Annual Financial Report

For the Year Ended
June 30, 2017

Ector County Independent School District
Odessa, Texas

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

PREPARED BY THE FINANCE DEPARTMENT

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802 N. Sam Houston
Odessa, Texas

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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INTRODUCTORY SECTION

CERTIFICATE OF BOARD

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

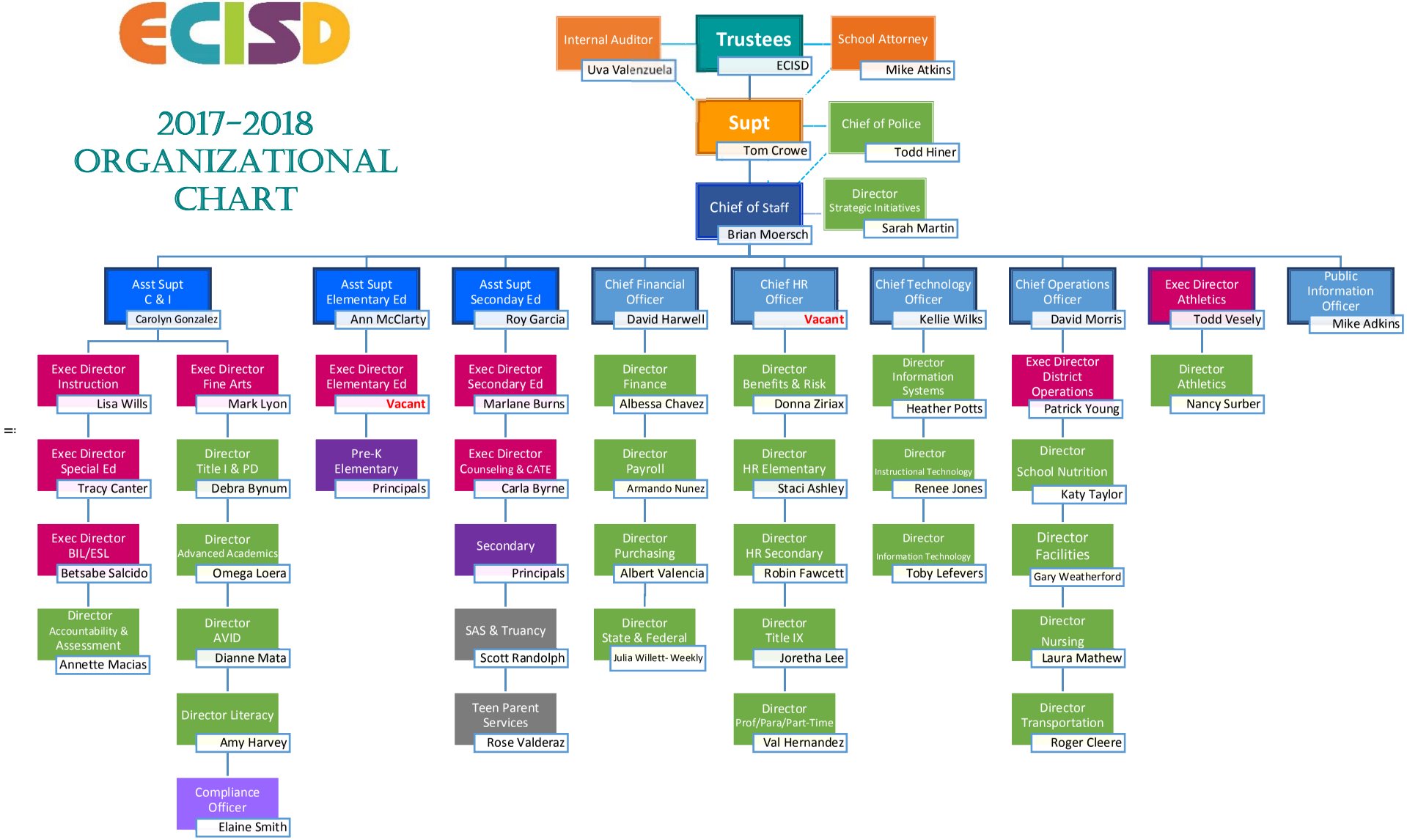
We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one): approved ✓ disapproved _____ for the year ended June 30, 2017 at a meeting of the Board of Trustees of such school district on the 14th day of November, 2017.

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)

2017-2018 ORGANIZATIONAL CHART



ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Board of Trustees and Consultants and Advisors

Board of Trustees

Carol Gregg	President
Doyle Woodall	Vice President
Donna Smith	Secretary
Steve Brown	Member
Delma Abalos	Member
Ray Beaty	Member
Nelson Minyard	Member

Consultants and Advisors

Johnson Miller & Co., CPA's PC	Independent Auditors
Atkins, Hollman, Jones, Peacock, Lewis, and Lyon	General Counsel
McCall, Parkhurst & Horton, LLP	Bond Counsel
BOK Financial Securities, Inc.	Financial Advisor
Frost Bank	Official Depository

FINANCIAL SECTION

Independent Auditors' Report

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

Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Ector County Independent School District (the "District") as of June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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.

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Auditor's Responsibility (Continued)

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2017, 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 on pages 4-15, Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund on page 59, Schedule of the District's Proportionate Share of the Net Pension Liability Teacher Retirement System of Texas on page 60, and Schedule of District Contributions Teacher Retiement System of Texas on page 61 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and indvidiual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial

Other Matters (Continued)

Other Information (Continued)

statements. The Texas Education Agency requires Texas school districts to include certain information in the Annual Financial Report in conformity with laws and regulations of the State of Texas. The information is in Exhibits J-1 through J-5. These schedules are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards and Exhibits J-1 through J-5 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards and Exhibits J-1 through J-5 are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2017 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.

Johnson, Miller & Co., CPA's PC

Odessa, Texas
November 14, 2017

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, 2017. Please read it in conjunction with the independent auditors' report on page 1, and the District's Basic Financial Statements which begin on page 16.

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 16 and 17-18). 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 19) 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 27) 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, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

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

Governmental Activities-All of the District's basic services are reported here, including 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 three separate legal entities in its report – ECISD Education Foundation, Permian High Band and Orchestra and Odessa High Band and Orchestra. Although legally separate, these "component units" are important because the District is financially accountable for them.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 19 and provide detailed information about the most significant funds-not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds-governmental and proprietary-use different accounting approaches.

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

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by the student activities. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 26. 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	
	2017	2016
Current and other assets	$ 86,845,728	$ 119,564,354
Capital assets	335,155,389	329,129,762
Total assets	422,001,117	448,694,116
Deferred charge on refunding	4,620,877	1,995,647
Deferred resource outflow for TRS	31,685,143	29,800,650
Total deferred outflows of resources	36,306,020	31,796,297
Long-term liabilities	204,159,141	209,871,492
Pension liability	67,236,631	60,696,210
Other liabilities	26,437,782	26,908,939
Total liabilities	297,833,554	297,476,641
Deferred resource inflow for TRS	3,877,195	4,517,655
Total deferred inflows of resources	3,877,195	4,517,655
Net position:		
Invested in capital assets net of related debt	138,205,124	87,976,845
Restricted	2,610,245	10,570,404
Unrestricted	15,781,019	79,948,868
Total net position	$ 156,596,388	$ 178,496,117

Net position of the District's governmental activities decreased 12.3% from $178,496,117 to $156,596,388. Significant changes in net position from the prior year are explained as follows:

Current and other assets decreased primarily because of a decrease in investments.

Capital assets increased primarily because of completed construction projects at new elementary schools and buildings additions at high schools during 2016-2017.

Deferred charge on refunding increased due to issuing of the 2016 refunding series bonds.

Deferred outflows, pension liability, and deferred inflows changed due to increased assignment of pension liability from the Teacher Retirement System.

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

Table II

Ector County Independent School District

CHANGES IN NET POSITION

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	$ 7,926,323	$ 7,740,466
Operating grants and contributions	42,659,776	39,344,685
General revenues:		
Property taxes, levied for general purposes	126,134,457	136,144,172
Property taxes, levied for debt service	12,903,623	14,429,029
State aid – formula grants	80,857,649	77,389,673
Grants and contributions not restricted	85,045	51,358
Investment earnings	338,654	646,179
Miscellaneous local and intermediate revenue	1,869,098	1,588,083
Total revenue	272,774,625	277,333,645
Expenses:		
Instruction, curriculum and media services	176,208,415	184,616,791
Instructional and school leadership	23,637,827	24,556,784
Student support services	22,573,836	22,953,884
Child nutrition	15,161,405	17,008,178
Co-curricular activities	7,364,444	7,216,173
General administration	6,824,620	7,347,379
Facilities maintenance, security and data processing	35,554,159	37,089,103
Community services	1,464,377	1,484,542
Debt service	4,421,869	7,809,313
Other Intergovernmental charges	1,463,402	1,627,484
Total expenses	294,674,354	311,709,631
Decrease in net position	(21,899,729)	(34,375,986)
Net position - beginning	178,496,117	212,872,103
Net position - ending	$ 156,596,388	$ 178,496,117

The District's total revenues decreased by 2% – approximately $4.5 million from prior year revenues. Significant changes in revenue from the prior year are explained as follows:

Program revenues increased approximately $3.5 million, due to an increase in user charges of $200,000 and an increase in operating grants and contributions of approximately $3.3 million.

Property tax collections decreased 8% - approximately $11.5 million, primarily due to a decrease in taxable property value from the prior tax year of $1.35 billion.

State Aid – Formula Grants increased by $3.5 million during the year due to an increase in State Aid Funding and GASB 68 recognition of the District's portion of the State's proportion of pension expense.

Investment Earnings decreased by $308,000 during the year primarily due to the liquidation of TCG Directed Investments in order to mitigate the rapid declines of property values.

Miscellaneous local revenue increased an approximate of $280,000 primarily due to increase in athletic extracurricular activities.

The District's total expenses decreased by 5% – approximately $17 million from prior year expenses. Significant changes in expenses from the prior year are as follows:

- Instruction, curriculum and media services expenses decreased during 2016-2017 approximately $8.4 million. The decrease is attributed to completed construction projects at new elementary schools and buildings additions at high schools during 2016-2017 and from GASB 68 recognition of the District's portion of the State's proportion of pension expense. Supplies expenses decreased approximately by $5.1 million. Payroll, services, and miscellaneous expenses decreased approximately $3.3 million.
- Instructional and school leadership expenses decreased approximately $920,000 mostly due to a decrease in supplies expense of approximately $830,000. Increase in miscellaneous expense and decrease in payroll expense and service expense were approximately $595,000, $680,000 and $5,000 respectively.
- Student support services expense decreased approximately $400,000 due to decreases in payroll expenses, services expense, miscellaneous expense of $500,000, $100,000, $100,000 respectively. Supplies expense increased by $300,000.
- Child nutrition program expenses decreased approximately $1.85 million due to decreases in supplies expenses and payroll expenses of $1.35 million and $670,000 respectively. Miscellaneous expenses and services expenses increased by $165,000 and $5,000 respectively.
- Co-curricular activities expenses increased approximately $150,000. Miscellaneous expenses and services expenses increased by $370,000 and $30,000 respectively. Supplies and payroll expenses decreased by $200,000 and $50,000 respectively.
- General administration expenses decreased by approximately $523,000 from the prior year due to decreases in miscellaneous expenses, services expenses, supplies expenses of $258,000, $177,000 and $88,000 respectively.
- Facilities maintenance, security and data processing expenses decreased approximately $1.53 million. Payroll and supplies expenses decreased by $1.45 million and $830,000 respectively. Services and miscellaneous expenses increased by $600,000 and $150,000 respectively.
- Debt services expenses decreased by approximately $3.4 million due to reduction in debt obligations.
- Other intergovernmental charges decreased approximately $164,000 from a decline in property value.

