	47,868,413
Net Position - Beginning as Previously Stated	112,458,732	(58,534,282)	(158,443,520)	157,971,020	53,451,950
Prior Period Adjustment	-	1,784,551	432,072	-	2,216,623
Net Position - Ending	$ 157,563,282	$ (68,867,992)	$(154,436,608)	$ 169,278,304	$ 103,536,986

The District's Funds

As the District completed the year, its governmental funds (as presented in Exhibit C-1 on pages 17-18) reported a combined fund balance of approximately $157.6 million, which is above last year's total of approximately $112.5 million. The primary reason for the increase is due to additional state funding as a result of House Bill 3 and due to the shutdown of some operations (transportation, student activities, substitutes).

Over the course of the year, the District recommended and the Board of Trustees approved revisions of the District's general fund budget for various reasons. Exhibit G-1 provides the variance between budget and actual amounts for the 2021 year.

The following are summaries of significant budget amendments made to estimated revenues and appropriations:

	Estimated Revenues	
Beginning Estimated Revenues	$	307,129,000
Estimated increase for Foundation School Fund		17,513,528
Final Amended Estimated Revenues	$	324,642,528

	Appropriations	
Beginning Appropriations	$	307,129,000
Building and facilitiy renovations		10,995,558
Ector Success Academy Network		4,000,000
Fiber construction and connectivity devices		4,719,000
HVAC equipment		1,500,000
Bus lease payoff		2,244,750
Disinfecting service and equipment		1,000,000
TRS on behalf expenditure		5,982,328
Miscellaneous		6,816,645
Final Amended Appropriations	$	344,387,281

Capital Asset and Debt Administration

Capital Assets

At the end of 2021, the District had approximately $301 million invested in a broad range of capital assets, (net of accumulated depreciation and amortization) including capital leases, facilities and equipment for instruction, transportation, athletics, administration, maintenance, and computer technology. This amount represents a net decrease of approximately $8 million, or 2.6% below last year.

This year's major additions included:	2020-2021 Capital Additions
Non-Bond Projects:	
PHS Baseball Facility	396,499
Crockett Classroom Renovation	56,616
Ector Pool Renovation	552,381
Ratliff Softball Complex	85,471
School Nutrition Renovation	36,500
Construction in Progress	258,343
Furniture, Fixtures and Equipment:	
Transportation Vehicles & Equipment	1,207,296
Maintenance Vehicles & Equipment	312,733
Police Vehicles & Equipment	453,038
Other Vehicles	93,387
Technology Equipment	60,949
Musical Instruments	75,603
Athletic Equipment	67,363
School Nutrition Equipment	42,878
HVAC Equipment	964,777
R-Water Device	291,660
Message Signs	105,210
Sound Equipment	39,526
Poster Maker Systems	14,985
Career & Technology Equipment	13,861
Star Lab Equipment	39,645
Furniture	10,362
Other Equipment	74,144
Land and Improvements	
Landscape Projects	835,783
Total Capital Additions	6,089,010

Debt Administration

At year-end, the District had approximately $161 million in bonds outstanding versus approximately $174 million last year for a decrease of $9.6 million. The decrease resulted primarily 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 $95,940,818.

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 $81,703,061.

Other obligations include accrued worker's compensation and sick leave. More detailed information about the District's long-term liabilities is presented in Notes G, I, J, K, L, M, and N 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 2022 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 2022. Estimated revenues in the General Fund are $314.5 million, and estimated appropriations and other uses total $314.5 million. Budgeted appropriations have been increased by approximately $7.4 million from the 2021 budget.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to 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.

GOVERNMENT WIDE STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

Data Control Codes		1 Primary Government Governmental Activities	4 Component Unit Component Unit
ASSETS			
1110	Cash and Cash Equivalents	$ 6,980,771	$ 515,119
1120	Current Investments	157,025,356	6,132,555
1220	Property Taxes - Delinquent	20,348,196	-
1230	Allowance for Uncollectible Taxes	(13,272,873)	-
1240	Due from Other Governments	62,671,378	-
1290	Other Receivables, Net	59,304	5,614
1300	Inventories	482,571	-
1410	Prepaid Items	1,315,071	15,473
	Capital Assets:		
1510	Land	12,111,272	-
1520	Buildings, Net	274,588,908	-
1530	Furniture and Equipment, Net	4,865,065	-
1540	Other Capital Assets, Net	9,309,871	-
1560	Library Books and Media, Net	13,142	-
1580	Construction in Progress	282,413	-
1000	Total Assets	536,780,445	6,668,761
DEFERRED OUTFLOWS OF RESOURCES			
1701	Deferred Charge for Refunding	11,165,052	-
1705	Deferred Outflow Related to TRS Pension	32,455,154	-
1706	Deferred Outflow Related to TRS OPEB	16,266,836	-
1700	Total Deferred Outflows of Resources	59,887,042	-

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT EXHIBIT A-1 (Cont'd)
STATEMENT OF NET POSITION
JUNE 30, 2021

Data Control Codes		1 Primary Government Governmental Activities	4 Component Unit Component Unit
LIABILITIES			
2110	Accounts Payable	6,407,393	109,755
2120	Short Term Debt Payable	15,031	41,363
2140	Interest Payable	2,076,278	-
2150	Payroll Deductions and Withholdings	4,010,083	-
2160	Accrued Wages Payable	13,853,036	-
2180	Due to Other Governments	19,794,862	-
2200	Accrued Expenses	4,438,054	44,276
2300	Unearned Revenue	242,421	-
	Noncurrent Liabilities:		
2501	Due Within One Year: Loans, Note, Leases, etc.	9,221,341	-
	Due in More than One Year:		
2502	Bonds, Notes, Leases, etc.	161,045,412	-
2540	Net Pension Liability (District's Share)	81,703,061	-
2545	Net OPEB Liability (District's Share)	95,940,818	-
2000	Total Liabilities	398,747,790	195,394
DEFERRED INFLOWS OF RESOURCES			
2605	Deferred Inflow Related to TRS Pension	19,620,085	-
2606	Deferred Inflow Related to TRS OPEB	74,762,626	-
2600	Total Deferred Inflows of Resources	94,382,711	-
NET POSITION			
3200	Net Investment in Capital Assets	142,068,970	-
3850	Restricted for Debt Service	15,524,454	-
3880	Restricted for Scholarships	75,542	347,213
3890	Restricted for Other Purposes	15,664,377	-
3900	Unrestricted	(69,796,357)	6,126,154
3000	Total Net Position	$ 103,536,986	$ 6,473,367

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		1 Expenses	Program Revenues 3 Charges for Services	Program Revenues 4 Operating Grants and Contributions
Primary Government:				
	GOVERNMENTAL ACTIVITIES:			
11	Instruction	$ 196,058,732	$ 1,424,340	$ 42,206,974
12	Instructional Resources and Media Services	2,598,822	-	303,633
13	Curriculum and Instructional Staff Development	10,833,645	-	6,575,147
21	Instructional Leadership	6,459,358	-	867,067
23	School Leadership	23,947,118	-	3,564,573
31	Guidance, Counseling, and Evaluation Services	13,042,632	-	1,820,989
32	Social Work Services	1,026,836	-	233,409
33	Health Services	2,942,992	28,474	494,322
34	Student (Pupil) Transportation	8,502,451	-	644,528
35	Food Services	16,433,897	96,089	15,128,691
36	Extracurricular Activities	7,490,884	269,762	434,450
41	General Administration	9,240,929	3,402,407	11,406,532
51	Facilities Maintenance and Operations	49,043,931	29,260	18,283,377
52	Security and Monitoring Services	3,173,036	-	2,056,958
53	Data Processing Services	22,288,880	-	5,853,203
61	Community Services	1,514,732	-	378,734
72	Debt Service - Interest on Long-Term Debt	522,194	-	-
73	Debt Service - Bond Issuance Cost and Fees	684,352	-	-
99	Other Intergovernmental Charges	1,852,865	-	-
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 377,658,286	$ 5,250,332	$ 110,252,587
Component Unit:				
1C	Nonmajor Component Unit	$ 980,020	$ -	$ -
[TC]	TOTAL COMPONENT UNIT:	$ 980,020	$ -	$ -

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Position
NB	Net Position - Beginning (Restated)
NE	Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position	
6	9
Primary Government	Component Unit
Governmental Activities	Component Unit
$ (152,427,418)	$ -
(2,295,189)	-
(4,258,498)	-
(5,592,291)	-
(20,382,545)	-
(11,221,643)	-
(793,427)	-
(2,420,196)	-
(7,857,923)	-
(1,209,117)	-
(6,786,672)	-
5,568,010	-
(30,731,294)	-
(1,116,078)	-
(16,435,677)	-
(1,135,998)	-
(522,194)	-
(684,352)	-
(1,852,865)	-
(262,155,367)	-
-	(980,020)
-	(980,020)
154,880,595	-
15,866,453	-
108,165,294	-
130,530	-
258,906	453,486
30,722,002	3,785,394
310,023,780	4,238,880
47,868,413	3,258,860
55,668,573	3,214,507
$ 103,536,986	$ 6,473,367

GOVERNMENTAL FUND FINANCIAL STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes		10 General Fund	20 ESSER II CRRSA	40 Insurance Recovery Fund
	ASSETS			
1110	Cash and Cash Equivalents	$ 4,775,749	$ -	$ -
1120	Investments - Current	100,911,235	-	12,940,265
1220	Property Taxes - Delinquent	18,467,755	-	-
1230	Allowance for Uncollectible Taxes	(12,046,285)	-	-
1240	Due from Other Governments	36,923,242	20,792,045	-
1260	Due from Other Funds	23,989,206	-	3,218,965
1290	Other Receivables	59,304	-	-
1300	Inventories	25,907	-	-
1410	Prepayments	1,315,071	-	-
1000	Total Assets	$ 174,421,184	$ 20,792,045	$ 16,159,230
	LIABILITIES			
2110	Accounts Payable	$ 3,697,209	$ -	$ 1,183,707
2120	Short Term Debt Payable - Current	15,031	-	-
2150	Payroll Deductions and Withholdings Payable	3,924,407	-	-
2160	Accrued Wages Payable	13,028,510	-	-
2170	Due to Other Funds	6,489,748	20,792,045	-
2180	Due to Other Governments	19,788,852	-	-
2200	Accrued Expenditures	2,822,246	-	-
2000	Total Liabilities	49,766,003	20,792,045	1,183,707
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	6,421,470	-	-
2600	Total Deferred Inflows of Resources	6,421,470	-	-
	FUND BALANCES			
	Nonspendable Fund Balance:			
3410	Inventories	25,907	-	-
3430	Prepaid Items	1,315,071	-	-
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	-	-
3480	Retirement of Long-Term Debt	-	-	-
3490	Other Restricted Fund Balance	-	-	-
	Committed Fund Balance:			
3510	Construction	13,178,012	-	-
3530	Capital Expenditures for Equipment	8,679,067	-	-
3540	Self Insurance	1,000,000	-	-
3545	Other Committed Fund Balance	-	-	14,975,523
	Assigned Fund Balance:			
3550	Construction	5,000,000	-	-
3570	Capital Expenditures for Equipment	1,000,000	-	-
3590	Other Assigned Fund Balance	18,342,236	-	-
3600	Unassigned Fund Balance	69,693,418	-	-
3000	Total Fund Balances	118,233,711	-	14,975,523
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 174,421,184	$ 20,792,045	$ 16,159,230

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

50 Debt Service Fund	Other Funds	Total Governmental Funds
$ 5,378	$ 891,051	$ 5,672,178
18,500,284	1,053,361	133,405,145
1,880,441	-	20,348,196
(1,226,588)	-	(13,272,873)
-	4,956,091	62,671,378
-	6,673,865	33,882,036
-	-	59,304
-	456,664	482,571
-	-	1,315,071
$ 19,159,515	$ 14,031,032	$ 244,563,006
$ -	$ 697,143	$ 5,578,059
-	-	15,031
-	85,676	4,010,083
-	824,526	13,853,036
1,537,544	5,021,681	33,841,018
6,010	-	19,794,862
-	10,066	2,832,312
1,543,554	6,639,092	79,924,401
653,853	-	7,075,323
653,853	-	7,075,323
-	456,664	482,571
-	-	1,315,071
-	5,306,816	5,306,816
16,962,108	-	16,962,108
-	487,826	487,826
-	-	13,178,012
-	-	8,679,067
-	-	1,000,000
-	1,140,634	16,116,157
-	-	5,000,000
-	-	1,000,000
-	-	18,342,236
-	-	69,693,418
16,962,108	7,391,940	157,563,282
$ 19,159,515	$ 14,031,032	$ 244,563,006

