

REGION 15 EDUCATION SERVICE CENTER

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

REGION 15 EDUCATION SERVICE CENTER

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022

REGION 15 EDUCATION SERVICE CENTER

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2022**

Board of Directors:

Donald Piwanka – Chairman

J.W. Jennings – Vice Chairman

Julie Griffin – Secretary

Billy Jack Rankin

Leigh Ann Glaze

Walter Holik, Jr.

Dean Munn

Christie Wolfe

Executive Director:

Casey Callahan

REGION 15 EDUCATION SERVICE CENTER

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2022**

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>	<u>Exhibit</u>
CERTIFICATE OF BOARD		
FINANCIAL SECTION		
<u>Independent Auditor’s Report</u>		
Unmodified Opinions on the Basic Financial Statements	1	
Management’s Discussion and Analysis (Required Supplementary Information)	4	
<u>Financial Statements</u>		
Government Wide Financial Statements		
Statement of Net Position	12	A-1
Statement of Activities	13	B-1
Governmental Fund Financial Statements		
Balance Sheet.....	14	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	15	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balances	16	C-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17	C-4
Proprietary Fund Financial Statements		
Statement of Net Position	18	D-1
Statement of Revenues, Expenses, and Changes in Net Position	19	D-2
Statement of Cash Flows.....	20	D-3
Notes to Financial Statements	21	
<u>Required Supplementary Information</u>		
Budgetary Comparison Schedule – General Fund	46	G-1
Schedules of the Center’s Proportionate Share of the Net Pension Liability	47	G-2
Schedules of the Center Contributions for Pensions	48	G-3
Schedules of the Center’s Proportionate Share of the Net OPEB Liability	49	G-4
Schedules of the Center Contributions for Other Post-Employment Benefits.....	50	G-5
Notes to Required Supplementary Information.....	51	

REGION 15 EDUCATION SERVICE CENTER
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2022

TABLE OF CONTENTS (CONCLUDED)

	<u>Page</u>	<u>Exhibit</u>
<u>Other Supplementary Information</u>		
Non-Major Governmental Funds		
Combining Balance Sheet	52	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	54	H-2
Internal Service Funds		
Combining Statement of Net Position	57	H-3
Combining Statement of Revenues, Expenses and Changes in Net Position.....	58	H-4
 OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59	
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	61	
 FEDERAL FINANCIAL ASSISTANCE SECTION		
Schedule of Findings and Questioned Costs.....	64	
Schedule of Status of Prior Year Findings	65	
Schedule of Expenditures of Federal Awards	66	K-1
Notes to the Supplementary Schedule of Expenditures of Federal Awards	68	

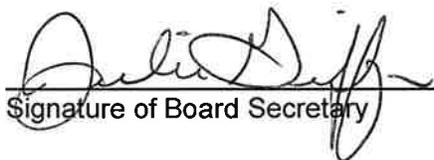
CERTIFICATE OF BOARD

Region 15 Education Service Center
Name of Service Center

Tom Green
County

226-950
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named Service Center were reviewed and (check one) approved ___ disapproved for the year ended August 31, 2022, at a meeting of the Board of Directors of such Service Center on the 14th day of December, 2022.



Signature of Board Secretary



Signature of Board President

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

FINANCIAL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

UNMODIFIED OPINIONS ON THE BASIC FINANCIAL STATEMENTS

Board of Directors
Region 15 Education Service Center
San Angelo, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Region 15 Education Service Center (the Center), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Region 15 Education Service Center, as of August 31, 2022, and the respective changes in financial position, and where applicable the cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

GAAP requires that the management's discussion and analysis on pages 4-11, budgetary comparison information on page 46, and the pension and other post-employment benefit (OPEB) related information on pages 47-51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The other supplementary information comprised of combining statements of revenues, expenditures and changes in fund balance for all special revenue funds and proprietary funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards (SEFA) as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is also presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The other supplementary information and SEFA are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such other supplementary information and SEFA have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, this other supplementary information and SEFA are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

December 1, 2022

**REGION 15 EDUCATION SERVICE CENTER
MANAGEMENT’S DISCUSSION AND ANALYSIS**

This section of Region 15 Education Service Center’s (the Center) annual financial report presents our discussion and analysis of the Center’s financial performance during the fiscal year ended August 31, 2022. Please read it in conjunction with the Center’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