The District's Funds

As the District completed the year, its governmental funds (as presented in the balance sheet on page 17) reported a combined fund balance of approximately $40 million, which is below last year's total of approximately $75 million. The primary reasons for the decrease include (1) an increase in payroll costs primarily due to incentivized pay, and (2) capital outlay additions. Over the course of the year, the District recommended and the Board of Trustees approved revisions of the District's general fund budget for various reasons. The following is a summary of significant budget amendments made to estimated revenues:

	Estimated Revenues	
Beginning Estimated Revenues	$	229,606,000
Estimated State Aid for Rapid Property Value Decline		4,771,215
Estimated insurance recovery		3,051,621
Estimated State Aid Funding		1,274,362
Estimated miscellaneous revenues		299,392
Estimated investment interest		192,484
Estimated cocurricular activities revenue		148,459
Estimated tuition revenues		136,745
Estimated federal revenues		64,509
Estimated gifts and bequests revenue		45,045
Estimated rent revenue		25,950
Estimated Megacard fundraising revenue		(35,000)
Estimated E-rate revenue		(42,053)
Estimated Energy 4 Education Salary Savings revenue		(47,139)
Estimated tax collections		(17,351,576)
Final Amended Estimated Revenues	$	222,140,014

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

	Appropriations
Beginning Appropriations	$ 229,209,000
Funding for 2016-2017 retention incentive	5,732,473
Increase appropriations for projected salary and wage costs for year	3,032,871
Funding for hail damage repairs	3,000,000
Attendance Incentive Pay	2,700,000
Increase for substitute pay	2,500,000
Increase for estimated end of year payroll costs	2,170,000
Increase for discretionary activity for the year	700,000
Estimated maximum interest charges for line of credit	267,000
Replacement of Administration building elevator	200,460
Rollforward appropriations for orders from prior year	198,539
Increase for portable moving, infrastructure, site work, finishes, and expansion construction	161,500
Funding for teacher laptops	125,000
Increase in District's portion of medical insurance	115,500
Funding for spring book orders for Odessa Career and Technical Education High School and Falcon High School	100,000
Funding for Research and Innovation Strategist	60,000
Increase appropriations for manlift replacement	35,078
Increase for lost textbooks	29,090
Defibrillators	24,000
Increase for building materials from insurance recovery	16,350
Funding for George H.W. Bush New Tech Odessa Academic Decathlon stipend	11,600
Increase Board travel budget	9,000
Increase salary appropriations for interim staff assignments	3,739
Close unused unpaid meal charges	(1,865)
Close Communications office appropriations	(6,300)
Close Elementary School appropriations	(6,864)
Close Chief of Staff departmental appropriations	(11,059)
Close Reading Specialist appropriations	(15,904)
Close Police and Emergency Operations appropriations	(30,130)
Close Gifted and Talented appropriations	(33,000)
Close Elementary operations appropriations	(50,679)
Close Local Magnet reserves	(53,630)
Close Secondary Operations appropriations	(55,105)
Close Human Resources department appropriations	(65,000)
Close Athletics appropriations	(67,936)
Close Fine Arts Curriculum and Instruction appropriations	(69,875)
Reduce Clerical Substitute pay appropriations	(73,322)

Close remaining relocation allowance and daycare reserve appropriations		(75,646)
Close Campus Curriculum Facilitator supply appropriations		(86,211)
Reduce Part-time Clerical Pay appropriations		(97,000)
Close Secondary operations appropriations		(113,025)
Close Curriculum and Instruction appropriations		(163,873)
Close District Operations appropriations		(236,481)
Close finance appropriations		(310,000)
Close Information Systems and Information Technology appropriations		(552,756)
Close worker's compensation budget		(638,819)
Final Amended Appropriations	$	247,586,720

	Other Sources (Uses)	
Beginning Other Sources (Uses)	$	(397,000)
Operating transfer in for portion close of Fund 686 2015 Capital Projects		2,966,345
Operating transfer in for portion close of Fund 686 2015 Capital Projects		561,830
Operating transfer in for portion for close of Fund 671 2010 Security Infrastructure		316,087
Operating transfer in for portion close of Fund 685 2014 Sewer Infrastructure		96,492
Operating transfer in for close of Fund 684 2014 Turf Installation		48,485
Increase in operating transfer out for Crockett flooring		(292,000)
Final Amended Other Uses	$	3,300,239

Capital Asset and Debt Administration

Capital Assets

At the end of 2017, the District had approximately $335 million invested in a broad range of capital assets, (net of accumulated depreciation and amortization) including facilities and equipment for instruction, transportation, athletics, administration, maintenance, and computer technology. This amount represents a net increase of approximately $6 million or 2%, above last year.

This year's major additions included:	2016-2017 Capital Additions
Bond Projects:	
Odessa High School	35,247,428
Permian High School	34,013,736
Downing Elementary School	20,838,815
West Elementary School	18,331,435
Buice Elementary School	18,764,373
Non-Bond Projects:	
Network Operating Center Building Renovations	4,013,084
Sewer Infrastructure Project	3,432,164
Sewer Infrastructure Project - Fly Elementary	1,082,175
Surveillance Project - Technology	966,475
Administration Building Elevator	209,485
Surveillance/Alarm System - Ector Middle School	207,768
Surveillance/Alarm System - Zavala Elementary School	176,898
Surveillance/Alarm System - Bowie Middle School	166,006
Surveillance/Alarm System - Bonham Middle School	164,260
Surveillance/Alarm System - Wilson and Young Elementary School	152,941
Surveillance/Alarm System - Crockett Middle School	141,441
Surveillance/Alarm System - Nimitz Middle School	141,135
Surveillance/Alarm System - Alternative Education Center	137,678
Alarm System - Permian High School	126,303
Alarm System - Odessa High School	120,338
Surveillance/Alarm System - Pease Elementary School	112,258
Surveillance/Alarm System - Travis Elementary School	112,049
Surveillance/Alarm System - Sam Houston Elementary School	105,424
Surveillance/Alarm System - Ross Elementary School	103,340

Surveillance/Alarm System - Reagan Elementary School	98,238
Odessa High School Fieldhouse Floor/Lighting	97,774
Surveillance/Alarm System - Jordan Elementary School	95,825
Surveillance/Alarm System - Burleson Elementary School	91,372
Surveillance/Alarm System - Burnet Elementary School	89,019
Surveillance/Alarm System - Fly Elementary School	88,242
Surveillance/Alarm System - Johnson Elementary School	87,667
Surveillance/Alarm System - Gonzales Elementary School	86,693
Surveillance/Alarm System - Dowling Elementary School	86,502
Surveillance/Alarm System - Noel Elementary School	86,090
Permian High School Fieldhouse Floor/Lighting	85,619
Surveillance/Alarm System - Cavazos Elementary School	85,394
Surveillance/Alarm System - San Jacinto Elementary School	84,213
Surveillance/Alarm System - Blackshear Elementary School	80,720
Surveillance/Alarm System - Cameron Elementary School	78,947
Surveillance/Alarm System - Alamo Elementary School	78,680
Surveillance/Alarm System - Hays Elementary School	78,377
Surveillance/Alarm System - Milam Elementary School	77,619
Surveillance/Alarm System - Austin Elementary School	77,103
Surveillance/Alarm System - Goliad Elementary School	76,128
Surveillance/Alarm System - Ireland Elementary School	66,686
Surveillance/Alarm System - Blanton Elementary School	66,610
Surveillance/Alarm System - Carver Elementary School	60,090
Surveillance Project - Downing Elementary School	49,286
Surveillance Project - West Elementary School	49,286
Surveillance Project - Buice Elementary School	49,286
Alarm System - New Tech Odessa High School	38,636
Surveillance/Alarm System - Lamar Elementary School	37,246
Alarm System - Maintenance	36,132
Alarm System - Advanced Technical Center	36,027
Alarm System - Administration Building	15,349
Alarm System - Police	13,702
Alarm System - Special Education Annex Building	12,925
Permian High School Swim Deck	12,800
Alarm System - Central Receiving	12,341
Alarm System - Transportation	12,164
Access Controls - Crockett Middle School	9,489
School Flasher System - Wilson and Young Middle School	8,734
Alarm System - Food Service	8,239
Access Controls - Gonzales Elementary School	8,009
Access Controls - Ross Elementary School	7,858
Access Controls - Jordan Elementary School	7,662
Alarm System - Textbooks	7,560
Access Controls - Cameron Elementary School	7,261
Permian High School Training Room Renovations	6,975
Alarm System - Testing Warehouse	6,534
Alarm System - Community Outreach Center	5,004
Construction in Progress	(128,597,681)

Furniture, Fixtures and Equipment:	
Transportation Vehicles and Equipment	959,793
Maintenance Vehicles and Equipment	75,998
Police Vehicles	27,698
Technology Equipment	996,835
Software	188,001
Musical Instruments	58,819
Furniture	12,226
Athletic Equipment	42,088
Food Service Equipment	70,970
Communication Equipment	495,751
Playground Equipment	858,000
Other Vehicles	22,610
Sound Systems	23,347
Electronic Signs	40,895
Pedestrian Crossing Warning System	8,396
Network Camera	19,251
Other Equipment	5,433
Land and Improvements	
Land purchases	440,346
Donated Property	
Athletic Equipment	14,946
Total Capital Additions	16,992,844

Debt Administration

At year-end, the District had approximately $196 million in bonds outstanding versus approximately $202 million last year-a decrease of $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 pension liability of $67,236,631.

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, K, L and M to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The District's elected and appointed officials considered many factors when preparing the fiscal year 2018 budget. (1) the need to staff and operate campuses; (2) the anticipated change of student population within the campuses and; (3) to provide funding for software, textbooks, and various instructional initiatives.

These factors were taken into account when adopting the General Fund budget for 2018. Estimated revenues in the General Fund are $242.8 million, and estimated appropriations and other uses total $242.8 million. Budgeted appropriations have been increased by approximately $13.2 million from the 2017 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, 2017

Data Control Codes		1 Primary Government Governmental Activities	4 Component Unit Component Unit
	ASSETS		
1110	Cash and Cash Equivalents	$ 5,597,578	$ 350,043
1120	Current Investments	49,740,525	2,643,285
1220	Property Taxes Receivable (Delinquent)	16,384,897	-
1230	Allowance for Uncollectible Taxes	(11,325,242)	-
1240	Due from Other Governments	25,390,101	-
1290	Other Receivables, net	14,240	5,573
1300	Inventories	1,034,500	4,643
1410	Prepayments	9,129	-
	Capital Assets:		
1510	Land	10,961,837	-
1520	Buildings, Net	302,538,757	-
1530	Furniture and Equipment, Net	14,442,177	-
1560	Library Books and Media, Net	966,743	-
1580	Construction in Progress	6,245,875	-
1000	Total Assets	422,001,117	3,003,544
	DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred Charge for Refunding	4,620,877	-
1705	Deferred Outflow Related to TRS	31,685,143	-
1700	Total Deferred Outflows of Resources	36,306,020	-
	LIABILITIES		
2110	Accounts Payable	5,440,911	48,622
2120	Short Term Debt Payable	-	51,490
2140	Interest Payable	2,082,954	-
2150	Payroll Deductions & Withholdings	2,317,994	-
2200	Accrued Expenses	15,721,655	-
2300	Unearned Revenue	874,268	-
	Noncurrent Liabilities		
2501	Due Within One Year	4,516,321	-
2502	Due in More Than One Year	199,642,820	-
2540	Net Pension Liability (District's Share)	67,236,631	-
2000	Total Liabilities	297,833,554	100,112
	DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflow Related to TRS	3,877,195	-
2600	Total Deferred Inflows of Resources	3,877,195	-
	NET POSITION		
3200	Net Investment in Capital Assets	138,205,124	-
	Restricted for:		
3860	Restricted for Capital Projects	2,582,437	-
3870	Restricted for Campus Activities	2,351	-
3880	Restricted for Scholorships	25,457	-
3890	Restricted for Other Purposes	-	1,379,168
3900	Unrestricted	15,781,019	1,524,264
3000	Total Net Position	$ 156,596,388	$ 2,903,432