Total Fund Balances - Governmental Funds	$	157,563,282
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		22,687,047
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was $530,940,091 and the accumulated depreciation was ($225,708,344). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The beginning balance of the deferred charge for refunding of $3,772,867 and the beginning balance of long-term debt of ($178,956,377) will decrease net position. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		130,048,237
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays of $6,089,010, the debt principal payments of $11,350,000, and the payoff of the capital lease liability of $2,585,409 and to expense it's short term capital lease payable of $70,237 is to increase net position.		20,094,656
Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a Deferred Outflow Outflow in the amount of $32,455,154, a Deferred Inflow Resource in the amount of ($19,620,085), and a net pension liability in the amount of ($81,703,061).		(68,867,992)
The District participates in the TRS-Care plan for retirees through TRS. The District's share of the TRS plan resulted in a net OPEB liability of ($95,940,818), a Deferred Outflow Resource of $16,266,836, and a Deferred Inflow Resource of ($74,762,626).		(154,436,608)
The issuance of long-term debt is not due and payable within the current period and, therefore, is not reported in the governmental funds balance sheet. Also, governmental funds report the effect of premiums, discounts, and deferred gains/loss on refunding when debt is issued whereas these amounts are deferred and amortized in the statement of activities. The District issued refunding bond series 2020A and 2020B during 2021. The net effect of the refunding was ($1,140,840), net bond premium of $6,339,705 and CAB accretion of ($15,229).		5,183,636
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing the uncollected portion of the current year tax levy as unearned revenue ($184,310), sales of assets ($71,447), current year change in sick leave payable ($111,665), current year interest payable ($2,076,278), reversing prior year unearned revenue $7,017,212, and current year depreciation ($13,308,784). The net effect of these reclassifications and recognitions is to decrease net position.		(8,735,272)
Net Position of Governmental Activities	$	103,536,986

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		10 General Fund	20 ESSER II CRRSA	40 Insurance Recovery Fund
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 159,942,235	$ -	$ 29,168,718
5800	State Program Revenues	134,157,478	-	-
5900	Federal Program Revenues	12,472,945	24,239,101	-
5020	Total Revenues	306,572,658	24,239,101	29,168,718
	EXPENDITURES:			
	Current:			
0011	Instruction	160,914,563	5,699,883	-
0012	Instructional Resources and Media Services	2,251,631	67,490	-
0013	Curriculum and Instructional Staff Development	4,617,279	103,077	-
0021	Instructional Leadership	5,929,180	162,892	-
0023	School Leadership	20,727,548	835,697	-
0031	Guidance, Counseling, and Evaluation Services	12,034,129	-	-
0032	Social Work Services	872,228	-	-
0033	Health Services	2,633,099	49,764	-
0034	Student (Pupil) Transportation	8,519,024	-	-
0035	Food Services	93,165	-	-
0036	Extracurricular Activities	5,193,294	18,740	-
0041	General Administration	8,566,554	-	-
0051	Facilities Maintenance and Operations	19,394,698	13,688,367	14,193,195
0052	Security and Monitoring Services	1,480,084	1,529,108	-
0053	Data Processing Services	16,840,096	2,084,083	-
0061	Community Services	1,345,375	-	-
	Debt Service:			
0071	Principal on Long-Term Debt	2,585,409	-	-
0072	Interest on Long-Term Debt	140,730	-	-
0073	Bond Issuance Cost and Fees	-	-	-
	Capital Outlay:			
0081	Facilities Acquisition and Construction	296,713	-	-
	Intergovernmental:			
0099	Other Intergovernmental Charges	1,852,865	-	-
6030	Total Expenditures	276,287,664	24,239,101	14,193,195
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	30,284,994	-	14,975,523
	OTHER FINANCING SOURCES (USES):			
7911	Capital Related Debt Issued	-	-	-
7912	Sale of Real and Personal Property	99,049	-	-
7915	Transfers In	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-
8911	Transfers Out (Use)	(506,410)	-	-
8949	Other (Uses)	-	-	-
7080	Total Other Financing Sources (Uses)	(407,361)	-	-
1200	Net Change in Fund Balances	29,877,633	-	14,975,523
0100	Fund Balance - July 1 (Beginning)	88,356,078	-	-
3000	Fund Balance - June 30 (Ending)	$ 118,233,711	$ -	$ 14,975,523

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

50 Debt Service Fund	Other Funds	Total Governmental Funds
$ 16,215,495	$ 2,348,635	$ 207,675,083
216,569	2,438,835	136,812,882
-	41,127,730	77,839,776
16,432,064	45,915,200	422,327,741
-	17,204,098	183,818,544
-	210	2,319,331
-	5,563,328	10,283,684
-	111,614	6,203,686
-	1,143,446	22,706,691
-	499,881	12,534,010
-	153,785	1,026,013
-	136,312	2,819,175
-	1,909	8,520,933
-	14,647,854	14,741,019
-	28,511	5,240,545
-	414,352	8,980,906
-	2,726,798	50,003,058
-	235,176	3,244,368
-	2,509,073	21,433,252
-	128,664	1,474,039
11,350,000	-	13,935,409
5,712,257	-	5,852,987
684,352	-	684,352
-	36,500	333,213
-	-	1,852,865
17,746,609	45,541,511	378,008,080
(1,314,545)	373,689	44,319,661
65,085,000	-	65,085,000
-	-	99,049
-	506,410	506,410
9,605,859	-	9,605,859
-	-	(506,410)
(74,005,019)	-	(74,005,019)
685,840	506,410	784,889
(628,705)	880,099	45,104,550
17,590,813	6,511,841	112,458,732
$ 16,962,108	$ 7,391,940	$ 157,563,282

Total Net Change in Fund Balances - Governmental Funds	$	45,104,550
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net position.		(246,180)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2021 capital outlays of $6,089,010, debt principal payments of $11,350,000, and the capital lease liability payoff of $2,585,409 and to expense it's short term capital lease of $70,237 is to increase net position.		20,094,656
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(13,308,784)
The issuance of long-term debt is not due and payable within the current period and, therefore, is not reported in the governmental funds balance sheet. Also, governmental funds report the effect of premiums, discounts, and deferred gains/loss on refunding when debt is issued whereas these amounts are deferred and amortized in the statement of activities.The District issued refunding bond series 2020A and 2020B during 2021. The net effect of the refunding was ($1,140,840), net bond premium of $6,339,705 and CAB accretion of ($15,229).		5,183,636
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing the uncollected portion of the current year tax levy as unearned revenue ($184,310), sales of assets ($71,447), current year change in sick leave payable ($111,665), and recognizing the change in interest payable of ($48,622). The net effect of these reclassifications and recognitions is to decrease net position.		(416,044)
The net effect of current year changes to net pension liability due to GASB 68 is ($12,118,261).		(12,118,261)
The net effect of current year changes to net OPEB liability due to GASB 75 is $3,574,840.		3,574,840
Change in Net Position of Governmental Activities	$	47,868,413

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

PROPRIETARY FUND FINANCIAL STATEMENTS

EXHIBIT D-1

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Governmental Activities - Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 1,308,593
Investments - Current	23,620,211
Due from Other Funds	1,997,493
Total Current Assets	26,926,297
Noncurrent Assets:	
Capital Assets:	
Land	54,012
Buildings and Improvements	3,663,335
Depreciation on Buildings	(487,202)
Total Noncurrent Assets	3,230,145
Total Assets	30,156,442
LIABILITIES	
Current Liabilities:	
Accounts Payable	829,334
Due to Other Funds	2,038,511
Accrued Expenses	2,722,083
Total Current Liabilities	5,589,928
Noncurrent Liabilities:	
Other Long-Term Debt - Due in More than One Year	1,879,467
Total Noncurrent Liabilities	1,879,467
Total Liabilities	7,469,395
NET POSITION	
Unrestricted Net Position	22,687,047
Total Net Position	$ 22,687,047

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

EXHIBIT D-2

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities - Total Internal Service Funds
OPERATING REVENUES:	
Employee and Employer Premiums	$ 28,628,790
Rent Revenue	349,115
Stop Loss Reimbursement	117,441
Total Operating Revenues	29,095,346
OPERATING EXPENSES:	
Claims and Prescriptions	26,213,877
Professional and Contracted Services	400,812
Supplies and Materials	41,935
Other Operating Costs	2,617,543
Depreciation Expense	87,004
Total Operating Expenses	29,361,171
Operating Income (Loss)	(265,825)
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	19,645
Total Nonoperating Revenues (Expenses)	19,645
Change in Net Position	(246,180)
Total Net Position - July 1 (Beginning)	22,933,227
Total Net Position - June 30 (Ending)	$ 22,687,047

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT D-3

	Governmental Activities - Total Internal Service Funds
Cash Flows from Operating Activities:	
Cash Received from Rental Receipts	$ 170,426
Cash Received from Employees and Employer	28,211,846
Cash Received from Stop Loss Carrier	117,441
Cash Payments for Claims	(25,980,292)
Cash Payments for Other Operating Expenses	(2,718,674)
Net Cash Used for Operating Activities	(199,253)
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	19,645
Net Decrease in Cash and Cash Equivalents	(179,608)
Cash and Cash Equivalents at Beginning of Year	25,108,412
Cash and Cash Equivalents at End of Year	$ 24,928,804
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:	
Operating Income (Loss):	$ (265,825)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	87,004
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	341,616
Increase (decrease) in Accrued Wages Payable	233,585
Increase (decrease) in Due To Other Funds	(595,633)
Net Cash Used for Operating Activities	$ (199,253)

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

FIDUCIARY FUND FINANCIAL STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	$ 1,076,119
Total Assets	1,076,119
LIABILITIES	
Accounts Payable	6,899
Total Liabilities	6,899
NET POSITION	
Restricted for Other Purposes	1,069,220
Total Net Position	$ 1,069,220

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

EXHIBIT E-2

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Fund
ADDITIONS:	
Miscellaneous Revenue - Student	$ 367,376
Total Additions	367,376
DEDUCTIONS:	
Professional and Contracted Services	12,216
Supplies and Materials	392,344
Other Deductions	66,226
Total Deductions	470,786
Change in Fiduciary Net Position	(103,410)
Total Net Position - July 1 (Beginning)	-
Prior Period Adjustment	1,172,630
Total Net Position - June 30 (Ending)	$ 1,069,220

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

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ector County Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in **GASB Statement on Auditing Standards No. 76**, 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.

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.

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 resource 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.

The District applies Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The District's investments are accounted for using the cost amortization method.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." The District has component units, which are discretely presented in a separate column in a supporting schedule to the government-wide financial statements. The ECISD Education Foundation is 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.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District and its component units nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

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

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

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column in Exhibit C-1 and Exhibit C-3.

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

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

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 90 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 90 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 Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The net position is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

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.

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.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

2. **The Elementary and Secondary School Emergency Relief Fund II (ESSER II) of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act** – This special revenue fund is used to account for federal stimulus ESSER II funds granted to LEAs through the CRRSA Act to support LEAs' ability to operate, instruct its students, address learning loss, prepare schools for reopening, test, repair, and upgrade projects to improve air quality in school buildings during the coronavirus pandemic.

3. **The Insurance Recovery Fund** – This special revenue fund is used to account for insurance recovery proceeds for the repair or replacement of the insured property for assets as a result of insurance claims.

4. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Additionally, the District reports the following fund types:

Governmental Funds:

5. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

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

Fiduciary Funds:

7. **Custodial Funds –** The District accounts for resources held for others in a custodial capacity in custodial funds. The Custodial Fund consists of Student Activity Funds.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

2. 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.

3. 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.

   In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond payable are reported net of applicable premiums and/or discounts, which are deferred and amortized over the life of the bonds using the effective interest method. Beginning with the Series 2020A and 2020B, the District has begun utilizing the straight-line amortization method.

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for unpaid accumulated sick leave based upon employees who meet the criteria established in the compensation and benefits local policy. All vacation pay is accrued when incurred in the government-wide and fund financial statements.