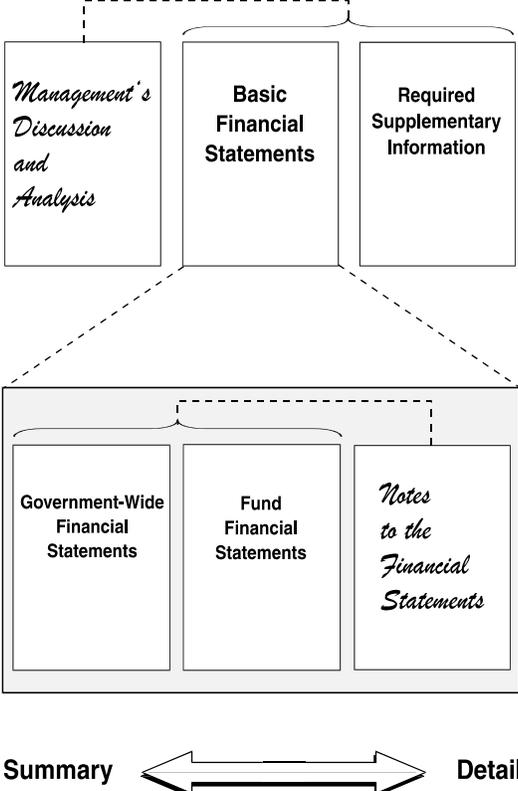
- The Center ended the year, August 31, 2022, with total net position of \$15.1 million, including unrestricted net position of \$10.1 million. The balance of cash and investments at August 31, 2022, was \$16.9 million.
- During the year, the Center generated \$19.8 million in grants, charges, and other revenues for governmental activities. In comparison to the prior year, revenues increased 2.6%, or approximately \$0.5 million and expenses increased 2.1%, or approximately \$0.4 million.
- The general fund reported a fund balance this year of \$14.5 million. This was an increase of approximately \$1 million (7.5%). The total governmental fund balance for the Center increased approximately \$0.8 million (5.7%).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the Center:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Center’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the Center’s operations in *more detail* than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the Center acts solely as a *trustee* or *agent* for the benefit of others, to whom the resources in question belong.

Figure A-1. Required Components of the Center’s Annual Financial Report



The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the Center’s financial statements, including the portion of the Center’s government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the Center's Government-wide and Fund Financial Statements

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Center’s government (except fiduciary funds) and the Center’s component units	The activities of the Center that are not proprietary or fiduciary	Activities the Center operates similar to private businesses: wide area network	Instances in which the Center is the trustee or agent for someone else’s resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> ◆ Statement of net position ◆ Statement of activities 	<ul style="list-style-type: none"> ◆ Balance sheet ◆ Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> ◆ Statement of net position ◆ Statement of revenues, expenses and changes in net position ◆ Statement of cash flows 	<ul style="list-style-type: none"> ◆ Statement of fiduciary net position ◆ Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency’s funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the Center as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Center's *net position* and how it has changed. Net position—the difference between the Center's assets and liabilities—is one way to measure the Center's financial health or *position*.

- Over time, increases or decreases in the Center's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Center, you need to consider additional non-financial factors such as changes in the Center's client base or legislation that affects the Center.
- The Statement of Activities reflects services such as instructional, administrative, data processing, technology, special education, head start, early childhood, and general administration. Charges for services and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Center's most significant *funds*—not the Center as a whole. Funds are accounting devices that the Center uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law. The administration establishes other funds to control and manage money for particular purposes or to show that it is properly using certain fees and grants.

The Center has two types of funds:

- *Governmental funds*—Most of the Center's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Center's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

The Center uses *internal service funds* to report activities that provide supplies and services for the Center's other programs and activities—such as the Center's contracted personnel and other internal services.

FINANCIAL ANALYSIS OF THE CENTER AS A WHOLE

Our analysis focuses on the net position and changes in net position of the Center's governmental activities.

Net position: The Center's *combined* net position increased approximately \$1 million between fiscal years 2021 and 2022 to approximately \$15.1 million (see Table A-1).

Total assets increased by 4.5%, or about \$0.9 million, while total liabilities decreased by 11.4%, or about \$0.6 million. The majority of this decrease in liabilities was attributable to the decrease in the pension liability due to the change in actuarial assumptions.

In the following tables, our analysis focuses on the net position (Table A-1) and changes in net position (Table A-4) of the Center's governmental and business-type activities.

Table A-1
Region 15 Education Service Center
NET POSITION
(in thousands of dollars)