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, 2017

Data Control Codes		1	Program Revenues 3	4
		Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:				
	GOVERNMENTAL ACTIVITIES:			
11	Instruction	$ 162,198,415	$ 498,982	$ 20,591,067
12	Instructional Resources and Media Services	3,825,633	-	1,094,625
13	Curriculum and Staff Development	10,184,367	-	5,039,463
21	Instructional Leadership	4,537,382	-	203,784
23	School Leadership	19,100,445	-	942,161
31	Guidance, Counseling and Evaluation Services	11,611,236	-	959,489
32	Social Work Services	720,853	14,315	93,078
33	Health Services	2,341,856	-	162,485
34	Student (Pupil) Transportation	7,899,891	28,630	249,510
35	Food Services	15,161,405	3,915,222	10,435,479
36	Extracurricular Activities	7,364,444	26,816	148,055
41	General Administration	6,824,620	3,180,603	628,090
51	Facilities Maintenance and Operations	26,054,756	261,755	1,520,694
52	Security and Monitoring Services	2,832,049	-	113,254
53	Data Processing Services	6,667,354	-	175,278
61	Community Services	1,464,377	-	303,264
72	Debt Service - Interest on Long Term Debt	3,948,587	-	-
73	Debt Service - Bond Issuance Cost and Fees	473,282	-	-
99	Other Intergovernmental Charges	1,463,402	-	-
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 294,674,354	$ 7,926,323	$ 42,659,776
Component Unit:				
1C		$ 2,009,927	$ 1,869,417	$ -
[TC]	TOTAL COMPONENT UNIT:	$ 2,009,927	$ 1,869,417	$ -

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

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

Net (Expense) Revenue and Changes in Net Position	
6	9
Primary Government	Component Unit
Governmental Activities	Component Unit
$ (141,108,366)	$ -
(2,731,008)	-
(5,144,904)	-
(4,333,598)	-
(18,158,284)	-
(10,651,747)	-
(613,460)	-
(2,179,371)	-
(7,621,751)	-
(810,704)	-
(7,189,573)	-
(3,015,927)	-
(24,272,307)	-
(2,718,795)	-
(6,492,076)	-
(1,161,113)	-
(3,948,587)	-
(473,282)	-
(1,463,402)	-
(244,088,255)	-
-	(140,510)
-	(140,510)
126,134,457	-
12,903,623	-
80,857,649	-
85,045	-
338,654	-
1,869,098	-
222,188,526	-
(21,899,729)	(140,510)
178,496,117	3,043,942
$ 156,596,388	$ 2,903,432

GOVERNMENTAL FUND FINANCIAL STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
	ASSETS				
1110	Cash and Cash Equivalents	$ 4,405,233	$ 5,340	$ 136,579	$ 4,547,152
1120	Investments - Current	22,916,853	12,917,528	2,399,647	38,234,028
1220	Property Taxes - Delinquent	14,937,638	1,447,259	-	16,384,897
1230	Allowance for Uncollectible Taxes (Credit)	(10,324,896)	(1,000,346)	-	(11,325,242)
1240	Receivables from Other Governments	23,447,857	-	1,942,244	25,390,101
1260	Due from Other Funds	1,004,245	110,554	5,624,484	6,739,283
1290	Other Receivables	14,240	-	-	14,240
1300	Inventories	62,802	-	971,698	1,034,500
1410	Prepayments	9,129	-	-	9,129
1000	Total Assets	$ 56,473,101	$ 13,480,335	$ 11,074,652	$ 81,028,088
	LIABILITIES				
2110	Accounts Payable	$ 1,698,431	$ -	$ 3,041,755	$ 4,740,186
2150	Payroll Deductions and Withholdings Payable	2,317,994	-	-	2,317,994
2170	Due to Other Funds	8,480,509	-	1,604,954	10,085,463
2200	Accrued Expenditures	13,550,250	-	208,426	13,758,676
2300	Unearned Revenues	9,113,230	466,614	778,186	10,358,030
2000	Total Liabilities	35,160,414	466,614	5,633,321	41,260,349
	FUND BALANCES				
	Nonspendable Fund Balance:				
3410	Inventories	62,802	-	971,698	1,034,500
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	1,859,388	1,859,388
3480	Retirement of Long-Term Debt	-	13,013,721	-	13,013,721
3490	Other Restricted Fund Balance	-	-	27,808	27,808
	Committed Fund Balance:				
3510	Construction	-	-	2,582,437	2,582,437
3540	Self Insurance	1,000,000	-	-	1,000,000
3545	Other Committed Fund Balance	677,639	-	-	677,639
	Assigned Fund Balance:				
3590	Other Assigned Fund Balance	4,900,088	-	-	4,900,088
3600	Unassigned Fund Balance	14,672,158	-	-	14,672,158
3000	Total Fund Balances	21,312,687	13,013,721	5,441,331	39,767,739
4000	Total Liabilities and Fund Balances	$ 56,473,101	$ 13,480,335	$ 11,074,652	$ 81,028,088

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

	Total Fund Balances - Governmental Funds	$	39,767,739
1	The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		13,542,028
2	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was $504,785,043 and the accumulated depreciation was $179,320,445. The beginning balance of deferred charge for refunding for $1,995,649 will decrease net position. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) of $325,464,598 and long-term debt in the governmental activities of ($206,545,491) is to increase net position.		120,914,756
3	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements,but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2017 capital outlays of $16,992,844 and debt principal payments of $2,947,440, is to increase net position.		19,940,284
4	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 in the amount of ($67,236,631), a Deferred Resource Inflow related to TRS in the amount of ($3,877,195) and a Deferred Resource Outflow related to TRS in the amount of $31,685,143. This amounted to a decrease in Net Position in the amount of ($39,428,683).		(39,428,683)
5	The issuance of long-term debt is not due and payable within the current period and, therefore, is not reported in the governmental funds balance sheet. Also, governmental funds report the effect of issuance costs, premiums, discounts, and deferred gain/loss on refundings when debt is first issued, whereas these amounts are deferred and amortized in the statement of net assets. The current year effect on the statement of activities resulting from amortizing various bond related items is as follows: net bond premium $781,479, deferred gain $773,165, accretion on CABs $4,484,681, and net effect of refunding of ($466,950).		5,572,375
6	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unearned revenue as revenue $4,779,402, sale of assets ($41,103), recognizing current year depreciation ($10,839,110), recognizing the current year change in sick leave payable ($232,706), recognizing current year interest payable ($2,082,954), and recognizing the effect of the beginning balance for unearned revenue $4,704,360. The net effect of these reclassifications and recognitions is to (decrease) net position.		(3,712,111)
19	**Net Position of Governmental Activities**	$	156,596,388

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT EXHIBIT C-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 126,904,251	$ 13,106,087	$ 4,573,560	$ 144,583,898
5800	State Program Revenues	89,355,116	241,182	3,140,881	92,737,179
5900	Federal Program Revenues	2,981,924	-	25,803,493	28,785,417
5020	Total Revenues	219,241,291	13,347,269	33,517,934	266,106,494
	EXPENDITURES:				
	Current:				
0011	Instruction	142,009,936	-	11,910,542	153,920,478
0012	Instructional Resources and Media Services	2,565,361	-	1,007,423	3,572,784
0013	Curriculum and Instructional Staff Development	5,124,009	-	4,753,052	9,877,061
0021	Instructional Leadership	4,330,160	-	15,138	4,345,298
0023	School Leadership	18,082,506	-	174,367	18,256,873
0031	Guidance, Counseling and Evaluation Services	10,746,266	-	477,355	11,223,621
0032	Social Work Services	653,808	-	61,108	714,916
0033	Health Services	2,206,265	-	55,060	2,261,325
0034	Student (Pupil) Transportation	7,818,636	-	2,050	7,820,686
0035	Food Services	101,114	-	13,937,532	14,038,646
0036	Extracurricular Activities	5,591,736	-	-	5,591,736
0041	General Administration	6,571,447	-	8,040	6,579,487
0051	Facilities Maintenance and Operations	22,575,362	-	2,383,192	24,958,554
0052	Security and Monitoring Services	2,447,922	-	-	2,447,922
0053	Data Processing Services	5,288,120	-	1,918,976	7,207,096
0061	Community Services	1,157,947	-	258,175	1,416,122
	Debt Service:				
0071	Principal on Long Term Debt	-	2,947,441	-	2,947,441
0072	Interest on Long Term Debt	37,680	10,527,662	-	10,565,342
0073	Bond Issuance Cost and Fees	-	473,282	-	473,282
	Capital Outlay:				
0081	Facilities Acquisition and Construction	366,681	-	12,116,131	12,482,812
	Intergovernmental:				
0099	Other Intergovernmental Charges	1,463,402	-	-	1,463,402
6030	Total Expenditures	239,138,358	13,948,385	49,078,141	302,164,884
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,897,067)	(601,116)	(15,560,207)	(36,058,390)
	OTHER FINANCING SOURCES (USES):				
7911	Capital Related Debt Issued (Regular Bonds)	-	59,109,684	-	59,109,684
7912	Sale of Real and Personal Property	59,016	-	6,487	65,503
7915	Transfers In	3,433,307	-	664,217	4,097,524
8911	Transfers Out (Use)	(664,217)	-	(3,433,307)	(4,097,524)
8949	Other (Uses)	-	(58,642,734)	-	(58,642,734)
7080	Total Other Financing Sources (Uses)	2,828,106	466,950	(2,762,603)	532,453
1200	Net Change in Fund Balances	(17,068,961)	(134,166)	(18,322,810)	(35,525,937)
0100	Fund Balance - July 1 (Beginning)	38,381,648	13,147,887	23,764,141	75,293,676
3000	Fund Balance - June 30 (Ending)	$ 21,312,687	$ 13,013,721	$ 5,441,331	$ 39,767,739

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds	$	(35,525,937)
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 gain of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net position.		(2,114,896)
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 2017 capital outlays of $16,992,844 and debt principal payments of $2,947,440 is to increase net position.		19,940,284
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.		(10,839,110)
The proceeds from the issuance of bonds are reported as financial resources in the year of occurrence on the governmental fund financial statements, whereas there is no effect on the statement of activities. Also, governmental funds report on the effect of bond issuance costs, premiums, discounts, and deferred loss on refundings whereas these amounts are deferred and amortized on the statement of activities. The current year effect on the statement of activites resulting from amortizing various bond related items is as follows: net bond premium $781,479; deferred gain $773,165, net current year accretion on CAB's $4,484,681, and the effect of bond refunding of ($466,950).		5,572,375
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unearned revenue as revenue $4,779,402, recognizing the current year change in sick leave payable ($232,706), sale of assets ($41,103), recognizing the change in interest payable and reversing prior period interest payable $577,430.		5,083,023
Current year changes due to GASB 68 increased revenues in the amount of $1,736,504 but also increased expenditures in the amount of ($5,571,972). The net effect on the change in the ending net position was a increase in the amount of ($4,015,468).		(4,015,468)
Change in Net Position of Governmental Activities	$	(21,899,729)

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, 2017

	Governmental Activities - Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 1,050,426
Investments - Current	11,506,497
Due from Other Funds	3,931,092
Total Current Assets	16,488,015
Noncurrent Assets:	
Capital Assets:	
Land	54,012
Buildings and Improvements	3,663,335
Depreciation on Buildings	(139,187)
Total Noncurrent Assets	3,578,160
Total Assets	20,066,175
LIABILITIES	
Current Liabilities:	
Accounts Payable	700,725
Due to Other Funds	584,912
Accrued Expenses	2,948,870
Total Current Liabilities	4,234,507
Noncurrent Liabilities:	
Other Long-Term Debt - Due in More than One Year	2,289,640
Total Noncurrent Liabilities	2,289,640
Total Liabilities	6,524,147
NET POSITION	
Unrestricted Net Position	13,542,028
Total Net Position	$ 13,542,028

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities - Total Internal Service Funds
OPERATING REVENUES:	
Employee and Employer Premiums	$ 23,331,430
Stop Loss Reimbursement	1,011,631
Total Operating Revenues	24,343,061
OPERATING EXPENSES:	
Claims and Prescriptions	23,509,076
Professional and Contracted Services	239,383
Supplies and Materials	16,216
Other Operating Costs	2,676,739
Depreciation Expense	87,004
Total Operating Expenses	26,528,418
Operating Income (Loss)	(2,185,357)
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	70,461
Total Nonoperating Revenues (Expenses)	70,461
Change in Net Position	(2,114,896)
Total Net Position - July 1 (Beginning)	15,656,924
Total Net Position - June 30 (Ending)	$ 13,542,028