5. Capital assets, which include land, buildings, software, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Assets	Years
Buildings and Improvements	40
Equipment	5 - 20
Vehicles	5 - 10
Software	5

6. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

7. Restricted net position represents restrictions that are externally imposed or restrictions imposed by law through constitutional provisions or enabling legislation.

8. The District has self-insured health and worker's compensation plans which are accounted for as proprietary funds. Claims incurred but not reported (IBNR) are accrued if it is probable that a claim will be asserted and the loss can be reasonably estimated. The accrued liabilities for IBNR in the workers' compensation fund are actuarially estimated by an independent consulting and actuary company. The accrued liabilities for IBNR in the medical trust fund are based on industry standards applied by underwriters when evaluating a plan.

9. In the fund financial statements, fund balance shall mean the gross difference between governmental fund assets and liabilities reflected on the balance sheet. Governmental fund assets are those of the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

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

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

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

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

1. Inventories
2. Prepaid items
3. Long-term receivables

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

1. Child Nutrition Program
2. Technology Program
3. Construction Programs under a state funded program (i.e. IFA, EDA, PFC, financed bonds)
4. Resources from other granting agencies
5. Retirement of Long-Term Debt
6. Scholarships

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

1. Potential litigation, claims, and judgments
2. Campus activity funds
3. Construction
4. Capital Expenditures for Equipment
5. Self-Insurance

Assigned fund balance shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose. When it is appropriate for fund balance to be assigned, the Board delegates the responsibility to assign funds to the Superintendent or designee. In current practice, such plans or intent may change and may never be budgeted, or may result in expenditures in future periods of time. Examples of assigned fund balances which the District may have tentative plans for expenditures in future periods include:

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

Unassigned fund balance shall include amounts available for any legal purpose. This portion of the total fund balance in the General Fund is available to finance operating expenditures. Unassigned fund balance shall mean the difference between the total fund balance and the total of the non-spendable fund balance, restricted fund balance, committed fund balance and assigned fund balance.

10. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

11. The District's investments are reported at cost which approximates fair value.

12. 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 net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

13. In addition to liabilities, the statement of financial position (Exhibit C-1) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Uncollected property taxes which are assumed collectible are reported in this category under the modified accrual basis of accounting. They are reported as unearned revenue on the government wide statement of net position in Exhibit A-1.

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

15. The District utilizes an encumbrance accounting system which is a method of ascertaining the availability of funds and then reserving funds to cover outstanding obligations. During the budgetary period, the District can determine the remaining amount of the new commitments that can be signed by comparing the amount of appropriations to the sum of expenditures recognized and encumbrances outstanding.

Accounts payable balances at June 30, 2021, consisted of the following amounts:

Fund Type	Amount
General Fund	3,697,209
Insurance Recovery Fund	1,183,707
Internal Service Fund	829,334
Special Revenue Fund	697,143
Custodial Fund	6,899
Total	$ 6,414,292

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the School Nutrition Fund, which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-2 and J-3.

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

1. Prior to June 20th the District prepares a budget for the next succeeding fiscal year beginning July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to July 1st, the budget is legally enacted through passage of a resolution by the Board.
4. The adopted budget must be filed with the Texas Education Agency according to the Public Education Information Management System ("PEIMS") data standards, as of the last Friday in October (snapshot).

Once a budget is approved and adopted, any commitment that exceeds the available balance of the appropriation on the function level requires a budget amendment before the commitment is made. As dictated by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. All budget amendments enacted at the function level during the fiscal year were legally approved.

Expenditures may not legally exceed budgeted appropriations at the function level within an individual fund for General Funds, Debt Service Funds, and the School Nutrition Fund, except when a budget amendment is approved by the Board. The budget was amended during the year for certain supplementary appropriations.

For Special Revenue Funds a budget amendment is required by the TEA when cumulative transfers among direct cost categories exceed or are expected to exceed twenty-five percent of the total current approved budget. The District may transfer resources among categories without submitting an amendment to TEA as long as the total amount of resources transferred is twenty-five percent or less of the total current approved budget. The total expenditures per funding source per fiscal year cannot exceed the total amount approved.

B. VARIANCES FROM FINAL ADOPTED BUDGET

Budgets are required to be adopted for the General Fund, the School Nutrition Fund, and the Debt Service Fund. Original and Final Budgets are compared with the actual amounts at fiscal year-end. Variances with the final budget are noted.

1. The General Fund is analyzed in Exhibit G-1. All variances were positive except local revenues were less than anticipated as a result of lower delinquent tax revenues and the reclassification of the Campus Activity Fund to Fund 461 from Fund 199.

   Additionally, state revenues were less than budgeted. The state of Texas provides funding based on attendance. Due to COVID-19, attendance rates were much lower than expected. The State did not provide the General Funds as anticipated, however, they held districts harmless by allowing the use

of federal ESSER II allocations accounted for in Fund 281. This detailed information was not provided to the District until after final General Fund budget amendments were approved.

2. The School Nutrition Fund is analyzed in Exhibit J-2. All variances were positive. Note that many of the School Nutrition funds were accounted for in Fund 242 due to a switch of funding source due to COVID-19.

3. The Debt Service Fund is analyzed in Exhibit J-3. All variances were positive except state hold harmless revenues were less than anticipated due to an unexpected state adjustment. Additionally, a bond refunding caused a recording to the other financing uses rather than a bond issuance costs. Net variances and change in fund balance is positive.

C. DEFICIT FUND EQUITY

No deficits in fund equity occurred.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The **Texas Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas:

1. safety of principal and liquidity,
2. portfolio diversification,
3. allowable investments,
4. acceptable risk levels,
5. expected rates of return,
6. maximum allowable stated maturity of portfolio investments,
7. maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio,
8. investment staff quality and capabilities, and
9. bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in

1. obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies;
2. guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas;
3. obligations of states, agencies, counties, cities and other political subdivisions of any state having been
4. rated as to investment quality not less than an "A";
5. no load money market funds with a weighted average maturity of 90 days or less;
6. fully collateralized repurchase agreements;
7. commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated
8. less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized
9. credit agency and is fully secured by an irrevocable letter of credit;
10. secured corporate bonds rated not lower than "AA-" or the equivalent;
11. public funds investment pools; and
12. guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds
13. Investment Act in an amount equal to the bond proceeds.

The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

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

Policies Governing Deposits and Investments

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

a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is consistent with the requirements of the Public Funds Collateral Act, it is the policy of the District to require full collateralization of all District investments and funds on deposit with a depository bank, other than investments which are obligations of the U.S. Government and its agencies and instrumentalities. As required by Government Code 2257.022 the collateralization level will be 110% of market value of principal and accrued interest on the deposits or investments less an amount insured by the FDIC or FSLIC.

Securities pledged as collateral shall be held by an independent third party with whom the District has a current custodial agreement. The Director of Finance is responsible for entering into collateralization agreements with third party custodians in compliance with this policy. The agreements are to specify the acceptable investment securities for collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. Collateral shall be reviewed at least weekly to assure that the market value of the pledged securities is adequate.

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

b. Custodial Credit Risk for Investments – The risk that the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus, the District's positions in external investment pools are not subject to custodial credit risk.

c. Interest-Rate Risk – Interest-rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. To reduce exposure to changes in interest rates that could adversely affect the value of investments, the District shall use final and weighted-average maturity limits and diversification.

d. Other Credit Risk Exposure – The District, in accordance with its investment policy, invests in external public fund investment pools, meeting the requirements of Government Code 2256.016 and 2256.019. These pools invest in U.S. Government agencies and repurchase agreements.

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

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

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

While all of the District's investments are available on demand, the underlying weighted average maturity of investments of the external investment pools that the District invests in are listed below as of June 30, 2021:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1 Year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
NexBank Money Market Savings	$ 9,997,474	6.61%	$ 9,997,474			N/A
Total Money Markets and FDIC Insured Accounts:	9,997,474		9,997,474	-	-	
Investment Pools:						
TexPool	67,935,882	44.94%	67,935,882	-	-	AAAm
TexPool Prime	33,382,177	22.09%	33,382,177			AAAm
Lone Star	687,745	0.46%	687,745	-	-	AAAm
TexStar	39,138,806	25.90%	39,138,806	-	-	AAAm
Total Investment Pools:	141,144,611		141,144,611	-	-	
Total Investments:	$ 151,142,084	100%	$ 151,142,084	-	-	

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

In this discussion and in the table below, investments are defined according to GASB 72 as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. An asset initially reported as a capital asset and later held for sale would not subsequently be reclassified as an investment. GASB 79 allows entities to report external investment pools at amortized cost for financial reporting purposes.

As of June 30, 2021, the District's had the following investments subject to the fair value measurement:

	Balance at June 30, 2021	Fair Value Measurements Level 1	Level 2	Level 3
TCG DIRECTED INVESTMENTS				
Fixed Income				
Municipal Bonds	$ 5,883,272	5,883,272	-	-
Total Fixed Income:	5,883,272	5,883,272	-	-
Total Invesments at Fair Value:	$ 5,883,272	5,883,272	-	-

The TCG Directed Investments at June 30, 2021 classified in Level 1 are valued using prices quoted in active markets for those securities.

The total of investments appears in Exhibit C-1 and D-1.

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

TexPool:
Internet: www.texpool.com
Phone: 1-866-839-7665
Address: TexPool Participant Services
c/o Federated Investors, Inc.
1001 Texas Avenue, Suite 1150
Houston, TX 77002

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

TexSTAR
Internet: www.texstar.org
Phone: 1-800-839-7827
Address: TexStar Participant Services
1201 Elm Street, Suite 3500
Dallas, TX 75270

TCG Directed Investments:
Internet: www.tdameritrade.com
Phone: 1-800-669-3900
Address: TD Ameritrade
501 Congress Ave
Suite 125
Austin, TX 78701

NexBank Money Market Savings:
Internet: https://www.nexbank.com/
Phone: 1-972-934-4700
Address: NexBank
2515 McKinney Avenue, Suite 1100
Dallas, TX 75201

B. PROPERTY TAXES

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

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2021, consisted of the following amounts:

		Due From Other Funds	Due To Other Funds
General Fund:			
	Debt Service Fund	$ 1,537,544	$ -
	Special Revenue Fund	20,413,151	4,492,255
	Internal Service Fund	2,038,511	1,997,493
	Total General Fund	23,989,206	6,489,748
Debt Service Fund:			
	General Fund	-	1,537,544
	Total Debt Service Fund	-	1,537,544
Special Revenue Fund:			
	General Fund	4,492,255	20,413,151
	Special Revenue Fund	5,400,575	5,400,575
	Total Special Revenue Fund	9,892,830	25,813,726
Internal Service Fund:			
	General Fund	1,997,493	2,038,511
	Total Internal Service Fund	1,997,493	2,038,511
	Totals	$ 35,879,529	$ 35,879,529

The purpose of the interfund balances as of June 30, 2021, represents amounts owed to and from other funds, payroll and related benefits, and operations that will be cleared the following month when money is received from the granting agency or when subsequent transfers/repayments are made. The interfund balances and transfers are analyzed in Exhibit C-1 and Exhibit H-3.

Operating transfers for the year ended June 30, 2021 consisted of the following amounts:

	Transfers Out	Transfers In
General Fund	$ 506,410	$ -
Special Revenue Fund	-	506,410
Totals	$ 506,410	$ 506,410

The transfer from the General Fund was to fund the District's portion of the Regional Day School for the State Deaf Program – $506,410.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2021 were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other Receivables	Total Receivables
Governmental Activities:					
General Fund	$ 18,467,755	$ 36,923,242	$ 23,989,206	$ 59,304	$ 79,439,507
Debt Service Fund	1,880,441	-	-	-	1,880,441
Other Funds	-	25,748,136	9,892,830	-	35,640,966
Internal Service Funds	-	-	1,997,493	-	1,997,493
Total - Governmental Activities	$ 20,348,196	$ 62,671,378	$ 35,879,529	$ 59,304	$ 118,958,407

Payables at June 30, 2021 were as follows:

	Accounts Payable	Other Governments	Payroll Deductions and Withholdings Payable	Due To Other Funds	Total Payables
Governmental Activities:					
General Fund	$ 3,697,209	$ 19,788,852	$ 16,967,948	$ 6,489,748	$ 46,943,757
Debt Service Fund	-	6,010	-	1,537,544	1,543,554
Other Funds	1,880,850	-	910,202	25,813,726	28,604,778
Internal Service Funds	829,334	-	-	2,038,511	2,867,845
Custodial Funds	6,899	-	-	-	6,899
Total - Governmental Activities	$ 6,414,292	$ 19,794,862	$ 17,878,150	$ 35,879,529	$ 79,966,833

The disaggregation of receivables and payables are analyzed in Exhibit C-1, Exhibit E-1, and Exhibit H-3.