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, 2017

	Governmental Activities - Total Internal Service Funds
Cash Flows from Operating Activities:	
Cash Received from Rental Receipts	$ 160,439
Cash Received from Employees and Employer	21,724,582
Cash Received from Stop Loss Carrier	1,011,631
Cash Payments for Claims	(23,157,758)
Other Payments	(2,789,880)
Net Cash Used for Operating Activities	(3,050,986)
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	70,461
Net Decrease in Cash and Cash Equivalents	(2,980,525)
Cash and Cash Equivalents at Beginning of Year	15,537,448
Cash and Cash Equivalents at End of Year	$ 12,556,923
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:	
Operating Income (Loss):	$ (2,185,357)
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 in Due from Other Funds	(2,130,546)
Decrease in Due from Other Funds	684,137
Increase in Accounts Payable	142,458
Increase in Accrued Expenses	351,318
Net Cash Used for Operating Activities	$ (3,050,986)

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, 2017

	Agency Fund
ASSETS	
Restricted Assets	$ 934,132
Total Assets	$ 934,132
LIABILITIES	
Due to Student Groups	$ 934,132
Total Liabilities	$ 934,132

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 promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in ***Statement on Auditing Standards No. 69*** of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's ***Financial Accountability System Resource Guide*** (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." The District has component units, which are discretely presented in a separate column in a supporting schedule to the government-wide financial statements. The ECISD Education Foundation, Permian High Band and Orchestra and Odessa High School Band and Orchestra are combined and presented separately in one column to emphasize that they are legally separate from the District. If you have questions about this report or need additional financial information, contact the District’s business office, at Ector County Independent School District, 802 N. Sam Houston, Odessa, Texas.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

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.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

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

Additionally, the District reports the following fund types:

Governmental Funds:

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

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

3. **Capital Projects Funds –** The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund. The District has capital projects funds to separately account for various locally funded capital projects occurring throughout the District, and to account for the 2013 bond issue transactions.

4. **Permanent Funds –** The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no permanent funds.

Proprietary Funds:

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

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

Fiduciary Funds:

7. **Private Purpose Trust Funds –** The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District has no private purpose trust funds.

8. **Pension (and Other Employee Benefit) Trust Funds –** These funds are used to account for local pension and other employee benefit funds that are provided by the District in lieu of or in addition to the Teacher Retirement System of Texas. The District has no pension trust funds.

9. **Investment Trust Fund -** This fund is one in which the District holds assets in trust for other entities participating in an investment program managed by the district. The District has no investment trust funds.

10. **Agency Funds –** The District accounts for resources held for others in a custodial capacity in agency funds. The District's agency funds are the Student Activity Funds.

E. OTHER ACCOUNTING POLICIES

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

3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenses.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Capital replacement (expenditures for equipment, furniture, software)
2. Building construction, repair and renovation
3. Insurance deductibles
4. Program 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. The Data Control Codes refer to the account code structure prescribed by Texas Education Agency (TEA) in the ***Financial Accountability System Resource Guide***. TEA requires school districts to display these codes in the financial statements filed with TEA in order to ensure accuracy in building a State-wide data base for policy development and funding plans.

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

Encumbrance balances at June 30, 2017, consisted of the following amounts:

Fund Type	Amount
General Fund	$ 2,269,611
Special Revenue Fund	956,377
Capital Projects Fund	2,720,047
Internal Service Fund	132,361
Total	$ 6,078,396

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

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

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

1. Prior to June 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 after ten days' public notice of the meeting has been 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, by Thursday of the second full week of December.

Once a budget is approved and adopted, any commitment that exceeds the available balance of the appropriation on the function level requires a budget amendment before the commitment is made. As dictated by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. All budget amendments enacted at the function level during fiscal year 2017 were legally approved.

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

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

Fund Type	Budgeted Expenditures	Actual Amount	Overage
Special Revenue Funds			
TITLE III, PART A English Language Acquisition			
School Leadership	-	5,100	(5,100) a
Regional Day School for DEAF			
Guidance, Counseling, and Evaluation Services	20,346	35,539	(15,193) b

a: Ocurred due to a lack of budgeted expenditures for contracted services expenditures

b: Ocurred due to end-of-year payroll salary expenses being greater than appropriations

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 rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) 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 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 – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus, the District's positions in external investment pools are not subject to custodial credit risk.

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

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, 2017:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1	Maturity in 1-10 Years	Maturity in Over 10	Credit Rating
TDAM Municipal Portfolio Class A	$ 418	0.01%	$ 418	-	-	N/A
Total TDAM Municipal Portfolio Class A:	418		418	-	-	
Investment Pools:						
TexPool	33,968,880	84.88%	33,968,880	-	-	AAAm
Lone Star	1,153,116	2.88%	1,153,116	-	-	AAAm
TexStar	4,895,781	12.23%	4,895,781	-	-	AAAm
Total Investment Pools:	40,017,777		40,017,777	-	-	
Total Cash and Cash Equivalents:	$ 40,018,195	100%	$ 40,018,195	-	-	

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.

As of June 30, 2017, the District’s had the following investments subject to the fair value measurement:

	Balance at June 30, 2017	Fair Value Measurements		
		Level 1	Level 2	Level 3
TCG DIRECTED INVESTMENTS				
Fixed Income				
Municipal Bonds	$ 9,722,330	9,722,330	-	-
Total Fixed Income:	9,722,330	9,722,330	-	-
Total Invesments at Fair Value:	$ 9,722,330	9,722,330	-	-

The TCG Directed Investments at June 30, 2017 classified in Level 1 are valued using prices quoted in active markets for those securities.

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

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

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

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

TCG Directed Investments:
Internet: www.tdameritrade.com
Phone: 1-800-454-9272
Address: TCG Investment Advisory Services
900 S Capital of Texas Hwy
Suite 350
Austin, TX 78746

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, 2017, consisted of the following amounts:

		Due From Other Funds	Due To Other Funds
General Fund:			
	Debt Service Fund	$ -	$ 110,554
	Special Revenue Fund	419,333	940,454
	Capital Projects Fund	-	3,498,409
	Internal Service Fund	584,912	3,931,092
	Total General Fund	1,004,245	8,480,509
Debt Service Fund:			
	General Fund	110,554	-
	Total Debt Service Fund	110,554	-
Capital Project Fund:			
	General Fund	3,498,409	-
	Total Capital Projects Fund	3,498,409	-
Special Revenue Fund:			
	General Fund	940,454	419,333
	Special Revenue Fund	1,185,621	1,185,621
	Total Special Revenue Fund	2,126,075	1,604,954
Internal Service Fund:			
	General Fund	3,931,092	584,912
	Total Internal Service Fund	3,931,092	584,912
	Totals	$ 10,670,375	$ 10,670,375

The purpose of the interfund balances as of June 30, 2017, represents amounts owed to and from other funds, payroll and related benefits, and operations that will be cleared the following month when money is received from the granting agency or when subsequent transfers/repayments are made.

Interfund transfers for the year ended June 30, 2017 consisted of the following amounts:

Interfund transfers

	Transfers Out	Transfers In
General Fund:	$ 664,217	$ 3,433,307
Special Revenue Fund:	-	372,217
Capital Project Fund:	3,433,307	292,000
Totals	$ 4,097,524	$ 4,097,524

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

1) To fund the District's portion of the Regional Day School for the Deaf Programs - $372,217
2) To fund the Crockett Flooring Fund - $292,000

The transfer into the general fund was from unused local funds from construction projects - $3,433,307.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2017 were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	$ 14,937,638	$ 23,447,857	$ 1,004,245	$ 14,240	$ 39,403,980
Debt Service Fund	1,447,259	-	110,554	-	1,557,813
Capital Projects Funds	-	-	3,498,409	-	3,498,409
Other Funds	-	1,942,244	2,126,075	-	4,068,319
Internal Service Funds	-	-	3,931,092	-	3,931,092
Total - Governmental Activities	$ 16,384,897	$ 25,390,101	$ 10,670,375	$ 14,240	$ 52,459,613

Payables at June 30, 2017 were as follows:

	Accounts Payable	Other Governments	Payroll Deductions and Withholdings Payable	Due To Other Funds	Total Payables
Governmental Activities:					
General Fund	$ 1,698,431	$ -	$ 2,317,994	$ 8,480,509	$ 12,496,934
Debt Service Fund	-	-	-	-	-
Capital Projects Funds	2,214,987	-	-	-	2,214,987
Other Funds	826,768	-	-	1,604,954	2,431,722
Internal Service Funds	700,725	-	-	584,912	1,285,637
Total - Governmental Activities	$ 5,440,911	$ -	$ 2,317,994	$ 10,670,375	$ 18,429,280

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2017, was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Land	$ 10,521,491	$ 440,346	$ -	$ 10,961,837
Buildings and Improvements	314,101,879	141,229,122	-	455,331,001
Equipment	44,922,263	3,733,056	(896,220)	47,759,099
Software	4,113,201	188,001	(43,765)	4,257,437
Construction in Progress	134,843,556	(128,597,681)	-	6,245,875
Totals at Historical Costs	508,502,390	16,992,844	(939,985)	524,555,249
Less accumulated depreciation and amortization for:				
Buildings and Improvements	(145,996,338)	(6,795,906)	-	(152,792,244)
All Equipment	(30,734,597)	(3,437,442)	855,117	(33,316,922)
Software	(2,641,693)	(692,766)	43,765	(3,290,694)
Total accumulated depreciation for:	(179,372,628)	(10,926,114)	898,882	(189,399,860)
Governmental activities capital assets, net	$ 329,129,762	$ 6,066,730	$ (41,103)	$ 335,155,389

*Depreciation expense was charged to governmental functions as follows:

Instruction	$ 3,139,890
Instruction Resources & Media Services	159,134
Curriculum & Staff Development	-
Instructional Leadership	32,195
School Leadership	244,418
Guidance, Counseling & Evaluation Services	12,534
Health Services	1,756
Student Transportation	875,178
Food Service	1,149,988
Co-Curricular/Extracurricular Activities	1,728,783
General Administration	35,802
Plant Maintenance & Operations	1,862,189
Securities & Monitoring Services	331,871
Data Processing Services	1,312,939
Community Services	39,437
Total Depreciation Expense	$ 10,926,114

G. BONDS PAYABLE

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

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

On February 20, 2007, the District issued $56,380,113 of Unlimited Tax Refunding Bonds, Series 2007 (the "Bonds") maturing from August 15, 2007 through August 15, 2027. Interest rates vary from 4.00% through 4.64%. The Bonds were issued to advance refund a portion of the District's outstanding bonds to lower the District's debt service payments by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. The refunding resulted in an economic gain to the District of $2,027,926. On June 30, 2017, $53,505,389 of bonds considered defeased by the Series 2007 Bonds are still outstanding.

On June 20, 2012, the District issued $4,690,000 of Unlimited Tax Refunding Bonds, Series 2012 (the "Bonds") maturing from August 15, 2012 through August 15, 2025. Interest rates vary from 2.00% to 3.00%. The Bonds were issued to advance refund a portion of the District's outstanding bonds to lower the District's debt service payments by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. The refunding resulted in an economic gain to the District of $637,628. The net cash flow decrease from the refunding over the life of the bond issue is $687,402. On June 30, 2017, $2,240,000 of bonds considered defeased by the series 2012 bonds are still outstanding.

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

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. The refunding resulted in an economic gain to the District of $9,588,712. The net cash flow decrease from the refunding over the life of the bond issue is $8,469,818.