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2021 is presented below and is analyzed in Exhibit A-1.

	Primary Government			
	Beginning Balance	Additions	Retirements / Transfers	Ending Balance
Governmental activities:				
Land	$ 11,275,489	$ 835,783	$ -	$ 12,111,272
Buildings and Improvements	464,262,284	1,127,468	-	465,389,752
Equipment	28,764,129	2,080,183	(355,957)	30,488,355
Vehicles	26,056,589	1,787,233	(1,428,570)	26,415,252
Software	4,274,877	-	(19,321)	4,255,556
Construction in Progress	24,070	258,343	-	282,413
Totals at Historical Costs	534,657,438	6,089,010	(1,803,848)	538,942,601
Less accumulated depreciation and amortization for:				
Buildings and Improvements	(181,138,287)	(9,662,558)	-	(190,800,845)
Equipment	(23,857,700)	(2,121,547)	355,957	(25,623,290)
Vehicles	(16,919,972)	(1,542,532)	1,357,123	(17,105,381)
Software	(4,192,584)	(69,151)	19,321	(4,242,414)
Total accumulated depreciation for:	(226,108,543)	(13,395,788)	1,732,401	(237,771,930)
Governmental activities capital assets, net	$ 308,548,895	$ (7,306,778)	$ (71,447)	$ 301,170,671

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 4,620,656
Instruction Resources & Media Services	165,721
Curriculum & Staff Development	1,041
Instructional Leadership	26,338
School Leadership	485,459
Guidance, Counseling & Evaluation Services	13,105
Health Services	1,158
Student Transportation	1,073,711
Food Service	1,371,070
Co-Curricular/Extracurricular Activities	2,222,740
General Administration	47,002
Plant Maintenance & Operations	2,199,323
Securities & Monitoring Services	358,247
Data Processing Services	770,780
Community Services	39,437
Total Depreciation Expense	$ 13,395,788

* Bus leases were paid off during 2021 and have been reclassed to Vehicles.

G. BONDS PAYABLE AND DEBT SERVICE REQUIREMENTS

Bonded indebtedness of the District is reflected in the Statement of Net Position in Exhibit A-1. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

On June 20, 2012, the District issued $4,690,000 of Unlimited Tax Refunding Bonds, Series 2012 (the "Bonds") maturing from August 15, 2012 through August 15, 2025. Interest rates vary from 2.00% to 3.00%. The Bonds were issued to advance refund a portion of the District's outstanding bonds to lower the District's debt service payments by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements.

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

On November 22, 2016, the District issued $49,235,000 of Unlimited Tax Refunding Bonds, Series 2016 (the "Bonds") maturing from August 15, 2017 through August 15, 2027. Interest rates vary from 2.00% to 5.00%. The Bonds were issued to advance refund a portion of the District's outstanding bonds to lower the District's debt service payments by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the District's financial statements.

On December 17, 2020, the District issued $8,935,000 of Unlimited Tax Refunding Bonds, Series 2020-A (the "Bonds") maturing from August 15, 2021 through August 15, 2037. Interest rate is 3.00%. The Bonds were issued to advance refund $9,700,000 of the District's outstanding bonds to lower the District's debt service principal payments by $765,000. The proceeds of new bonds are placed in an irrevocable trust to provide for all future debt service payment on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the District's financial statements. The refunding resulted in an economic gain to the District of $2,147,289. The refunding resulted in a deferred resource outflow of $129,368.

On December 17, 2020, the District issued $56,150,000 of Unlimited Tax Refunding Bonds, Series 2020-B (the "Bonds") maturing from August 15, 2021 through August 15, 2037. Interest rates vary from 1.75% to 5.00%. The Bonds were issued to advance refund $56,150,000 of the District's outstanding bonds to lower the District's debt service payments by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the District's financial statements. The refunding resulted in an economic gain to the District of $11,287,495. The refunding resulted in a deferred resource outflow of $7,555,487.

A summary of changes in general long-term debt for the year ended June 30, 2021 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable Outstanding 7/1/2020	Issued	Retired	Payable Outstanding 6/30/2021
ECISD Unlimited Tax Refunding Bonds, Series 2012	2.00, 3.00%	4,690,000	54,900	2,020,000	-	285,000	1,735,000
ECISD Unlimited Tax School Building Bonds, Series 2013	3.00, 3.125 3.25, 4.00 5.00%	121,595,000	3,138,219	112,705,000	-	72,110,000	40,595,000
ECISD Unlimited Tax Refunding Bonds, Series 2016	2.00, 4.00 5.00%	49,235,000	2,168,375	45,770,000	-	4,805,000	40,965,000
ECISD Unlimited Tax Refunding Bonds, Series 2020A	3.00%	8,935,000	43,186	-	8,935,000	-	8,935,000
ECISD Unlimited Tax Refunding Bonds, Series 2020B	5.00, 1.750 1.800 2.190%	56,150,000	307,577	-	56,150,000	-	56,150,000
TOTAL		$240,605,000	$ 5,712,257	$160,495,000	$65,085,000	$77,200,000	$148,380,000

Debt service requirements are as follows:

	General Obligations		
Year Ended June 30,	Principal	Interest	Total Requirements
2022	8,105,000	5,445,665	13,550,665
2023	6,825,000	5,093,815	11,918,815
2024	7,140,000	4,765,015	11,905,015
2025	7,480,000	4,417,440	11,897,440
2026	7,765,000	4,054,015	11,819,015
2027-2031	39,000,000	16,423,325	55,423,325
2032-2036	48,735,000	6,980,867	55,715,867
2037-2038	23,330,000	819,883	24,149,883
	$ 148,380,000	$ 48,000,025	$ 196,380,025

The long-term debt for the year ended June 30, 2021 is reflected in Exhibit A-1.

H. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (noncapitalized) lease agreements for copier equipment provide for minimum future rental payments as of June 30, 2021, are as follows:

Year Ending June 30,		Future Rental Payments
2022		780,711
2023		478,149
2024		218,489
Total Minimum Rentals	$	1,477,349
Rental Expenditures in Fiscal Year 2021	$	1,027,745

I. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

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

1. Hourly position employees not working a scheduled 40-hour week are not eligible to be paid for accrued leave.

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

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

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

		Sick Leave		Vacation Leave
Balance June 30, 2020	$	6,120,573	$	1,721,615
Additions/Adjustments - New Entrants and Salary Increments		818,879		393,319
Deductions - Payments to Participants		(466,234)		(245,916)
Balance June 30, 2021	$	6,473,218	$	1,869,018

J. DEFINED BENEFIT PENSION PLAN

Plan Description. Ector County Independent School District participates in a cost-sharing multiple-employer defined benefit pension plan 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

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; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling 1-800-223-8778.

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.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound.

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. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. 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 can be found in the TRS 2020 ACFR, Note 11, on page 82.

Contribution Rates

	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%

Employer 0576 - 2021 Employer Contributions	$4,356,619
Employer 0576 - 2021 Member Contributions	$14,787,873
Reporting Year 2020 NECE On-behalf Contributions	$16,015,406

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. 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, 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 (including public 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.

In addition to the employer contributions listed above, there are two additional surcharges 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.
- 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.

Actuarial Assumptions. The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2018 and were adopted in July 2018.

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 were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables.

The following table discloses the assumptions that were applied to this measurement period.

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
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)	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions please see the TRS actuarial valuation report dated November 14, 2019.

Discount Rate. The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the statutorily required rates set by the Legislature during the 2019 legislative 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 these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members.

Asset Class	Target Allocation[1]	Long-Term Expected Geometric Real Rate of Return[2]	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0 %	3.9 %	0.99 %
Non-U.S. Developed	13.0	5.1	0.92
Emerging Markets	9.0	5.6	0.83
Private Equity	14.0	6.7	1.41
Stable Value			
Government Bonds	16.0 %	(0.7) %	(0.05) %
Absolute Return (Including Credit Sensitive Investments	-	1.8	-
Stable Value Hedge Funds	5.0	1.9	0.11
Real Return			
Real Estate	15.0 %	4.6 %	1.02 %
Energy and Natural Resources and Infrastructure	6.0	6.0	0.42
Commodities	-	0.8	-
Risk Parity			
Risk Parity	8.0 %	3.0 %	0.30 %
Asset Allocation Leverage			
Cash	2.0 %	(1.5) %	(0.03) %
Asset Allocation Leverage	(6.0)	(1.3)	0.08
Inflation Expectation	-	-	2.00 %
Volatility Drag[3]	-	-	(0.67) %
Expected Return	**100.00%**		**7.33%** %

[1] Target allocations are based on the FY2020 policy model.

[2] Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

[3] The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability. The discount rate can be found in the 2020 TRS CAFR, Note 11, page 90.

	1% Decrease in Discount Rate (6.25%)	Current Single Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
ECISD proportionate share of the net pension liability:	$125,984,659	$81,703,061	$45,725,234

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the District reported a liability of $81,703,061 for its proportionate share of the TRS's net pension liability. The District's proportionate share of net pension liability appears in Exhibit G-2. 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:

ECISD's Proportionate share of the collective net pension liability	$	81,703,061
State's proportionate share that is associated with ECISD		133,153,469
Total	$	214,856,530

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2019 rolled forward to August 31, 2020. 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, 2019 through August 31, 2020.

At August 31, 2020 the employer's proportion of the collective net pension liability was .1525507350% which was a decrease of 0.0191802371% from its proportion measure as of August 31, 2019.

Changes In Actuarial Assumptions Since the Prior Actuarial Valuation – There were no changes in assumptions since the prior measurement date.

Changes In Benefit Terms - In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially, sound and the Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or $2,000, whichever was less.

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

For the year ended June 30, 2021, the District recognized pension expense of $11,887,764. The District also recognized an additional on-behalf revenue and expense of $16,015,406 representing support provided by the State.

At June 30, 2021, 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: The amounts shown below are deferred outflows and inflows of resources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Actuarial	$149,183	$2,280,116
Changes in Actuarial Assumptions	$18,958,017	$8,060,817
Difference between projected and actual investment earnings	$1,654,009	$0
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	$5,080,334	$9,279,152
Contributions paid to TRS subsequent to the measurement date (calculated by employer)	$6,613,611	$0
Total	$32,455,154	$19,620,085

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of $6,613,611 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ending June 30	Pension Expense Amount
2022	$2,271,897
2023	$3,103,549
2024	$2,660,170
2025	$520,891
2026	($1,921,569)
Thereafter	($413,480)
Total	$6,221,458

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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 plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. The TRS-Care program was established in 1986 by the Texas Legislature.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS 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; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2020 are as follows:

NET OPEB Liability	Amount
Total OPEB Liability	$ 40,010,833,815
Less: Plan Fiduciary Net Position	(1,996,317,932)
Net OPEB Liability	$ 38,014,515,883
Net Position as percentage of Total OPEB Liability	4.99%

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 system. Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. 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 General Appropriations Act passed by the 86th Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86th legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

The premium rates for retirees are presented 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

Contributions. 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 participating employers based on active employee compensation. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2020.

The following table shows contributions to the TRS-Care plan by type of contributor.

TRS-Care Contribution Rates

	2020	2021
Active Employee	0.65%	0.65%
Non-Employer Contriuting Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%

Employer 0576 - 2021 Employer Contributions	$ 1,580,686
Employer 0576 - 2021 Member Contributions	$ 1,248,315
Reporting Year 2021 NECE On-behalf Contributions	$ (895,182)

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.

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide $2,208,137 for fiscal year 2020 and $3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network provides. Funding will be in fiscal year 2021.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of $230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

Actuarial Assumptions. The actuarial valuation was performed as of August 3a, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2020 TRS ACFR, Note 9, page 75.*

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

- Rates of Mortality
- Rates of Retirement
- Rates of Termination
- Rates of Disability
- General Inflation
- Wage Inflation
- Salary Increases

The active mortality rates were based on 90% of the RP-2014 Employee Mortality tables for males and females, with full generational mortality using Scale BB. 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 most recently published scale (U-MP).