A summary of changes in general long-term debt for the year ended June 30, 2017 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable Outstanding 7/1/2016	Issued	Retired	Payable Outstanding 6/30/2017
ECISD Unlimited Tax School Building and Refunding Bonds, Series 2001	3.55,3.90, 4.20, 4.50, 4.68, 4.80, 4.90, 5.01, 5.13, 5.26, 5.36, 5.46, 5.56, 5.64, 5.7, 5.75%	$ 55,868,558	$ 2,317,560	$ 6,370,257	$ -	$ 1,882,440	$ 4,487,817
ECISD Unlimited Tax School Refunding Bonds, Series 2007	4.00, 4.16, 4.20, 4.23, 4.25, 4.29, 4.30, 4.35, 4.36, 4.50, 4.56, 4.64%	56,380,113	2,755,905	55,992,169	-	55,837,169	155,000
ECISD Unlimited Tax Refunding Bonds, Series 2012	2.00, 3.00%	4,690,000	59,550	2,110,000	-	-	2,110,000
ECISD Unlimited Tax School Building Bonds, Series 2013	3.00, 3.125 3.25, 4.00 5.00%	121,595,000	4,841,844	116,485,000	-	905,000	115,580,000
ECISD Unlimited Tax Refunding Bonds, Series Series 2016	2.00, 4.00 5.00%	49,235,000	552,803	-	49,235,000	-	49,235,000
TOTAL		$ 287,768,671	$ 10,527,662	$ 180,957,426	$ 49,235,000	$ 58,624,609	$ 171,567,817

Debt service requirements are as follows:

	General Obligations		
Year Ended June 30,	Principal	Interest	Total Requirements
2018	$ 3,530,430	$ 11,249,264	$ 14,779,694
2019	3,399,088	9,772,481	13,171,569
2020	4,143,299	8,990,570	13,133,869
2021	6,115,000	6,934,994	13,049,994
2022	6,400,000	6,639,769	13,039,769
2023-2027	36,480,000	28,252,869	64,732,869
2028-2032	41,495,000	18,633,218	60,128,218
2033-2037	50,825,000	8,519,528	59,344,528
2038-2039	19,180,000	608,125	19,788,125
	$ 171,567,817	$ 99,600,818	$ 271,168,635

H. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of June 30, 2017, are as follows:

Year Ending June 30,	Future Rental Payments
2018	746,525
2019	410,730
2020	191,548
Total Minimum Rentals	$ 1,348,803
Rental Expenditures in Fiscal Year 2017	$ 959,815

I. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

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

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

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

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

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

	Sick Leave	Vacation Leave
Balance June 30, 2016	$ 5,164,623	$ 1,876,938
Additions/Adjustments - New Entrants and Salary Increments	1,166,420	(100,507)
Deductions - Payments to Participants	(1,082,714)	(142,462)
Balance June 30, 2017	$ 5,248,329	$ 1,633,969

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 http://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2016 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2016.

Components of Liability	Amount
Total Pension Liability	$ 171,797,150,487
Less: Plan Fiduciary Net Position	(134,008,637,473)
Net Pension Liability	$ 37,788,513,014
Net Position as percentage of Total Pension Liability	78.00%

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

	2016	2017
Member	7.2%	7.2%
Non-Employer Contributing Entity (State)	6.7%	6.7%
Employers	6.8%	6.8%

Employer 0576 - 2017 Employer Contributions	$5,653,247
Employer 0576 - 2017 Member Contributions	$5,237,634
Employer 0576 - 2017 NECE On-behalf Contributions	$8,088,016

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 a federal funding source or a privately sponsored source

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- 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.
- When a school district does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions. The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes During the year	None
Ad hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the four-year period ending August 31, 2014 and adopted on September 24, 2015.

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized on the following page:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Hedge Funds (Stable Value)	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectations			2.2%
Alpha			1.0%
Total	**100%**		**8.7%**

* *The Expected Contribution to Returns incoporates the volatility drag resulting from the conversion between Arithmetic and Geometric*

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 (8%) in measuring the 2016 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	**Discount Rate (8.0%)**	**1% Increase in Discount Rate (9.0%)**
ECISD proportionate share of the net pension liability:	$104,059,655	$67,236,631	$36,003,263

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the District reported a liability of $67,236,631 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

ECISD's Proportionate share of the collective net pension liability	$	67,236,631
State's proportionate share that is associated with ECISD		96,003,500
Total	$	163,240,131

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 thru August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was .1779287% which was an increase of 3.6233192% from its proportion measure as of August 31, 2015.

Changes Since the Prior Actuarial Valuation – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

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, 2017, the District recognized pension expense of $9,962,874, and revenue of $9,962,874 for support provided by the State in the Government Wide Statement of Activities.

At June 30, 2017, 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 will be the cumulative layers from the current and prior years combines.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Actuarial experience	$1,054,258	$2,007,647
Changes in Actuarial Assumptions	$2,049,252	$1,863,710
Difference between projected and actual investment earnings	$5,693,459	$0
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	$12,247,644	$5,838
Contributions paid to TRS subsequent to the measurement date (calculated by employer)	$10,640,530	$0
Total	$31,685,143	$3,877,195

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 Ended August 31	Pension Expense Amount
2018	$2,916,451
2019	$2,916,451
2020	$6,548,016
2021	$2,637,426
2022	$1,602,289
Thereafter	$546,785

K. DEFINED RETIREE HEALTH PLAN

Plan Description. The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the TRS. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teachers Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2017-2015.

	Contribution Rates					
	Active Member		State		School District	
Year	Rate	Amount	Rate	Amount	Rate	Amount
2017	0.65%	$1,070,495	1.0%	$1,646,915	0.55%	$905,803
2016	0.65%	$1,055,885	1.0%	$1,624,438	0.55%	$893,441
2015	0.65%	$978,525	1.0%	$1,505,423	0.55%	$827,983

Medicare Part D. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended 2017, 2016, and 2015 the subsidy payments received by TRS-Care on-behalf of the District were $767,878, $635,678 and $622,466 respectively. The information for the year ended June 30, 2017 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

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 $345 per month per employee and each employee contributed $65 per month, for the period of July through December 2016. Contributions increased to $350 and $70 for the period of January through June 2017. Employees, at their option, authorized payroll withholding to pay contributions for dependents. Third party administrators paid all claims from the fund. The plan was authorized by Section 21.922, Texas Education Code, and was documented by contractual agreement. The District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Sirius America Insurance Company, commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop loss coverage was in effect in 2016 for individual claims exceeding $300,000 annually and aggregate coverage with an attachment point of $24,474,633. These amounts increased to $350,000 individual and $27,330,237 aggregate in 2017. Estimates of claims payable and of claims incurred, but not reported at June 30, 2017, 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 2016-2017, three claims exceeded the $300,000 limit plus one one-time aggregating specific of $125,000 in 2016. Changes in the balances of claims liabilities during the past year are as follows:

	Year Ended June 30, 2016	Year Ended June 30, 2017
Unpaid claims, beginning of the year	$ 1,954,962	$ 2,058,431
Incurred claims (including IBNR's)	19,602,624	22,516,423
Claim Payments	(19,499,155)	(22,263,634)
Unpaid claims, end of fiscal year	$ 2,058,431	$ 2,311,220

Worker's Compensation

The District sponsors a self-funded Worker's Compensation Fund. Claims exceeding $450,000 up to the State of Texas statutory limits per occurrence are covered by a stop loss plan through the Texas Association of School Boards, whose carrier is Safety National Casualty Corporation.

For the school year 2016-2017, no claims exceeded the $450,000 limit. Changes in the balances of the claims liability during the past year are as follows:

	Year Ended June 30, 2016	Year Ended June 30, 2017
Unpaid claims, beginning of the year	$ 3,151,267	$ 2,828,761
Incurred claims (including IBNR's)	845,880	992,653
Claim Payments	(1,168,386)	(894,124)
Unpaid claims, end of fiscal year	$ 2,828,761	$ 2,927,290

M. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
School Building and Refunding Bond	$ 180,957,426	$ 49,235,000	$ (58,624,609)	$ 171,567,817	$ 3,530,430
Accumulated Accretion	11,848,216	1,265,450	(5,341,024)	7,772,642	-
Net Bond Premium	9,072,466	9,874,684	(2,304,087)	16,643,063	-
Total Bonds and Notes Payable	201,878,108	60,375,134	(66,269,720)	195,983,522	3,530,430

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Pension Liability:					
Net Pension Liability	60,696,210	18,236,396	(11,695,975)	67,236,631	-

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Other Liabilities:					
Worker's Compensation (IBNR)	2,828,761	992,653	(894,124)	2,927,290	637,650
Sick Leave Benefits	5,164,623	1,166,420	(1,082,714)	5,248,329	348,241
Total Other	7,993,384	2,159,073	(1,976,838)	8,175,619	985,891
Total Governmental Activities Long-Term Liabilities	$ 270,567,702	$ 80,770,603	$ (79,942,533)	$ 271,395,772	$ 4,516,321

N. UNEARNED REVENUES

Unearned revenues at year end consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Net Tax Revenue	$ 4,612,742	$ -	$ 446,914	$ 5,059,656
Insurance Recovery	4,423,229	-	-	4,423,229
State Textbook Fund	-	194,212	-	194,212
Jason's Project Stem	-	112,736	-	112,736
Project Lead the Way	-	98,970	-	98,970
Education Foundation Awards	-	86,296	-	86,296
Advanced Placement Incentives	-	56,723	-	56,723
Title II, Part A Training and Recruiting	-	46,738	-	46,738
Brown Agriculture Fund	-	46,721	-	46,721
Permian Basin Child's Play, Inc.	46,299	-	-	46,299
Weldon Scholarship Fund	-	27,545	-	27,545
Odessa Regional School Clinic	-	25,813	-	25,813
Title VI, LEP Summer School (K-1)	-	23,031	-	23,031
Advanced Via Individual Determination	-	22,048	-	22,048
Pick Education	-	20,000	-	20,000
Existing Debt Allotment - Texas Education Agency	-	-	19,700	19,700
Permian High School Robotics	10,000	-	-	10,000
Ecolab - Lyndon B. Johnson	-	8,766	-	8,766
Restitution	7,845	-	-	7,845
Permian High School Science Giants Award	-	4,933	-	4,933
Texas Comptroller LEOSE	4,815	-	-	4,815
Bonham Junior High Robotics	4,000	-	-	4,000
First in Family	3,300	-	-	3,300
ICA Donation	-	3,278	-	3,278
Zavala Elementary AVID	1,000	-	-	1,000
Ecolab - Blackshear Elementary	-	376	-	376
Total	$ 9,113,230	$ 778,186	$ 466,614	$ 10,358,030

O. DUE FROM STATE AND FEDERAL AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2017, are summarized below.

Fund Name	State Entitlements	Federal Grants	Total
General Fund	$ 23,447,857	$ -	$ 23,447,857
ESEA Title I, Part A - Improving Basic Programs	-	1,025,158	1,025,158
IDEA - Part B, Formula	-	371,204	371,204
Regional Day School - Deaf	257,761	-	257,761
Prekindergarten Grant	-	116,463	116,463
National School Breakfast and Lunch Program	-	67,675	67,675
IDEA - Part B, Preschool	-	42,427	42,427
Career and Technical Basic Grant	-	29,989	29,989
ESEA Title III, Part A - English Language Acquisition	-	25,684	25,684
IDEA - Part B, Discretionary Deaf	-	5,883	5,883
Total	$ 23,705,618	$ 1,684,483	$ 25,390,101

P. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the year ended June 30, 2017, revenues from local and intermediate sources consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	$121,371,851	$ -	$ 12,844,407	$ -	$134,216,258
Penalties, Interest and Other Tax-Related Income	2,035,058	-	215,067	-	2,250,125
Investment Income	194,819	7,294	46,613	26,763	275,489
Food Sales	-	4,069,145	-	-	4,069,145
Co-Curricular Student Activities	595,783	-	-	-	595,783
Other	2,706,740	470,358	-	-	3,177,098
Total	$126,904,251	$ 4,546,797	$ 13,106,087	$ 26,763	$144,583,898

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, 2017.

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

R. SHARED SERVICE ARRANGEMENTS

The District is the fiscal agent for a Shared Service Arrangement ("SSA") that provides deaf education to member districts. In addition to the District, other member districts include Midland, Andrews, Big Spring, Kermit, Coahoma, Kermit, McCamey, Monahans, and Ft. Stockton. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Fund 315, 316, 317, 340 and 435 using Model 3 in the SSA section. Expenditures of the SSA are summarized below:

Ector County Independent School District	$	636,686
Midland Independent School District		179,067
Andrews Independent School District		39,793
Big Spring Independent School District		59,689
Coahoma Independent School District		19,896
Kermit Independent School District		19,896
McCamey Independent School District		19,896
Monahans Independent School District		59,689
Ft. Stockton Independent School District		39,793
Pecos Independent School District		19,896
Total	$	1,094,301

S. CONSTRUCTION COMMITMENT

The District had the following construction commitments as of June 30, 2017:

Name of Project	Contractor	Contract Amount
Odessa High School Performing Arts Center	Lee Lewis	$ 7,896,255

T. SUBSEQUENT EVENT

On June 20th, 2017, the Trustees authorized the issuance of up to $20,000,000 of Tax and Revenue Anticipation Note, Taxable Series 2017, with a maturity date of March 31st, 2018 to enable the District, along with other available funds, to pay its current maintenance expenses on a timely basis.

On August 17th, 2017, the Trustees approved a proposal of a Tax Ratification Election that will result in an increase of approximately $20,335,675 into the District's 2017-2018 school year budget. The total proposed tax rate is $1.28 per $100 valuation. The tax rate change includes an increase from the current $1.04 to $1.17 in Maintenance & Operation (M&O) which provides funding for daily operations of the District. Interest and Sinking tax rate remains at a rate of $0.11. The Tax Ratification Election will be held on November 7th, 2017.

On August 17th, 2017, the Trustees approved an order calling a Bond Election for $291,172,291. The bond package targets to enhance seven different areas: life-cycle improvements, secure front entries for school campuses, fire & life safety upgrades at every campus, a district-wide fiber network, new comprehensive high school for 2,500 students, conversion of Ector Middle School to a high school for 1,500 students, and a new middle school to replace Ector Middle School. The bond election will be held on November 7th, 2017.

The District has evaluated events subsequent to June 30, 2017 through November 14, 2017, 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.

BUDGETARY COMPARISON REPORTING

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G-1

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	$ 143,886,993	$ 130,310,921	$ 126,904,251	$ (3,406,670)
5800	State Program Revenues	82,878,179	88,915,545	89,355,116	439,571
5900	Federal Program Revenues	2,840,828	2,913,548	2,981,924	68,376
5020	Total Revenues	229,606,000	222,140,014	219,241,291	(2,898,723)
	EXPENDITURES:				
	Current:				
0011	Instruction	133,295,156	143,308,953	142,009,936	1,299,017
0012	Instructional Resources and Media Services	2,842,452	2,666,218	2,565,361	100,857
0013	Curriculum and Instructional Staff Development	5,402,422	5,574,572	5,124,009	450,563
0021	Instructional Leadership	3,857,098	4,436,501	4,330,160	106,341
0023	School Leadership	17,784,728	18,758,859	18,082,506	676,353
0031	Guidance, Counseling and Evaluation Services	10,146,067	11,520,725	10,746,266	774,459
0032	Social Work Services	564,673	659,661	653,808	5,853
0033	Health Services	2,519,609	2,244,427	2,206,265	38,162
0034	Student (Pupil) Transportation	8,004,120	8,477,561	7,818,636	658,925
0035	Food Services	11,000	106,135	101,114	5,021
0036	Extracurricular Activities	5,476,909	5,623,988	5,591,736	32,252
0041	General Administration	7,011,633	7,046,817	6,571,447	475,370
0051	Facilities Maintenance and Operations	21,156,914	25,655,707	22,575,362	3,080,345
0052	Security and Monitoring Services	2,626,898	2,577,826	2,447,922	129,904
0053	Data Processing Services	5,555,627	5,494,784	5,288,120	206,664
0061	Community Services	1,217,159	1,199,705	1,157,947	41,758
	Debt Service:				
0072	Interest on Long Term Debt	-	267,000	37,680	229,320
	Capital Outlay:				
0081	Facilities Acquisition and Construction	12,000	372,148	366,681	5,467
	Intergovernmental:				
0099	Other Intergovernmental Charges	1,724,535	1,595,133	1,463,402	131,731
6030	Total Expenditures	229,209,000	247,586,720	239,138,358	8,448,362
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	397,000	(25,446,706)	(19,897,067)	5,549,639
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	65,418	65,418	59,016	(6,402)
7915	Transfers In	-	3,989,239	3,433,307	(555,932)
8911	Transfers Out (Use)	(462,418)	(754,418)	(664,217)	90,201
7080	Total Other Financing Sources (Uses)	(397,000)	3,300,239	2,828,106	(472,133)
1200	Net Change in Fund Balances	-	(22,146,467)	(17,068,961)	5,077,506
0100	Fund Balance - July 1 (Beginning)	38,381,648	38,381,648	38,381,648	-
3000	Fund Balance - June 30 (Ending)	$ 38,381,648	$ 16,235,181	$ 21,312,687	$ 5,077,506

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G-2

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, 2017

	2017	2016	2015
District's Proportion of the Net Pension Liability (Asset)	0.177928755%	0.1717072%	0.1256839%
District's Proportionate Share of the Net Pensions Liability (Asset) associated with the District	$ 67,236,631	$ 60,696,210	$ 33,571,908
State's Proportionate Share of the Net Pension Liabitlity (Asset) associated with the District	96,003,500	88,961,129	75,916,290
Total	$ 163,240,131	$ 149,657,339	$ 109,488,198
District's Covered Employee Payroll	$ 162,443,801	$ 150,542,332	$ 147,350,185
District's Proportionate Share of the Net Pensions Laibility (Asset) as a Percentage of its Covered Employee Payroll	41.39%	40.32%	22.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 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, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only three years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

EXHIBIT G-3

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2017

	2017	2016	2015
Contractually Required Contribution	$ 12,555,494	$ 11,460,548	$ 9,932,172
Contribution in Relation to the Contractually Required Contribution	(12,555,494)	(11,460,548)	(9,932,172)
Contribution Deficiency (Excess)	$ -0-	$ -0-	$ -0-
District's Covered-Employee Payroll	$ 164,788,323	$ 160,914,812	$ 149,308,655
Contributions as a Percentage of Covered-Employee Payroll	7.61%	7.12%	6.65%

Note: GASB 68, Paragraph 81 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 for the respective fiscal years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Changes of benefit terms

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

Changes of assumptions

The following are changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period:

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.

11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

COMBINING SCHEDULES

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

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	$ 49,243	$ -	$ -	$ 65,219
1120	Investments - Current	-	-	-	1,019,278
1240	Receivables from Other Governments	1,025,158	371,204	42,427	67,675
1260	Due from Other Funds	-	-	-	1,063,145
1300	Inventories	-	-	-	971,698
1000	Total Assets	$ 1,074,401	$ 371,204	$ 42,427	$ 3,187,015
	LIABILITIES				
2110	Accounts Payable	$ 130,199	$ 60	$ -	$ 300,895
2170	Due to Other Funds	798,290	370,786	42,427	-
2200	Accrued Expenditures	145,912	358	-	55,034
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	1,074,401	371,204	42,427	355,929
	FUND BALANCES				
	Nonspendable Fund Balance:				
3410	Inventories	-	-	-	971,698
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-	1,859,388
3490	Other Restricted Fund Balance	-	-	-	-
	Committed Fund Balance:				
3510	Construction	-	-	-	-
3000	Total Fund Balances	-	-	-	2,831,086
4000	Total Liabilities and Fund Balances	$ 1,074,401	$ 371,204	$ 42,427	$ 3,187,015

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	273 Mathematics & Science Partnerships	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
29,989	-	25,684	-	-	-	5,883	-
-	76,928	-	-	-	23,031	-	-
-	-	-	-	-	-	-	-
$ 29,989	$ 76,928	$ 25,684	$ -	$ -	$ 23,031	$ 5,883	$ -
$ -	$ 23,940	$ -	$ -	$ -	$ -	$ -	$ -
29,989	-	25,684	-	-	-	5,883	-
-	6,250	-	-	-	-	-	-
-	46,738	-	-	-	23,031	-	-
29,989	76,928	25,684	-	-	23,031	5,883	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 29,989	$ 76,928	$ 25,684	$ -	$ -	$ 23,031	$ 5,883	$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

Data Control Codes		317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives	410 State Textbook Fund
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ -	$ -
1120	Investments - Current	-	-	-	-
1240	Receivables from Other Governments	-	-	-	-
1260	Due from Other Funds	-	-	57,563	492,038
1300	Inventories	-	-	-	-
1000	Total Assets	$ -	$ -	$ 57,563	$ 492,038
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ 840	$ 297,826
2170	Due to Other Funds	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenues	-	-	56,723	194,212
2000	Total Liabilities	-	-	57,563	492,038
	FUND BALANCES				
	Nonspendable Fund Balance:				
3410	Inventories	-	-	-	-
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
	Committed Fund Balance:				
3510	Construction	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	$ -	$ -	$ 57,563	$ 492,038

429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	478 PICK Education	479 Johnson Elementary Ecolab	482 Education Foundation Awards	483 Citi Foundation Awards	486 Blackshear Elementary Ecolab	489 Brown Agriculture Fund
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	50,232
116,463	257,761	-	-	-	-	-	-
-	-	20,000	8,766	86,296	22,048	376	-
-	-	-	-	-	-	-	-
$ 116,463	$ 257,761	$ 20,000	$ 8,766	$ 86,296	$ 22,048	$ 376	$ 50,232
$ 44,557	$ -	$ -	$ -	$ -	$ -	$ -	$ -
71,906	256,889	-	-	-	-	-	3,100
-	872	-	-	-	-	-	-
-	-	20,000	8,766	86,296	22,048	376	46,721
116,463	257,761	20,000	8,766	86,296	22,048	376	49,821
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	411
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	411
$ 116,463	$ 257,761	$ 20,000	$ 8,766	$ 86,296	$ 22,048	$ 376	$ 50,232

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

Data Control Codes		490 Barbara Jordan Trust	491 OHS Scholarship Fund	492 Jason's Project STEM	493 ICA Donation Fund
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ -	$ -
1120	Investments - Current	237	25,114	-	-
1240	Receivables from Other Governments	-	-	-	-
1260	Due from Other Funds	1,703	-	112,736	3,278
1300	Inventories	-	-	-	-
1000	Total Assets	$ 1,940	$ 25,114	$ 112,736	$ 3,278
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ -	$ -
2170	Due to Other Funds	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenues	-	-	112,736	3,278
2000	Total Liabilities	-	-	112,736	3,278
	FUND BALANCES				
	Nonspendable Fund Balance:				
3410	Inventories	-	-	-	-
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	1,940	25,114	-	-
	Committed Fund Balance:				
3510	Construction	-	-	-	-
3000	Total Fund Balances	1,940	25,114	-	-
4000	Total Liabilities and Fund Balances	$ 1,940	$ 25,114	$ 112,736	$ 3,278

494 Chevron Project Lead The Way	496 School Clinic	497 Weldon Scholarship Fund	498 PHS Science Giant Award	Total Nonmajor Special Revenue Funds	671 Security Infra-Structure	679 2013 Bond Construction Fund	681 2013 Maint Projects Fund
$ -	$ -	$ -	$ -	$ 114,462	$ 20,787	$ 1,330	$ -
-	-	27,888	-	1,122,749	-	1,276,898	-
-	-	-	-	1,942,244	-	-	-
127,421	25,813	-	4,933	2,126,075	39,790	-	87,505
-	-	-	-	971,698	-	-	-
$ 127,421	$ 25,813	$ 27,888	$ 4,933	$ 6,277,228	$ 60,577	$ 1,278,228	$ 87,505
$ 28,451	$ -	$ -	$ -	$ 826,768	$ -	$ 1,077,815	$ 5,410
-	-	-	-	1,604,954	-	-	-
-	-	-	-	208,426	-	-	-
98,970	25,813	27,545	4,933	778,186	-	-	-
127,421	25,813	27,545	4,933	3,418,334	-	1,077,815	5,410
-	-	-	-	971,698	-	-	-
-	-	-	-	1,859,388	-	-	-
-	-	343	-	27,808	-	-	-
-	-	-	-	-	60,577	200,413	82,095
-	-	343	-	2,858,894	60,577	200,413	82,095
$ 127,421	$ 25,813	$ 27,888	$ 4,933	$ 6,277,228	$ 60,577	$ 1,278,228	$ 87,505