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 Rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees 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 claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

The initial medical trend rates were 9.00% for Medicare retirees and 7.30% for non-Medicare retirees. There was an initial prescription drug trend rate of 9.00% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

Discount Rate. A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of .30% in the discount rate since the previous year. The Discount Rate can be found in the 2020 TRS CAFR on page 76. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate.

Sensitivity of the Net OPEB Liability:

Discount Rate Sensitivity Analysis. 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.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
ECISD proportionate share of the net pension liability:	$115,128,762	$95,940,818	$80,785,096

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the 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.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Cost Trend Rate	1% Increase in Healthcare Trend Rate
ECISD proportionate share of the net pension liability:	$78,371,357	$95,940,818	$119,340,858

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2021, the District reported a liability of $95,940,818 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:

ECISD's Proportionate share of the collective net OPEB liability	$ 95,940,818
State's proportionate share that is associated with ECISD	128,921,462
Total	$ 224,862,280

The Net OPEB Liability was measured as of August 31, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At August 31, 2020 the employer's proportion of the collective Net OPEB Liability was 0.2523794293% compared to 0.2525273266% as of August 31, 2019. This is a decrease of 0.0001478973%.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This changed lowered the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

Changes in Benefit Terms: There were no changes in benefit terms since the prior measurement date.

For the year ended June 30, 2021, the District recognized negative OPEB expense of $1,586,036. The District also recognized negative on-behalf OPEB expense and revenue of $895,182 for support provided by the State.

At June 30, 2021, 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 actual Actuarial experience	$5,023,423	$43,907,424
Changes in Actuarial Assumptions	$5,917,554	$26,345,844
Net Difference between projected and actual investment	$31,177	$0
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	$3,553,086	$4,509,358
Contributions paid to TRS subsequent to the measurement date (calculated by employer)	$1,741,596	$0
Total	$16,266,836	$74,762,626

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of $1,741,596. The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized in OPEB expense as follows:

For the Year Ending June 30		Pension Expense Amount
2022	$	(10,117,429)
2023		(10,121,596)
2024		(10,123,980)
2025		(10,123,328)
2026		(7,560,713)
Thereafter		(12,190,340)
Total		(60,237,386)

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. These payments are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.
The subsidy payments received by TRS-Care on-behalf of the District were:

Fiscal Year Ended	Subsidy Payments
2019	$628,315
2020	$758,512
2021	$870,228

L. RISK MANAGEMENT

Health Insurance

The District sponsors a self-funded plan to provide health care benefits to staff members and their dependents. Transactions related to the plan are accounted for in the Medical Trust Fund (the "Fund"), an internal service fund of the District. The District contributed $380 per month per employee-for the period of July 2020 through June 2021. Each employee contributed $125 per month for the period of July 2020 through June 2021. 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 by a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop loss coverage was in effect in 2020 for individual claims exceeding $350,000 annually and aggregate coverage with an attachment point of $30,746,728. These amounts were $350,000 individual and $30,334,131 aggregate in 2021. Estimates of claims payable and of claims incurred, but not reported at June 30, 2021, 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 2020-2021, no claims exceeded the $350,000 limit plus one one-time aggregating specific of $200,000. Changes in the balances of claims liabilities during the past year are as follows:

	Year Ended June 30, 2020	Year Ended June 30, 2021
Unpaid claims, beginning of the year	$ 1,849,491	$ 1,807,206
Incurred claims (including IBNR's)	19,683,250	25,792,128
Claim Payments	(19,725,535)	(25,338,374)
Unpaid claims, end of fiscal year	$ 1,807,206	$ 2,260,960

Worker's 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.

For the school year 2020-2021, no claims exceeded the $500,000 limit. Changes in the balances of the claims liability during the past year are as follows:

	Year Ended June 30, 2020	Year Ended June 30, 2021
Unpaid claims, beginning of the year	$ 2,612,013	$ 2,560,759
Incurred claims (including IBNR's)	776,265	421,749
Claim Payments	(827,519)	(641,918)
Unpaid claims, end of fiscal year	$ 2,560,759	$ 2,340,590

M. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
School Building and Refunding Bonds	$ 160,495,000	$ 65,085,000	$ (77,200,000)	$ 148,380,000	$ 8,105,000
Accumulated Accretion	-	15,229	-	15,229	-
Net Bond Premium	10,099,397	9,605,859	(6,647,540)	13,057,716	-
Total Bonds and Notes Payable	170,594,397	74,706,088	(83,847,540)	161,452,945	8,105,000
Other Liabilities:					
Net Pension Liability	89,271,128	9,012,537	(16,580,604)	81,703,061	-
Net OPEB Liability	119,423,267	9,283,897	(32,766,346)	95,940,818	-
Worker's Compensation (IBNR)	2,560,759	421,749	(641,918)	2,340,590	461,123
Capital Lease Liability	2,585,409	-	(2,585,409)	-	
Sick Leave Benefits	6,120,573	818,879	(466,234)	6,473,218	655,218
Total Other Liabilities	219,961,136	19,537,062	(53,040,511)	186,457,687	1,116,341
Total Governmental Activities Long-Term Liabilities	$ 390,555,533	$ 94,243,150	$ (136,888,051)	$ 347,910,632	$ 9,221,341

N. PRIOR PERIOD ADJUSTMENT

Net position-beginning in Exhibit B-1 and contributions in Exhibits G-3 and G-5 have been restated. The restatement of $2,216,623 was necessary to correct prior year employer contributions reported as deferred outflows of resources related to TRS pension and OPEB.

During the process of analyzing funds, it was determined that the Campus Activity Funds (CAF) funds, which utilized the same activity fund system as the SAF funds, had been accounted for in the General Fund 199. This CAF are better served and accounted for in a governmental special revenue fund instead. These CAF have been reclassed to Fund 461. All such funds are district governmental funds reflected in the Balance Sheet (Exhibit C-1) and Statement of Revenues and Expenditures and Changes in Fund Balance (Exhibit C-3). The CAF beginning fund balance totaling $933,607 is removed from Fund 199 General Fund and reflected in Fund 461 in the Other Funds total. Total Governmental Funds beginning fund balance remains unchanged.

O. DUE FROM STATE AND FEDERAL AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capital Programs. Amounts due from federal and state governments as of June 30, 2021, are summarized below.

Fund Name	State Entitlements	Federal Grants	Total
General Fund	$ 36,923,242	$	$ 36,923,242
Elementary Secondary School Emergency Relief II		20,792,045	20,792,045
Elementary Secondary School Emergency Relief I		1,720,952	1,720,952
ESEA Title I, Part A - Improving Basic Programs		1,037,110	1,037,110
IDEA - Part B, Formula		1,014,211	1,014,211
ESEA Title II, Part A - Teacher Principal Training		434,837	434,837
Summer Feeding Program	258,626		258,626
Other Federally Funded Special Revenue Funds		203,797	203,797
ESEA Title III, Part A - English Language Acquisition		116,941	116,941
State Instructional Material Fund	49,200		49,200
Career and Technical Basic Grant		28,299	28,299
IDEA - Part B, Preschool		26,212	26,212
Instructional Continuity Grant		22,649	22,649
State Funded Special Revenue Funds	17,120		17,120
National School Breakfast and Lunch Program	14,336		14,336
SSA-IDEA -Part B, Discretionary		6,492	6,492
Regional Day School - DEAF	5,309		5,309
Total	$ 37,267,833	$ 25,403,545	$ 62,671,378

P. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the year ended June 30, 2021, revenues from local and intermediate sources consisted of the following:

	General Fund	Insurance Recovery Fund	Debt Service Fund	Other Funds	Total
Property Taxes	$ 155,020,425	$ -	$ 15,910,933	$ -	$ 170,931,358
Penalties, Interest and Other Tax-Related Income	2,581,046		294,588		2,875,634
Investment Income	219,289	9,998	9,974	898	240,159
Food Sales	24			37,650	37,674
Co-Curricular Student Activities	275,094			469,629	744,723
Insurance Recovery	53,553	29,158,720			29,212,273
Other	1,792,804			1,840,458	3,633,262
Total	$ 159,942,235	$ 29,168,718	$ 16,215,495	$ 2,348,635	$ 207,675,083

Q. CONTINGENT LIABILITIES

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

In the opinion of management, the District has materially complied with all requirements. However, such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of such disallowance of claimed expenditures, the District does not expect the resulting liability to have a material adverse effect on its combined financial statements at June 30, 2021.

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

R. SHARED SERVICE ARRANGEMENTS

The District is the fiscal agent for a Shared Service Arrangement ("SSA") that provides deaf education 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 Special Revenue Fund 315, 340, and 435 using Model 3 in the SSA section. Expenditures of the SSA are summarized below:

Ector County Independent School District	$ 669,392
Midland Independent School District	211,387
Big Spring Independent School District	52,847
Ft. Stockton Independent School District	70,462
Reagan County Independent School District	35,231
Pecos Independent School District	70,462
Andrews Independent School District	35,231
Monahans Independent School District	17,616
Coahoma Independent School District	17,616
Kermit Independent School District	35,231
Greenwood Independent School District	17,616
Total	$ 1,233,091

S. CONSTRUCTION COMMITMENT

The District had the following construction commitment as of June 30, 2021:

Name of Project	Contractor	Contract Amount
Greenhouses	JSA, Terra, and Cooper	$ 835,000
Athletic Field Turf	Hellas Contruction	$ 7,911,353

T. ARBITRAGE COMPLIANCE

The District is monitoring its compliance with Federal arbitrage regulations. As of June 30, 2021, the District is in compliance with Federal regulations, and the District has no liability for arbitrage rebates.

U. TAX ABATEMENTS

In compliance with GASB Statement No. 77, the District had one Chapter 313 Agreement with Oberon Solar 1A LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the 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. Value limitation agreements are a 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 statute. The project under the Chapter 313 agreement must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 of the 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 the value limitation agreement, the applicant is required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement must be found to meet the requirements of Texas Comptroller's Office. Only after that point is the final application brought to the district for acceptance and approval by the Board of Trustees. The application, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller's website: https://comptroller.texas.gov/economy/local/ch313/agreement-docs.php and the district's website at https://www.ectorcountyisd.org/Page/5013.

The value limitation application fee revenues, expenditures, and funds due to the district began in the 2020-2021 fiscal year and will continue for M&O tax purposes for ten years. The entire project value will remain taxable for I&S purposes for the term of the agreement. The net payment due to the district at year end is $0. All is accounted for in special revenue Fund 477.

As of June 30, 2021, the district had one executed agreement with Oberon Solar, LLC.

V. STUDENT ACTIVITY FUNDS

The District has implemented GASB 84 effective the 2020-2021 fiscal year. The District's Student Activity Funds (SAF) meet the GASB 84 criteria requirements. Per GASB 84, a fiduciary fund must meet the criteria that:

1. assets are controlled or directed by the government;
2. assets are not derived from the government's own source revenue;
3. assets have one or more of the following characteristics:
    a. administered through a trust for which the government is not a beneficiary;
    b. assets are for the benefit of organizations;
    c. assets are for the benefit of individuals and are not administered by the government.

The District has accounted for these funds as fiduciary Agency Funds in the past. These funds were shown on the Statement of Fiduciary Assets and Liabilities (Exhibit E-1) as Due to Student Groups. In implementing GASB 84, the funds are now considered fiduciary Custodial Funds and will appear on the Statement of Fiduciary Net Position (Exhibit E-1) and a new Statement of Changes in Fiduciary Fund Net Position (Exhibit E-2). The E-2 provides for additions and deductions to the funds along with net position. In the year of implementation, a prior period adjustment is shown for the balance of the funds from the prior year totaling $1,172,630.

W. SUBSEQUENT EVENTS

The District was notified at the very end of June 2021 that the Hold Harmless amount of $20,997,458 was to be supplanted with ESSER funds.

The District has evaluated events subsequent to June 30, 2021 through November 16, 2021, the date the financial statements were available to be issued and concluded there are no other events requiring disclosure in the notes or recognition in the financial statements.

As of September 2, 2021, the Texas Education Agency (TEA) informed local education agencies (LEAs) that it has no plans to issue missed school day waivers due to COVID-19 during the 2021-2022 school year when the LEA or its campuses are closed. Each LEA will need to plan to make up time for school closures during the school year and may need to add additional instructional days and/or minutes to their calendar to meet the 75,600 operational minute requirement.