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

Data Control Codes		684 2014 Turf Installation Fund	685 2014 Sewer Infra-Structure	686 2015 Capital Projects	687 Crockett Flooring Fund
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ -	$ -
1120	Investments - Current	-	-	-	-
1240	Receivables from Other Governments	-	-	-	-
1260	Due from Other Funds	-	-	3,079,114	292,000
1300	Inventories	-	-	-	-
1000	Total Assets	$ -	$ -	$ 3,079,114	$ 292,000
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ 1,131,762	$ -
2170	Due to Other Funds	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	-	-	1,131,762	-
	FUND BALANCES				
	Nonspendable Fund Balance:				
3410	Inventories	-	-	-	-
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
	Committed Fund Balance:				
3510	Construction	-	-	1,947,352	292,000
3000	Total Fund Balances	-	-	1,947,352	292,000
4000	Total Liabilities and Fund Balances	$ -	$ -	$ 3,079,114	$ 292,000

Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
$ 22,117	$ 136,579
1,276,898	2,399,647
-	1,942,244
3,498,409	5,624,484
-	971,698
$ 4,797,424	$ 11,074,652
$ 2,214,987	$ 3,041,755
-	1,604,954
-	208,426
-	778,186
2,214,987	5,633,321
-	971,698
-	1,859,388
-	27,808
2,582,437	2,582,437
2,582,437	5,441,331
$ 4,797,424	$ 11,074,652

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

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	$ -	$ -	$ -	$ 4,091,838
5800	State Program Revenues	-	-	-	350,304
5900	Federal Program Revenues	7,472,235	5,368,234	152,884	10,955,659
5020	Total Revenues	7,472,235	5,368,234	152,884	15,397,801
	EXPENDITURES:				
	Current:				
0011	Instruction	2,961,167	5,160,194	152,884	-
0012	Instructional Resources and Media Services	988,349	-	-	-
0013	Curriculum and Instructional Staff Development	3,206,463	72,612	-	-
0021	Instructional Leadership	3,188	-	-	-
0023	School Leadership	36,024	-	-	-
0031	Guidance, Counseling and Evaluation Services	75,823	135,428	-	-
0032	Social Work Services	61,108	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	2,050	-	-	-
0035	Food Services	-	-	-	13,935,609
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	1,203,555
0053	Data Processing Services	-	-	-	-
0061	Community Services	138,063	-	-	-
	Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	7,472,235	5,368,234	152,884	15,139,164
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	258,637
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	-	-	-	6,487
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	6,487
1200	Net Change in Fund Balance	-	-	-	265,124
0100	Fund Balance - July 1 (Beginning)	-	-	-	2,565,962
3000	Fund Balance - June 30 (Ending)	$ -	$ -	$ -	$ 2,831,086

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	273 Mathematics & Science Partnerships	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
318,284	958,022	443,495	54,256	19,594	-	56,533	2,942
318,284	958,022	443,495	54,256	19,594	-	56,533	2,942
88,159	-	143,155	-	-	-	56,533	2,942
-	-	-	-	-	-	-	-
-	934,661	252,050	-	19,594	-	-	-
-	-	6,950	-	-	-	-	-
-	23,361	5,100	-	-	-	-	-
230,125	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	54,256	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	36,240	-	-	-	-	-
-	-	-	-	-	-	-	-
318,284	958,022	443,495	54,256	19,594	-	56,533	2,942
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives	410 State Textbook Fund
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800	State Program Revenues	-	-	5,631	1,799,683
5900	Federal Program Revenues	200	1,155	-	-
5020	Total Revenues	200	1,155	5,631	1,799,683
	EXPENDITURES:				
	Current:				
0011	Instruction	-	1,155	-	1,799,683
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	200	-	5,631	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	-
	Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	200	1,155	5,631	1,799,683
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	-	-	-	-
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	$ -	$ -	$ -	$ -

429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	478 PICK Education	479 Johnson Elementary Ecolab	482 Education Foundation Awards	483 Citi Foundation Awards	486 Blackshear Elementary Ecolab	489 Brown Agriculture Fund
$ -	$ 203,215	$ -	$ 15,153	$ 32,156	$ 440	$ 7,455	$ 3,363
527,335	457,928	-	-	-	-	-	-
-	-	-	-	-	-	-	-
527,335	661,143	-	15,153	32,156	440	7,455	3,363
249,449	919,297	-	15,153	27,156	-	7,455	3,100
-	-	-	-	-	-	-	-
166,440	5,129	-	-	-	-	-	-
-	-	-	-	5,000	-	-	-
17,056	65,355	-	-	-	-	-	-
-	35,539	-	-	-	440	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	8,040	-	-	-	-	-	-
13,768	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
80,622	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
527,335	1,033,360	-	15,153	32,156	440	7,455	3,100
-	(372,217)	-	-	-	-	-	263
-	-	-	-	-	-	-	-
-	372,217	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	372,217	-	-	-	-	-	-
-	-	-	-	-	-	-	263
-	-	-	-	-	-	-	148
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 411

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		490 Barbara Jordan Trust	491 OHS Scholarship Fund	492 Jason's Project STEM	493 ICA Donation Fund
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 237	$ 3,370	$ 34,966	$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	237	3,370	34,966	-
	EXPENDITURES:				
	Current:				
0011	Instruction	-	-	9,450	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	51,130	-	25,516	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	3,250	-	-
	Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	51,130	3,250	34,966	-
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,893)	120	-	-
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	-	-	-	-
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balance	(50,893)	120	-	-
0100	Fund Balance - July 1 (Beginning)	52,833	24,994	-	-
3000	Fund Balance - June 30 (Ending)	$ 1,940	$ 25,114	$ -	$ -

494 Chevron Project Lead The Way	496 School Clinic	497 Weldon Scholarship Fund	498 PHS Science Giant Award	Total Nonmajor Special Revenue Funds	671 Security Infra-Structure	679 2013 Bond Construction Fund	681 2013 Maint Projects Fund
$ 153,707	$ 804	$ 93	$ -	$ 4,546,797	$ -	$ 26,763	$ -
-	-	-	-	3,140,881	-	-	-
-	-	-	-	25,803,493	-	-	-
153,707	804	93	-	33,491,171	-	26,763	-
136,027	-	-	-	11,732,959	-	20,660	-
-	-	-	-	988,349	-	-	-
13,626	-	-	-	4,753,052	-	-	-
-	-	-	-	15,138	-	-	-
4,054	-	-	-	150,950	-	14,838	-
-	-	-	-	477,355	-	-	-
-	-	-	-	61,108	-	-	-
-	804	-	-	55,060	-	-	-
-	-	-	-	2,050	-	-	-
-	-	-	-	13,935,609	-	1,923	-
-	-	-	-	8,040	-	-	-
-	-	-	-	1,217,323	-	-	40,844
-	-	-	-	-	23,003	-	-
-	-	-	-	258,175	-	-	-
-	-	-	-	-	214,363	10,281,108	-
153,707	804	-	-	33,655,168	237,366	10,318,529	40,844
-	-	93	-	(163,997)	(237,366)	(10,291,766)	(40,844)
-	-	-	-	6,487	-	-	-
-	-	-	-	372,217	-	-	-
-	-	-	-	-	(316,087)	-	-
-	-	-	-	378,704	(316,087)	-	-
-	-	93	-	214,707	(553,453)	(10,291,766)	(40,844)
-	-	250	-	2,644,187	614,030	10,492,179	122,939
$ -	$ -	$ 343	$ -	$ 2,858,894	$ 60,577	$ 200,413	$ 82,095

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		684 2014 Turf Installation Fund	685 2014 Sewer Infra-Structure	686 2015 Capital Projects	687 Crockett Flooring Fund
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	-	-	-	-
	EXPENDITURES:				
	Current:				
0011	Instruction	-	-	156,923	-
0012	Instructional Resources and Media Services	-	-	19,074	-
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	8,579	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	1,125,025	-
0053	Data Processing Services	-	-	1,895,973	-
0061	Community Services	-	-	-	-
	Capital Outlay:				
0081	Facilities Acquisition and Construction	-	173,728	1,446,932	-
6030	Total Expenditures	-	173,728	4,652,506	-
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(173,728)	(4,652,506)	-
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	-	-	-	-
7915	Transfers In	-	-	-	292,000
8911	Transfers Out (Use)	(48,485)	(102,390)	(2,966,345)	-
7080	Total Other Financing Sources (Uses)	(48,485)	(102,390)	(2,966,345)	292,000
1200	Net Change in Fund Balance	(48,485)	(276,118)	(7,618,851)	292,000
0100	Fund Balance - July 1 (Beginning)	48,485	276,118	9,566,203	-
3000	Fund Balance - June 30 (Ending)	$ -	$ -	$ 1,947,352	$ 292,000

Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
$ 26,763	$ 4,573,560
-	3,140,881
-	25,803,493
26,763	33,517,934
177,583	11,910,542
19,074	1,007,423
-	4,753,052
-	15,138
23,417	174,367
-	477,355
-	61,108
-	55,060
-	2,050
1,923	13,937,532
-	8,040
1,165,869	2,383,192
1,918,976	1,918,976
-	258,175
12,116,131	12,116,131
15,422,973	49,078,141
(15,396,210)	(15,560,207)
-	6,487
292,000	664,217
(3,433,307)	(3,433,307)
(3,141,307)	(2,762,603)
(18,537,517)	(18,322,810)
21,119,954	23,764,141
$ 2,582,437	$ 5,441,331

COMBINING SCHEDULES – INTERNAL SERVICE FUNDS

EXHIBIT H-3

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

	715 Chancellor Killion Housing	771 Worker's Compensation Fund	772 Medical Trust Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 49,874	$ -	$ 1,000,552	$ 1,050,426
Investments - Current	-	7,051,651	4,454,846	11,506,497
Due from Other Funds	-	-	3,931,092	3,931,092
Total Current Assets	49,874	7,051,651	9,386,490	16,488,015
Noncurrent Assets:				
Capital Assets:				
Land	54,012	-	-	54,012
Buildings and Improvements	3,663,335	-	-	3,663,335
Depreciation on Buildings	(139,187)	-	-	(139,187)
Total Noncurrent Assets	3,578,160	-	-	3,578,160
Total Assets	3,628,034	7,051,651	9,386,490	20,066,175
LIABILITIES				
Current Liabilities:				
Accounts Payable	5,093	-	695,632	700,725
Due to Other Funds	-	584,912	-	584,912
Accrued Expenses	-	637,650	2,311,220	2,948,870
Total Current Liabilities	5,093	1,222,562	3,006,852	4,234,507
NonCurrent Liabilities:				
Other Long-Term Debt - Due in More than One Year	-	2,289,640	-	2,289,640
Total Noncurrent Liabilities	-	2,289,640	-	2,289,640
Total Liabilities	5,093	3,512,202	3,006,852	6,524,147
NET POSITION				
Unrestricted Net Position	3,622,941	3,539,449	6,379,638	13,542,028
Total Net Position	$ 3,622,941	$ 3,539,449	$ 6,379,638	$ 13,542,028