LEAs have reported to the TEA that attendance rate declines continue to occur due to COVID-19. As a result, the TEA is exploring options to ensure school systems will not experience significant financial difficulties. Additionally, LEAs had varying daily rates of attendance during the 2020-2021 school year due to the impact of virtual learning options. Once the TEA receives this local information in a PEIMS upload this fall, it will be equipped to analyze, understand, and determine potential changes to the rules around waivers, particularly low attendance waivers. As of the date of this report, the District has not determined the impact.

BUDGETARY COMPARISON REPORTING

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 168,865,254	$ 161,730,004	$ 159,942,235	$ (1,787,769)
5800	State Program Revenues	136,163,746	154,229,352	134,157,478	(20,071,874)
5900	Federal Program Revenues	2,100,000	8,683,172	12,472,945	3,789,773
5020	Total Revenues	307,129,000	324,642,528	306,572,658	(18,069,870)
	EXPENDITURES:				
	Current:				
0011	Instruction	184,054,708	180,840,646	160,914,563	19,926,083
0012	Instructional Resources and Media Services	2,665,093	2,494,182	2,251,631	242,551
0013	Curriculum and Instructional Staff Development	6,385,873	6,471,528	4,617,279	1,854,249
0021	Instructional Leadership	6,314,483	6,600,742	5,929,180	671,562
0023	School Leadership	20,325,522	23,734,871	20,727,548	3,007,323
0031	Guidance, Counseling, and Evaluation Services	11,231,935	13,164,707	12,034,129	1,130,578
0032	Social Work Services	919,660	1,270,114	872,228	397,886
0033	Health Services	2,638,775	2,929,376	2,633,099	296,277
0034	Student (Pupil) Transportation	10,017,309	10,066,848	8,519,024	1,547,824
0035	Food Services	86,512	118,966	93,165	25,801
0036	Extracurricular Activities	6,148,134	5,994,734	5,193,294	801,440
0041	General Administration	8,564,766	9,362,415	8,566,554	795,861
0051	Facilities Maintenance and Operations	33,584,867	51,352,440	19,394,698	31,957,742
0052	Security and Monitoring Services	3,256,239	3,188,672	1,480,084	1,708,588
0053	Data Processing Services	7,170,304	19,807,127	16,840,096	2,967,031
0061	Community Services	1,374,337	1,502,584	1,345,375	157,209
	Debt Service:				
0071	Principal on Long-Term Debt	400,000	2,585,410	2,585,409	1
0072	Interest on Long-Term Debt	100,000	140,730	140,730	-
	Capital Outlay:				
0081	Facilities Acquisition and Construction	15,000	840,706	296,713	543,993
	Intergovernmental:				
0099	Other Intergovernmental Charges	1,875,483	1,920,483	1,852,865	67,618
6030	Total Expenditures	307,129,000	344,387,281	276,287,664	68,099,617
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(19,744,753)	30,284,994	50,029,747
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	-	99,000	99,049	49
8911	Transfers Out (Use)	-	(551,000)	(506,410)	44,590
7080	Total Other Financing Sources (Uses)	-	(452,000)	(407,361)	44,639
1200	Net Change in Fund Balances	-	(20,196,753)	29,877,633	50,074,386
0100	Fund Balance - July 1 (Beginning)	88,356,078	88,356,078	88,356,078	-
3000	Fund Balance - June 30 (Ending)	$ 88,356,078	$ 68,159,325	$ 118,233,711	$ 50,074,386

REQUIRED SUPPLEMENTARY 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 YEAR ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.152550735%	0.171730972%	0.162519269%
District's Proportionate Share of Net Pension Liability (Asset)	$ 81,703,061	$ 89,271,128	$ 89,454,550
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	133,153,469	115,099,303	130,227,666
Total	$ 214,856,530	$ 204,370,431	$ 219,682,216
District's Covered Payroll	$ 178,615,584	$ 166,363,097	$ 162,321,705
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	45.74%	53.66%	55.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	75.24%	73.74%

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.

FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.163010289%	0.1779288%	0.1717072%	0.1256839%
$ 52,121,909	$ 67,236,631	$ 60,696,210	$ 33,571,908
81,929,372	96,003,500	88,961,129	75,916,290
$ 134,051,281	$ 163,240,131	$ 149,657,339	$ 109,488,198
$ 164,691,543	$ 162,443,801	$ 150,542,332	$ 147,350,185
31.64%	41.39%	40.32%	22.78%
82.17%	78.00%	78.43%	83.25%

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2021

	2021	2020	2019
Contractually Required Contribution	$ 4,356,619	$ 3,233,829	$ 3,339,028
Contribution in Relation to the Contractually Required Contribution	(4,356,619)	(3,233,829)	(3,339,028)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 192,050,226	$ 175,704,924	$ 164,417,160
Contributions as a Percentage of Covered Payroll	2.26%	1.84%	2.03%

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.

2018	2017	2016	2015
$ 2,951,106	$ 2,792,264	$ 3,086,526	$ 2,819,306
(2,951,106)	(2,792,264)	(3,086,526)	(2,819,306)
$ -	$ -	$ -	$ -
$ 162,515,095	$ 164,788,323	$ 160,914,812	$ 149,308,655
1.82%	1.69%	1.92%	1.89%

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.252379429%	0.252527327%	0.24519253%	$ 0.25592559%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 95,940,818	$ 119,423,267	$ 122,426,875	$ 111,292,438
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	128,921,462	158,686,808	135,999,016	$ 126,511,621
Total	$ 224,862,280	$ 278,110,075	$ 258,425,891	$ 237,804,059
District's Covered Payroll	$ 178,615,584	$ 166,363,097	$ 162,321,705	$ 164,691,543
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	53.71%	71.78%	75.42%	$ 67.58%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	$ 0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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.

EXHIBIT G-5

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	$ 1,440,594	$ 1,475,872	$ 1,373,728	$ 1,322,075
Contribution in Relation to the Contractually Required Contribution	(1,440,594)	(1,475,872)	(1,373,728)	(1,322,075)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 192,077,205	$ 175,704,924	$ 164,417,160	$ 162,515,095
Contributions as a Percentage of Covered Payroll	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.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially sound, and the Legislature approved funding for a 13th check.

All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or $2,000, whichever was less.

Changes of Assumptions.

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

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

There were no changes in benefit terms since the prior measurement date.

Changes in Assumptions.

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The discount rate changed from 2.63 % as of August 31, 2019 to 2.33%, as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50% to 40%. This change lowered the Total OPEB Liability.
- The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

COMBINING SCHEDULES

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool	240 National Breakfast and Lunch Program
	ASSETS				
1110	Cash and Cash Equivalents	$ 10,411	$ -	$ -	$ 36,576
1120	Investments - Current	-	-	-	903,598
1240	Due from Other Governments	1,037,110	1,014,211	26,212	14,336
1260	Due from Other Funds	-	7,448	-	5,898,981
1300	Inventories	-	-	-	456,664
1000	Total Assets	$ 1,047,521	$ 1,021,659	$ 26,212	$ 7,310,155
	LIABILITIES				
2110	Accounts Payable	$ 86,007	$ 207	$ -	$ 322,525
2150	Payroll Deductions and Withholdings Payable	22,557	33,875	661	2,604
2160	Accrued Wages Payable	218,758	355,867	11,153	58,143
2170	Due to Other Funds	720,199	631,710	14,398	1,153,337
2200	Accrued Expenditures	-	-	-	10,066
2000	Total Liabilities	1,047,521	1,021,659	26,212	1,546,675
	FUND BALANCES				
	Nonspendable Fund Balance:				
3410	Inventories	-	-	-	456,664
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-	5,306,816
3490	Other Restricted Fund Balance	-	-	-	-
	Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	5,763,480
4000	Total Liabilities and Fund Balances	$ 1,047,521	$ 1,021,659	$ 26,212	$ 7,310,155

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 ESEA III, A English Lang. Acquisition	266 ESSER I CARES ACT	272 Medicaid Admin. Claim MAC	276 ESEA I, A Instructional Continuity	277 Coronavirus Relief Fund CARES
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
258,626	28,299	434,837	116,941	1,720,952	-	22,649	-
-	-	-	10,000	-	-	-	-
-	-	-	-	-	-	-	-
$ 258,626	$ 28,299	$ 434,837	$ 126,941	$ 1,720,952	$ -	$ 22,649	$ -
$ -	$ 11,773	$ 44,747	$ 24,946	$ -	$ -	$ -	$ -
-	497	14,092	1,219	-	-	-	-
-	6,777	86,412	4,591	-	-	-	-
258,626	9,252	289,586	96,185	1,720,952	-	22,649	-
-	-	-	-	-	-	-	-
258,626	28,299	434,837	126,941	1,720,952	-	22,649	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 258,626	$ 28,299	$ 434,837	$ 126,941	$ 1,720,952	$ -	$ 22,649	$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes		289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ -	$ -
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	203,797	6,492	-	-
1260	Due from Other Funds	26,296	-	-	9,300
1300	Inventories	-	-	-	-
1000	Total Assets	$ 230,093	$ 6,492	$ -	$ 9,300
	LIABILITIES				
2110	Accounts Payable	$ 138,656	$ -	$ -	$ -
2150	Payroll Deductions and Withholdings Payable	1,033	419	-	-
2160	Accrued Wages Payable	11,849	2,259	-	-
2170	Due to Other Funds	78,555	3,814	-	-
2200	Accrued Expenditures	-	-	-	-
2000	Total Liabilities	230,093	6,492	-	-
	FUND BALANCES				
	Nonspendable Fund Balance:				
3410	Inventories	-	-	-	-
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	9,300
	Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	9,300
4000	Total Liabilities and Fund Balances	$ 230,093	$ 6,492	$ -	$ 9,300

410 State Instructional Materials	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	462 Memorial Scholarship Fund	464 Susan Powell Memorial Art Scholarship	465 Connectivity Project Fund	477 Chapter 313 Agreements
$ -	$ -	$ -	$ 844,064	$ -	$ -	$ -	$ -
-	-	-	-	12,084	29,601	-	-
49,200	17,120	5,309	-	-	-	-	-
-	-	73,027	-	-	-	57,984	296,570
-	-	-	-	-	-	-	-
$ 49,200	$ 17,120	$ 78,336	$ 844,064	$ 12,084	$ 29,601	$ 57,984	$ 296,570
$ 49,200	$ -	$ 900	$ -	$ -	$ -	$ -	$ -
-	-	8,719	-	-	-	-	-
-	-	68,717	-	-	-	-	-
-	17,120	-	-	-	-	-	-
-	-	-	-	-	-	-	-
49,200	17,120	78,336	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	12,084	29,601	57,984	-
-	-	-	844,064	-	-	-	296,570
-	-	-	844,064	12,084	29,601	57,984	296,570
$ 49,200	$ 17,120	$ 78,336	$ 844,064	$ 12,084	$ 29,601	$ 57,984	$ 296,570

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes		482 Education Foundation Fund	483 Citi Foundation Award	489 Brown Agriculture Fund	490 Barbara Jordan Elementary
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ -	$ -
1120	Investments - Current	-	-	52,209	2,012
1240	Due from Other Governments	-	-	-	-
1260	Due from Other Funds	255,252	13,021	-	1,703
1300	Inventories	-	-	-	-
1000	Total Assets	$ 255,252	$ 13,021	$ 52,209	$ 3,715
	LIABILITIES				
2110	Accounts Payable	$ 18,182	$ -	$ -	$ -
2150	Payroll Deductions and Withholdings Payable	-	-	-	-
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	537	-	4,761	-
2200	Accrued Expenditures	-	-	-	-
2000	Total Liabilities	18,719	-	4,761	-
	FUND BALANCES				
	Nonspendable Fund Balance:				
3410	Inventories	-	-	-	-
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	236,533	13,021	47,448	3,715
	Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	236,533	13,021	47,448	3,715
4000	Total Liabilities and Fund Balances	$ 255,252	$ 13,021	$ 52,209	$ 3,715

491 OHS Scholarship Fund	496 Odessa Regional School Clinic	497 Weldon Scholarship Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 891,051
25,269	-	28,588	1,053,361
-	-	-	4,956,091
-	24,283	-	6,673,865
-	-	-	456,664
$ 25,269	$ 24,283	$ 28,588	$ 14,031,032
$ -	$ -	$ -	$ 697,143
-	-	-	85,676
-	-	-	824,526
-	-	-	5,021,681
-	-	-	10,066
-	-	-	6,639,092
-	-	-	456,664
-	-	-	5,306,816
25,269	24,283	28,588	487,826
-	-	-	1,140,634
25,269	24,283	28,588	7,391,940
$ 25,269	$ 24,283	$ 28,588	$ 14,031,032