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, 2017

	715 Chancellor Killion Housing	771 Worker's Compensation Fund	772 Medical Trust Fund	Total Internal Service Funds
OPERATING REVENUES:				
Employee and Employer Premiums	$ 158,939	$ 235,555	$ 22,936,936	$ 23,331,430
Stop Loss Reimbursement	-	17,697	993,934	1,011,631
Total Operating Revenues	158,939	253,252	23,930,870	24,343,061
OPERATING EXPENSES:				
Claims and Prescriptions	-	992,653	22,516,423	23,509,076
Professional and Contracted Services	155,063	51,320	33,000	239,383
Supplies and Materials	16,216	-	-	16,216
Other Operating Costs	13,758	-	2,662,981	2,676,739
Depreciation Expense	87,004	-	-	87,004
Total Operating Expenses	272,041	1,043,973	25,212,404	26,528,418
Operating Income (Loss)	(113,102)	(790,721)	(1,281,534)	(2,185,357)
NONOPERATING REVENUES (EXPENSES):				
Earnings from Temporary Deposits & Investments	-	37,622	32,839	70,461
Total Nonoperating Revenues (Expenses)	-	37,622	32,839	70,461
Change in Net Position	(113,102)	(753,099)	(1,248,695)	(2,114,896)
Total Net Position - July 1 (Beginning)	3,736,043	4,292,548	7,628,333	15,656,924
Total Net Position June 30 (Ending)	$ 3,622,941	$ 3,539,449	$ 6,379,638	$ 13,542,028

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	715 Chancellor Killion Housing	771 Worker's Compensation Fund	772 Medical Trust Fund	Total Internal Service Funds
Cash Flows from Operating Activities:				
Cash Received from Rental Receipts	$ 160,439	$ -	$ -	$ 160,439
Cash Received from Employees and Employer	-	918,192	20,806,390	21,724,582
Cash Received from Stop Loss Carrier	-	17,697	993,934	1,011,631
Cash Payments for Claims	-	(894,124)	(22,263,634)	(23,157,758)
Other Payments	(184,055)	(51,320)	(2,554,505)	(2,789,880)
Net Cash Used For Operating Activities	(23,616)	(9,555)	(3,017,815)	(3,050,986)
Cash Flows from Investing Activities:				
Interest and Dividends on Investments	-	37,622	32,839	70,461
Net Increase (Decrease) in Cash and Cash Equivalents	(23,616)	28,067	(2,984,976)	(2,980,525)
Cash and Cash Equivalents at Beginning of Year	73,490	7,023,584	8,440,374	15,537,448
Cash and Cash Equivalents at End of Year	$ 49,874	$ 7,051,651	$ 5,455,398	$ 12,556,923
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss):	$ (113,102)	$ (790,721)	$ (1,281,534)	$ (2,185,357)
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 in Due from Other Funds	-	-	(2,130,546)	(2,130,546)
Decrease in Due from Other Funds	1,500	682,637	-	684,137
Increase in Accounts Payable	982	-	141,476	142,458
Increase in Accrued Expenses	-	98,529	252,789	351,318
Net Cash Used for Operating Activities	$ (23,616)	$ (9,555)	$ (3,017,815)	$ (3,050,986)

REQUIRED TEA SCHEDULES

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2017

Last 10 Years		(1) Tax Rates	(2)	(3) Assessed/Appraised Value for School Tax Purposes
		Maintenance	Debt Service	
2008	and prior years	Various	Various	$ 7,597,165,000
2009		1.030000	0.082000	9,273,311,000
2010		1.040000	0.088600	9,000,890,000
2011		1.040000	0.095000	9,565,177,000
2012		1.040000	0.095000	10,232,624,000
2013		1.040000	0.079500	11,598,844,880
2014		1.040000	0.121000	13,401,694,166
2015		1.040000	0.121000	14,256,078,650
2016		1.040000	0.110000	13,190,683,066
2017	(School year under audit)	1.040000	0.110000	11,855,872,243
1000	TOTALS			

(10) Beginning Balance 7/1/2016	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2017
$ 2,394,548	$ -	$ 53,386	$ 3,336	$ (76,436)	$ 2,261,390
458,339	-	18,749	1,171	753	439,172
426,525	-	41,354	3,293	13,545	395,423
484,425	-	69,726	5,941	15,003	423,761
742,640	-	86,505	7,902	12,736	660,969
778,546	-	220,309	25,627	18,850	551,460
1,360,464	-	317,511	55,545	31,920	1,019,328
2,579,157	-	625,695	72,781	(37,926)	1,842,755
5,872,318	-	2,217,389	257,928	(260,591)	3,136,410
-	136,342,529	116,572,345	13,559,766	(556,188)	5,654,229
$ 15,096,962	$ 136,342,529	$ 120,222,969	$ 13,993,290	$ (838,334)	$ 16,384,897

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, 2017

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	$ 5,077,000	$ 5,090,777	$ 4,091,838	$ (998,939)
5800	State Program Revenues	370,000	370,000	350,304	(19,696)
5900	Federal Program Revenues	10,675,000	11,143,000	10,955,659	(187,341)
5020	Total Revenues	16,122,000	16,603,777	15,397,801	(1,205,976)
	EXPENDITURES:				
0035	Food Services	14,908,524	15,860,488	13,935,609	1,924,879
0051	Facilities Maintenance and Operations	1,213,476	1,213,476	1,203,555	9,921
6030	Total Expenditures	16,122,000	17,073,964	15,139,164	1,934,800
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(470,187)	258,637	728,824
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	-	-	6,487	6,487
1200	Net Change in Fund Balances	-	(470,187)	265,124	735,311
0100	Fund Balance - July 1 (Beginning)	2,565,962	2,565,962	2,565,962	-
3000	Fund Balance - June 30 (Ending)	$ 2,565,962	$ 2,095,775	$ 2,831,086	$ 735,311

EXHIBIT J-5

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, 2017

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	$ 14,464,362	$ 13,084,666	$ 13,106,087	$ 21,421
5800	State Program Revenues	253,957	241,217	241,182	(35)
5020	Total Revenues	14,718,319	13,325,883	13,347,269	21,386
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long Term Debt	2,947,440	2,947,440	2,947,441	(1)
0072	Interest on Long Term Debt	11,190,764	10,527,663	10,527,662	1
0073	Bond Issuance Cost and Fees	9,800	476,750	473,282	3,468
6030	Total Expenditures	14,148,004	13,951,853	13,948,385	3,468
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	570,315	(625,970)	(601,116)	24,854
	OTHER FINANCING SOURCES (USES):				
7911	Capital Related Debt Issued (Regular Bonds)	-	59,109,684	59,109,684	-
8949	Other (Uses)	-	(58,642,734)	(58,642,734)	-
7080	Total Other Financing Sources (Uses)	-	466,950	466,950	-
1200	Net Change in Fund Balances	570,315	(159,020)	(134,166)	24,854
0100	Fund Balance - July 1 (Beginning)	13,147,887	13,147,887	13,147,887	-
3000	Fund Balance - June 30 (Ending)	$ 13,718,202	$ 12,988,867	$ 13,013,721	$ 24,854

FEDERAL AWARDS SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Ector County Independent School District (the "District") as of and for the year ended June 30, 2017, 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 14, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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.

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Compliance and Other Matters

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

We performed tests designed to verify the District's compliance with the requirements of the Texas Public Funds Investment Act. During the year ended June 30, 2017, no instances of noncompliance were found.

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.



Odessa, Texas
November 14, 2017

JOHNSON, MILLER & CO., CPA's PC
Certified Public Accountants *A Professional Corporation*
An Independent Member of BDO Alliance USA

**Independent Auditor's Report on Compliance
For Each Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited the 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, 2017. 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.

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***Auditor's Responsibility* (Continued)**

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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 the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Johnson, Miller & Co., CPA's PC

Odessa, Texas
November 14, 2017

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Section I – Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	____ yes	X no	
• Significant deficiency(ies) identified?	____ yes	X none reported	
Noncompliance material to financial statements noted?	____ yes	X no	

Federal Awards

Internal control over major federal programs:			
• Material weakness(es) identified?	____ yes	X no	
• Significant deficiency(ies) identified?	____ yes	X none reported	
Type of auditor's report issued on compliance for major federal programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes	X no	
Dollar threshold used to distinguish between Type A and Type B programs	$ 788,515		
Auditee qualified as a low-risk auditee?	X yes	____ no	

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Identification of Major Programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010A	ESEA, Title I, Part A—Improving Basic Programs
84.010A	ESEA, Title I, Part D, Subpart 2-Deliguent Program
84.010A	TTL I 1003(A) Priority And Focus School Grant
	Special Education Cluster (IDEA):
84.027A	IDEA – Part B, Formula
84.027A	IDEA – Part B, Discretionary Deaf Formula
84.027A	IDEA – Part B, Discretionary Deaf
84.173A	IDEA – Part B, Preschool
84.173A	IDEA – Part B, Preschool Deaf
84.367A	ESEA, Title II, Part A, Teacher/Principal Training

SECTION II – Financial Statement Findings

No matters were reported.

SECTION III – Federal Award Findings and Questioned Costs

No matters were reported.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

SECTION II – Financial Statement Findings

No matters were reported.

SECTION III – Federal Award Findings and Questioned Costs

No matters were reported.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
Direct Programs			
Junior Reserve Officer's Training Corps	12.000	068901	$ 93,249
Total Direct Programs			$ 93,249
TOTAL U.S. DEPARTMENT OF DEFENSE			$ 93,249
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	16610101068901	$ 1,274,084
ESEA, Title I, Part A - Improving Basic Programs	84.010A	17610101068901	5,029,975
ESEA, Title I, Part D, Subpart 2-Delinquent Progra	84.010A	16610103068901	8,044
ESEA, Title I, Part D, Subpart 2-Delinquent Progra	84.010A	17610103068901	69,756
Title I 1003(A) Priority And Focus School Grant	84.010A	16610112068901000	184,062
Title I 1003(A) Priority And Focus School Grant	84.010A	17610112068901000	1,096,427
Total CFDA Number 84.010A			7,662,348
IDEA - Part B, Formula	84.027A	166600010689016600	660,801
IDEA - Part B, Formula	84.027A	176600010689016600	4,863,594
IDEA - Part B, Discretionary Deaf Formula	84.027A	166600010689016601	2,942
IDEA - Part B, Discretionary Deaf	84.027A	17660011068901	56,533
Total CFDA Number 84.027A			5,583,870
IDEA - Part B, Preschool	84.173A	166610010689016610	14,543
IDEA - Part B, Preschool	84.173A	176610010689016610	142,130
IDEA - Part B, Preschool Deaf	84.173A	166610010689016611	310
Total CFDA Number 84.173A			156,983
Total Special Education Cluster (IDEA)			5,740,853
Carl D. Perkins Basic Formula	84.048A	17420006068901	318,284
IDEA, Part C - Early Intervention (Deaf)	84.181A	173911010689013911	1,155
2015-2016 Teacher PD Partnerships	84.366B	156944187110004	22,212
Title III, Part A - LEP	84.365A	16671001068901	44,364
Title III, Part A - LEP	84.365A	17671001068901	399,131
Total CFDA Number 84.365A			443,495
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	16694501068901	135,750
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	17694501068901	854,474
Total CFDA Number 84.367A			990,224
Total Passed Through State Department of Education			$ 15,178,571
TOTAL U.S. DEPARTMENT OF EDUCATION			$ 15,178,571
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Dept of Human Services			
Medicaid Administrative Claiming Program - MAC	93.778	068901	$ 54,256
Federal Child Care Tuition	93.556	09030C02FY17	2,101
Total Passed Through Texas Dept of Human Services			$ 56,357
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			$ 56,357
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the State Department of Agriculture			
School Breakfast Program	10.553	71401701	$ 3,865,533

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
National School Lunch Program - Cash Assistance	10.555	71301701	6,478,877
National School Lunch Prog. - Non-Cash Assistance	10.555	068901	590,957
Total CFDA Number 10.555			7,069,834
Summer Feeding Program - Cash Assistance	10.559	068901	20,291
Total Child Nutrition Cluster			10,955,658
Total Passed Through the State Department of Agriculture			$ 10,955,658
TOTAL U.S. DEPARTMENT OF AGRICULTURE			$ 10,955,658
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 26,283,835

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

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

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

100-199	General Fund	2,981,924
200-499	Special Revenue Funds	25,803,493
		28,785,417
Less:	SHARS revenue	(2,501,582)
	Schedule of Federal Awards	26,283,835

4) Relationship to Federal Financial Reports

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

5) Amounts Passed Through by the District

During 2017, the District did not pass through any federal funding to sub-recipients.