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool	240 National Breakfast and Lunch Program
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ 97,266
5800	State Program Revenues	-	-	-	388,914
5900	Federal Program Revenues	6,458,666	6,378,643	171,094	1,460,891
5020	Total Revenues	6,458,666	6,378,643	171,094	1,947,071
	EXPENDITURES:				
	Current:				
0011	Instruction	2,315,102	6,222,250	171,094	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	3,646,468	-	-	-
0021	Instructional Leadership	49,664	-	-	-
0023	School Leadership	28,014	-	-	-
0031	Guidance, Counseling, and Evaluation Services	81,664	155,615	-	-
0032	Social Work Services	89,391	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	1,131	778	-	-
0035	Food Services	-	-	-	1,680,610
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	48,145
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	143,488	-	-	-
0061	Community Services	103,744	-	-	-
	Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	6,458,666	6,378,643	171,094	1,728,755
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	218,316
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	218,316
0100	Fund Balance - July 1 (Beginning)	-	-	-	5,545,164
3000	Fund Balance - June 30 (Ending)	$ -	$ -	$ -	$ 5,763,480

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 ESEA III, A English Lang. Acquisition	266 ESSER I CARES ACT	272 Medicaid Admin. Claim MAC	276 ESEA I, A Instructional Continuity	277 Coronavirus Relief Fund CARES
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
14,004,491	386,971	1,254,416	759,852	5,400,276	57,240	22,649	3,941,046
14,004,491	386,971	1,254,416	759,852	5,400,276	57,240	22,649	3,941,046
-	188,280	-	271,036	1,291,400	-	5,849	3,941,046
-	-	-	-	-	-	-	-
-	95,597	941,165	442,180	100,962	-	-	-
-	-	-	-	27,154	-	16,800	-
-	-	301,283	-	29,727	-	-	-
-	103,094	-	-	13,754	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	46,967	57,240	-	-
-	-	-	-	-	-	-	-
12,967,244	-	-	-	-	-	-	-
-	-	-	-	28,511	-	-	-
-	-	11,968	-	634	-	-	-
1,000,747	-	-	-	1,677,906	-	-	-
-	-	-	-	307	-	-	-
-	-	-	23,966	2,182,954	-	-	-
-	-	-	22,670	-	-	-	-
36,500	-	-	-	-	-	-	-
14,004,491	386,971	1,254,416	759,852	5,400,276	57,240	22,649	3,941,046
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800	State Program Revenues	-	-	-	36,317
5900	Federal Program Revenues	776,668	52,959	1,868	-
5020	Total Revenues	776,668	52,959	1,868	36,317
	EXPENDITURES:				
	Current:				
0011	Instruction	203,925	52,559	1,868	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	203,098	400	-	27,017
0021	Instructional Leadership	680	-	-	-
0023	School Leadership	111,472	-	-	-
0031	Guidance, Counseling, and Evaluation Services	144,345	-	-	-
0032	Social Work Services	64,394	-	-	-
0033	Health Services	32,105	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	16,649	-	-	-
0061	Community Services	-	-	-	-
	Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	776,668	52,959	1,868	27,017
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	9,300
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	9,300
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	$ -	$ -	$ -	$ 9,300

410 State Instructional Materials	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	462 Memorial Scholarship Fund	464 Susan Powell Memorial Art Scholarship	465 Connectivity Project Fund	477 Chapter 313 Agreements
$ -	$ -	$ 338,175	$ 469,629	$ 14,584	$ 29,601	$ 200,000	$ 571,570
1,140,715	539,210	333,679	-	-	-	-	-
-	-	-	-	-	-	-	-
1,140,715	539,210	671,854	469,629	14,584	29,601	200,000	571,570
1,140,715	177,924	1,063,664	10,028	-	-	-	-
-	-	-	210	-	-	-	-
-	98,417	1,810	365	-	-	-	-
-	12,000	-	-	-	-	-	-
-	13,000	111,381	548,569	-	-	-	-
-	-	1,409	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,000	-	-	2,500	-	-	275,000
-	-	-	-	-	-	-	-
-	234,869	-	-	-	-	-	-
-	-	-	-	-	-	142,016	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,140,715	539,210	1,178,264	559,172	2,500	-	142,016	275,000
-	-	(506,410)	(89,543)	12,084	29,601	57,984	296,570
-	-	506,410	-	-	-	-	-
-	-	-	(89,543)	12,084	29,601	57,984	296,570
-	-	-	933,607	-	-	-	-
$ -	$ -	$ -	$ 844,064	$ 12,084	$ 29,601	$ 57,984	$ 296,570

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		482 Education Foundation Fund	483 Citi Foundation Award	489 Brown Agriculture Fund	490 Barbara Jordan Elementary
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 516,306	$ 14,521	$ 45,096	$ 29
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	516,306	14,521	45,096	29
	EXPENDITURES:				
	Current:				
0011	Instruction	147,358	-	-	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	5,849	-	-	-
0021	Instructional Leadership	5,316	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	121,250	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	1,500	-	-
	Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	279,773	1,500	-	-
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	236,533	13,021	45,096	29
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	-	-
1200	Net Change in Fund Balance	236,533	13,021	45,096	29
0100	Fund Balance - July 1 (Beginning)	-	-	2,352	3,686
3000	Fund Balance - June 30 (Ending)	$ 236,533	$ 13,021	$ 47,448	$ 3,715

491 OHS Scholarship Fund	496 Odessa Regional School Clinic	497 Weldon Scholarship Fund	Total Nonmajor Governmental Funds
$ 17	$ 24,283	$ 27,558	$ 2,348,635
-	-	-	2,438,835
-	-	-	41,127,730
17	24,283	27,558	45,915,200
-	-	-	17,204,098
-	-	-	210
-	-	-	5,563,328
-	-	-	111,614
-	-	-	1,143,446
-	-	-	499,881
-	-	-	153,785
-	-	-	136,312
-	-	-	1,909
-	-	-	14,647,854
-	-	-	28,511
-	-	-	414,352
-	-	-	2,726,798
-	-	-	235,176
-	-	-	2,509,073
750	-	-	128,664
-	-	-	36,500
750	-	-	45,541,511
(733)	24,283	27,558	373,689
-	-	-	506,410
(733)	24,283	27,558	880,099
26,002	-	1,030	6,511,841
$ 25,269	$ 24,283	$ 28,588	$ 7,391,940

COMBINING SCHEDULES – INTERNAL SERVICE FUNDS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021

	715 ECISD Housing Fund	771 Workers Compensation Fund	772 Medical Trust Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 300,818	$ -	$ 1,007,775	$ 1,308,593
Investments - Current	-	7,505,190	16,115,021	23,620,211
Due from Other Funds	5,962	1,991,531	-	1,997,493
Total Current Assets	306,780	9,496,721	17,122,796	26,926,297
Noncurrent Assets:				
Capital Assets:				
Land	54,012	-	-	54,012
Buildings and Improvements	3,663,335	-	-	3,663,335
Depreciation on Buildings	(487,202)	-	-	(487,202)
Total Noncurrent Assets	3,230,145	-	-	3,230,145
Total Assets	3,536,925	9,496,721	17,122,796	30,156,442
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,219	-	828,115	829,334
Due to Other Funds	10,952	2,027,559	-	2,038,511
Accrued Expenses	-	461,123	2,260,960	2,722,083
Total Current Liabilities	12,171	2,488,682	3,089,075	5,589,928
NonCurrent Liabilities:				
Other Long-Term Debt - Due in More than One Year	-	1,879,467	-	1,879,467
Total Noncurrent Liabilities	-	1,879,467	-	1,879,467
Total Liabilities	12,171	4,368,149	3,089,075	7,469,395
NET POSITION				
Unrestricted Net Position	3,524,754	5,128,572	14,033,721	22,687,047
Total Net Position	$ 3,524,754	$ 5,128,572	$ 14,033,721	$ 22,687,047

EXHIBIT H-4

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, 2021

	715 ECISD Housing Fund	771 Workers Compensation Fund	772 Medical Trust Fund	Total Internal Service Funds
OPERATING REVENUES:				
Employee and Employer Premiums	$ -	$ 1,019,854	$ 27,608,936	$ 28,628,790
Rent Revenue	349,115	-	-	349,115
Stop Loss Reimbursement	-	6,621	110,820	117,441
Total Operating Revenues	349,115	1,026,475	27,719,756	29,095,346
OPERATING EXPENSES:				
Claims and Prescriptions	-	421,749	25,792,128	26,213,877
Professional and Contracted Services	311,472	56,340	33,000	400,812
Supplies and Materials	41,935	-	-	41,935
Other Operating Costs	-	-	2,617,543	2,617,543
Depreciation Expense	87,004	-	-	87,004
Total Operating Expenses	440,411	478,089	28,442,671	29,361,171
Operating Income (Loss)	(91,296)	548,386	(722,915)	(265,825)
NONOPERATING REVENUES (EXPENSES):				
Earnings from Temporary Deposits & Investments	-	6,447	13,198	19,645
Total Nonoperating Revenues (Expenses)	-	6,447	13,198	19,645
Change in Net Position	(91,296)	554,833	(709,717)	(246,180)
Total Net Position - July 1 (Beginning)	3,616,050	4,573,739	14,743,438	22,933,227
Total Net Position - June 30 (Ending)	$ 3,524,754	$ 5,128,572	$ 14,033,721	$ 22,687,047

EXHIBIT H-5

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	715 ECISD Housing Fund	771 Workers Compensation Fund	772 Medical Trust Fund	Total Internal Service Funds
Cash Flows from Operating Activities:				
Cash Received from Rental Receipts	$ 170,426	$ -	$ -	$ 170,426
Cash Received from Employees and Employer	-	589,226	27,622,620	28,211,846
Cash Received from Stop Loss Carrier	-	6,621	110,820	117,441
Cash Payments for Claims	-	(641,918)	(25,338,374)	(25,980,292)
Cash Payments for Other Operating Expenses	(357,354)	46,071	(2,407,391)	(2,718,674)
Net Cash Used For Operating Activities	(186,928)	-	(12,325)	(199,253)
Cash Flows from Investing Activities:				
Interest and Dividends on Investments	-	6,447	13,198	19,645
Net Increase (Decrease) in Cash and Cash Equivalents	(186,928)	6,447	873	(179,608)
Cash and Cash Equivalents at Beginning of Year	487,746	7,498,743	17,121,923	25,108,412
Cash and Cash Equivalents at End of Year	$ 300,818	$ 7,505,190	$ 17,122,796	$ 24,928,804
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss):	$ (91,296)	$ 548,386	$ (722,915)	$ (265,825)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:				
Depreciation	87,004	-	-	87,004
Effect of Increases and Decreases in Current Assets and Liabilities:				
Increase (decrease) in Accounts Payable	(3,947)	102,411	243,152	341,616
Increase (decrease) in Accrued Wages Payable	-	(220,169)	453,754	233,585
Increase (decrease) in Due To Other Funds	(178,689)	(430,628)	13,684	(595,633)
Net Cash Used for Operating Activities	$ (186,928)	$ -	$ (12,325)	$ (199,253)

REQUIRED TEA SCHEDULES

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2021

Last 10 Years		(1) Tax Rates	(2)	(3) Assessed/Appraised Value for School Tax Purposes
		Maintenance	Debt Service	
2012	and prior years	Various	Various	$ 9,565,177,000
2013		1.040000	0.079500	10,232,624,000
2014		1.040000	0.121000	11,598,844,880
2015		1.040000	0.121000	13,401,694,166
2016		1.040000	0.110000	14,256,078,650
2017		1.040000	0.110000	13,190,683,066
2018		1.040000	0.109600	11,855,872,243
2019		1.170000	0.109600	12,190,897,339
2020		1.068400	0.109600	15,070,399,797
2021	(School year under audit)	1.054700	0.123200	14,780,081,913
1000	TOTALS			

(10) Beginning Balance 7/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2021
$ 3,014,556	$ -	$ 60,147	$ 5,494	$ (62,484)	$ 2,886,431
463,473	-	21,859	1,671	(444)	439,499
663,534	-	38,422	4,470	(1,659)	618,983
1,051,941	-	91,001	10,588	(3,274)	947,078
1,037,826	-	50,450	5,336	(1,258)	980,782
1,450,570	-	102,025	10,791	2,702	1,340,456
1,740,612	-	276,837	29,174	(6,115)	1,428,486
2,659,095	-	465,398	43,596	(201,269)	1,948,832
6,381,038	-	2,338,614	239,848	(763,584)	3,038,992
-	174,100,673	151,575,672	15,559,965	(246,379)	6,718,657
$ 18,462,645	$ 174,100,673	$ 155,020,425	$ 15,910,933	$ (1,283,764)	$ 20,348,196

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 3,376,000	$ 95,800	$ 97,266	$ 1,466
5800	State Program Revenues	370,000	320,000	388,914	68,914
5900	Federal Program Revenues	14,168,000	1,347,000	1,460,891	113,891
5020	Total Revenues	17,914,000	1,762,800	1,947,071	184,271
	EXPENDITURES:				
	Current:				
0035	Food Services	17,479,332	3,860,909	1,680,610	2,180,299
0051	Facilities Maintenance and Operations	434,668	48,439	48,145	294
6030	Total Expenditures	17,914,000	3,909,348	1,728,755	2,180,593
1200	Net Change in Fund Balances	-	(2,146,548)	218,316	2,364,864
0100	Fund Balance - July 1 (Beginning)	5,545,164	5,545,164	5,545,164	-
3000	Fund Balance - June 30 (Ending)	$ 5,545,164	$ 3,398,616	$ 5,763,480	$ 2,364,864

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 17,173,495	$ 15,973,495	$ 16,215,495	$ 242,000
5800	State Program Revenues	268,836	268,836	216,569	(52,267)
5020	Total Revenues	17,442,331	16,242,331	16,432,064	189,733
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	6,115,000	11,350,000	11,350,000	-
0072	Interest on Long-Term Debt	6,934,994	5,712,257	5,712,257	-
0073	Bond Issuance Cost and Fees	9,800	320,209	684,352	(364,143)
6030	Total Expenditures	13,059,794	17,382,466	17,746,609	(364,143)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	4,382,537	(1,140,135)	(1,314,545)	(174,410)
	OTHER FINANCING SOURCES (USES):				
7911	Capital Related Debt Issued	-	65,085,000	65,085,000	-
7916	Premium or Discount on Issuance of Bonds	-	9,237,691	9,605,859	368,168
8949	Other (Uses)	-	(74,005,019)	(74,005,019)	-
7080	Total Other Financing Sources (Uses)	-	317,672	685,840	368,168
1200	Net Change in Fund Balances	4,382,537	(822,463)	(628,705)	193,758
0100	Fund Balance - July 1 (Beginning)	17,590,813	17,590,813	17,590,813	-
3000	Fund Balance - June 30 (Ending)	$ 21,973,350	$ 16,768,350	$ 16,962,108	$ 193,758

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2021

Section A: Compensatory Education Programs

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.	$28,119,658
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	$15,777,333

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.	$3,631,766
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	$2,615,809

FEDERAL AWARDS SECTION

whitleypenn

Odessa Office
7100 E, Texas Highway 191
Suite 400
Odessa, Texas 79765
432.362.3800 Main

whitleypenn.com

REPORT OF INDEPENDENT AUDITORS 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, discretely presented component unit, 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2021.

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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whitley Penn LLP

Odessa, Texas
November 16, 2021

whitleypenn

Odessa Office
7100 TX-191
Suite 400
Odessa, Texas 79765
432 362 3800 Main

whitleypenn.com

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND 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

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, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

To the Board of Trustees
Ector County Independent School District

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Whitley Penn LLP

Odessa, Texas
November 16, 2021

I. Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Programs:

Name of Federal Program	Federal Assistance Listing No.
U.S. Department of Education	
ESEA Title II, Part A – Supporting Effective Instruction	84.367A
COVID 19 – ESSER Grant – CARES Act	84.425D
U.S. Department of Treasury	
Coronavirus Relief Fund	21.019

Dollar threshold used to distinguish Between Type A and Type B federal programs:	$2,086,912
Auditee qualified as low-risk auditee?	Yes

II. Financial Statement Findings

None reported

III. Federal Awards Findings and Questioned Costs

None reported

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.

The Summary Schedule of Prior Audit Findings for the year ended June 30, 2021 has been prepared to address these responsibilities.

I. Prior Audit Findings

None Noted

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."

The Corrective Action Plan for the year ended June 30, 2021 has been prepared to address these requirements.

I. Corrective Action Plan

Not Applicable

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal ALN Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
Passed Through Texas Department of Emergency Management			
COVID 19 Coronavirus Relief Fund - County Match	21.019		$ 270,523
COVID 19 Coronavirus Relief Fund -TEA NonCash	21.019	52202002	1,970,523
COVID 19 Coronavirus Relief Fund - TEA Match	21.019	52202002	850,000
COVID 19 Coronavirus Relief Fund - City Match	21.019		850,000
Coronavirus Relief Fund Texas COVID 19 Pandemic	21.019	2020-CF-21019	2,633,963
Total ALN Number 21.019			6,575,009
Total Passed Through Texas Department of Emergency Management			6,575,009
TOTAL U.S. DEPARTMENT OF TREASURY			6,575,009
U.S. DEPARTMENT OF DEFENSE			
Direct Programs			
Junior Reserve Officer's Training Corps	12.000		76,325
Total Direct Programs			76,325
TOTAL U.S. DEPARTMENT OF DEFENSE			76,325
U.S. DEPARTMENT OF EDUCATION			
Passed Through Texas Education Agency			
Supporting Effective Educator Development	84.423A	U423A170007	75,579
Total Passed Through Texas Education Agency			75,579
Passed Through State Department of Education			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101068901	1,774,534
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101068901	4,896,802
ESEA Title I, Part D - Improving Basic Programs	84.010A	21610103068901	65,254
TTL I 1003 School Improvement	84.010A	20610141068901	84,210
TTL I 1003 School Improvement	84.010A	21610141068901	68,427
Total ALN Number 84.010A			6,889,227
*IDEA-Part B, Formula	84.027A	196600010689016600	35
*IDEA-Part B, Formula	84.027A	206600010689016600	1,746,671
*IDEA-Part B, Formula	84.027A	216600010689016600	5,063,631
*IDEA - Part B, Discretionary Deaf	84.027A	216600110689016673	56,141
Total ALN Number 84.027A			
*IDEA - Part B, Preschool	84.173A	206610010689016610	14,459
*IDEA - Part B, Preschool	84.173A	216610010689016610	161,024
Total ALN Number 84.173A			175,483
Total Special Education Cluster (IDEA)			7,041,961
Carl D. Perkins Basic Formula	84.048A	20420006068901	23,572
20-21 Perkins V: Strengthening CTE for 21st Century	84.048A	21420006068901	384,892
Total ALN Number 84.048A			408,464
IDEA-C, Early Childhood Intervention	84.181A	213911010689013911	1,939
Title III, Part A-English Language Acquisition	84.365A	20671001068901	150,326
Title III, Part A-English Language Acquisition	84.365A	21671001068901	578,906
Title III, Part A-Immigrant	84.365A	21671003068901	62,484
Total ALN Number 84.365A			791,716

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal ALN Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
ESEA Title II, Part A: Supporting Effective Instruction	84.367A	20694501068901	335,551
ESEA Title II, Part A: Supporting Effective Instruction	84.367A	21694501068901	919,845
2021-2022 Principal Residency Cycle	84.367A	216945677110009	55,094
Total ALN Number 84.367A			1,310,490
Instructional Continuity	84.377A	17610740068901	28,266
2020-2021 School Action Fund Planning	84.377A	166107397110005	45,729
2020-2021 School Action Fund Planning	84.377A	166107397110006	39,002
2020-2021 School Action Fund Planning	84.377A	166107397110007	30,235
2020-2021 School Action Fund Planning	84.377A	166107397110008	72,902
2020-2021 School Action Fund Planning	84.377A	196101517110006	34,237
Total ALN Number 84.377A			250,371
Title IV, Part A, Subpart 1	84.424A	20680101068901	197,554
Title IV, Part A, Subpart 1	84.424A	21680101068901	342,085
Total ALN Number 84.424A			539,639
COVID 19 ESSER Grant	84.425D	20521001068901	5,623,412
COVID 19 CRRSA ESSER II	84.425D	21521001068901	24,239,101
Total ALN Number 84.425D			29,862,513
Total Passed Through State Department of Education			47,096,320
TOTAL U.S. DEPARTMENT OF EDUCATION			47,171,899
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Health and Human Services Commission			
COVID 19 Cares Act Provider Relief - SHARS	93.498		44,940
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900265	57,240
Federal Child Care Tuition	93.556	09030C02FY21	10,261
Total Passed Through Texas Health and Human Services Commission			112,441
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			112,441
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the State Department of Agriculture			
*School Breakfast Program	10.553	71402101	158,070
*National School Lunch Program - Cash Assistance	10.555	71302101	232,016
*National School Lunch Prog. - Non-Cash Assistance	10.555	00327	966,253
Total ALN Number 10.555			1,198,269
*Summer Feeding Program - Cash Assistance	10.559	00327	14,004,491
Total Child Nutrition Cluster			15,360,830
Child & Adult Care Food Program - Cash Assistance	10.558	00327	96,936
Child & Adult Care Food Program - Non-Cash Assistance	10.558	00327	7,616
Total ALN Number 10.558			104,552
Total Passed Through the State Department of Agriculture			15,465,382
TOTAL U.S. DEPARTMENT OF AGRICULTURE			15,465,382
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 69,401,056

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

*Clustered Programs

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1) General

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

2) Basis of Accounting

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

Indirect costs shown on the Schedule of Expenditures of Federal Awards are properly credited as revenues to the General Fund. These indirect cost revenues were determined by applying approved indirect cost rates to actual applicable expenditures of the projects. The District has elected not to use the 10% *de minimis* cost rate as covered in 200.414 Indirect (F&A) costs.

3) Relationship to General Purpose Financial Statements

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards and federal revenues reported on Exhibit C-3 of the District's Annual Financial Report:

Total Expenditures of Federal Awards	$ 69,401,056
School Health and Related Services (SHARS) revenue	1,971,426
E-Rate revenue	6,304,608
Other miscellaneous revenue	162,686
Federal Revenues Reported in Exhibits C-3	$ 77,839,776

4) General Fund Expenditures

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

Program or Source	Federal ALN	Amount
School Health and Related Services (SHARS) revenue		$ 1,971,426
E-Rate revenue		6,304,608
Other miscellaneous revenue		162,686
Junior Reserve Officer's Training Corps	12.000	76,325
Coronavirus Relief Fund Texas COVID 19 Pandemic	21.019	2,633,963
Supporting Effective Educator Development	84.423A	75,579
Federal Child Care Tuition	93.556	10,261
Indirect Cost:		
ESEA, Title I, Part A - Improving Basic Programs	84.010A	291,727
ESEA, Title I, Part A - Improving Basic Programs	84.010A	126,916
ESEA Title I, Part D - Improving Basic Programs	84.010A	1,585
ESEA Title I, Part D - Improving Basic Programs	84.010A	894
TTL I 1003 School Improvement	84.010A	9,441
IDEA-Part B, Formula	84.027A	282,491
IDEA-Part B, Formula	84.027A	149,203
IDEA - Part B, Preschool	84.173A	428
IDEA - Part B, Preschool	84.173A	3,960
Carl D. Perkins Basic Formula	84.048A	13,616
Carl D. Perkins Basic Formula	84.048A	7,877
ESEA Title II, Part A: Supporting Effective Instruction	84.367A	30,252
ESEA Title II, Part A: Supporting Effective Instruction	84.367A	25,822
Title III, Part A-English Language Acquisition	84.365A	15,325
Title III, Part A-English Language Acquisition	84.365A	16,539
COVID 19 ESSER Grant	84.425D	223,135
Instructional Continuity	84.377A	5,617
Title IV, Part A, Subpart 1	84.424A	18,287
Title IV, Part A, Subpart 1	84.424A	11,728
IDEA - Part B, Discretionary Deaf	84.027A	1,792
IDEA - Part B, Discretionary Deaf	84.027A	1,390
IDEA-C, Early Childhood Intervention	84.181A	72
		$ 12,472,945

5) Amounts Passed Through by the District

During 2021, the District did not pass through any federal funding to sub-recipients.


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