	Governmental Activities 2022	Governmental Activities 2021	Total % Change
<u>Assets:</u>			
Current and Other Assets	\$ 16,942.0	\$ 16,196.9	4.6%
Capital Assets	3,876.2	3,728.6	4.0%
Total Assets	<u>\$ 20,818.2</u>	<u>\$ 19,925.5</u>	<u>4.5%</u>
<u>Deferred Outflows of Resources</u>			
Deferred Outflows Related to Pension/OPEB Liabilities	\$ 2,133.5	\$ 2,108.0	1.2%
Total Deferred Outflows of Resources	<u>\$ 2,133.5</u>	<u>\$ 2,108.0</u>	<u>1.2%</u>
<u>Liabilities:</u>			
Current Liabilities	\$ 130.0	\$ 165.3	-21.4%
Long Term Liabilities	4,481.8	5,041.7	-11.1%
Total Liabilities	<u>\$ 4,611.8</u>	<u>\$ 5,207.0</u>	<u>-11.4%</u>
<u>Deferred Inflows of Resources</u>			
Deferred Inflows Related to Pension/OPEB Liabilities	\$ 3,220.5	\$ 2,675.6	20.4%
Total Deferred Inflows of Resources	<u>\$ 3,220.5</u>	<u>\$ 2,675.6</u>	<u>20.4%</u>
<u>Net Position:</u>			
Net Investment in Capital Assets	\$ 3,876.3	\$ 3,728.6	4.0%
Restricted	1,112.1	1,282.4	-13.3%
Unrestricted	10,131.0	9,139.9	10.8%
Total Net Position	<u>\$ 15,119.4</u>	<u>\$ 14,150.9</u>	<u>6.8%</u>

Capital Assets

The balances of capital assets are listed below and described in detail in the Notes to the Financial Statements.

	2022	2021	Total % Change
Land	\$ 52.1	\$ 52.1	0.0%
Buildings and Improvements	6,897.6	6,897.6	0.0%
Equipment	1,277.5	1,696.2	-24.7%
Right of Use Assets	68.5		
Total Cost	\$ 8,295.7	\$ 8,645.9	-4.1%
Total Accumulated Depreciation	(4,419.4)	(4,917.3)	-10.1%
Net Capital Assets	\$ 3,876.3	\$ 3,728.6	4.0%

Long-Term Liabilities

The only long-term liabilities recognized by the Center are accrued compensated absences and the Center's proportionate share of pension and OPEB liabilities. Those balances are listed below and described in detail in the Notes to the Financial Statements.

	2022	2021
Accrued Compensated Absences	\$ 769.0	\$ 786.0
Lease Liabilities	76.0	
Net Pension Liability	785.6	1,509.8
Net OPEB Liability	2,851.2	2,745.9
Total Long-Term Liabilities	\$ 4,481.8	\$ 5,041.7

Changes in net position: The Center's total revenues increased 2.6% to \$19.8 million (see Table A-4). The majority of the Center's revenues, 65.11%, came from grants while 34.2% related to charges for services. (See Figure A-3).

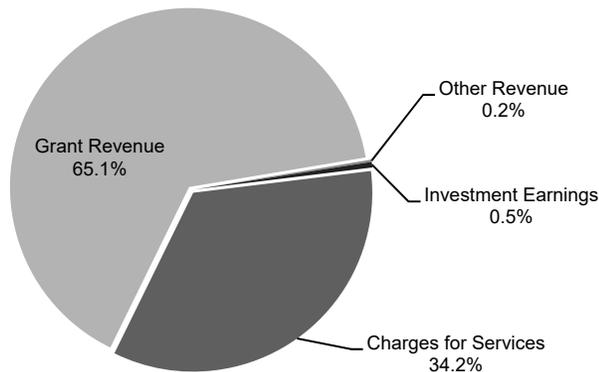
The total cost of all programs and services increased 2.1% to \$18.9 million. The majority of these costs, 75.3%, were for services related to instruction; curriculum and staff development; and school district administrative support.

- The Center's total expenditures for governmental activities increased approximately \$0.4 million from the prior year.
- The increases in revenue and expenses are largely due to an overall increase in grant funding during the year.

Table A-4
Region 15 Education Service Center
CHANGES IN NET POSITION
(in thousands of dollars)

	Governmental Activities 2022	Governmental Activities 2021	Total % Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 6,779.6	\$ 6,444.6	5.2%
Operating Grants and Contributions	12,910.3	12,786.4	1.0%
General Revenues:			
Grants and Contributions not Restricted	18.2	20.6	-11.7%
Investment Earnings	94.9	37.0	156.5%
Miscellaneous Revenues	38.6	51.4	-24.9%
Total Revenue	<u>\$ 19,841.6</u>	<u>\$ 19,340.0</u>	<u>2.6%</u>
Expenses:			
Instruction	\$ 2,396.3	\$ 2,659.5	-9.9%
Curriculum and Staff Development	8,816.9	8,486.8	3.9%
School Leadership	45.0	47.2	-4.7%
Food Services	54.4	59.4	-8.4%
General Administration	1,399.6	1,456.9	-3.9%
Facilities Maintenance and Operations	578.7	589.0	-1.7%
Data Processing Services	1,508.7	1,646.5	-8.4%
Community Services	53.4	25.3	111.1%
School District Administrative Support (ESC)	2,996.9	2,465.9	21.5%
Payments Related to Shared Service Arrangements	1,023.1	1,056.4	-3.2%
Total Expenses	<u>\$ 18,873.0</u>	<u>\$ 18,492.9</u>	<u>2.1%</u>
Increase (Decrease) in Net Position	<u>\$ 968.6</u>	<u>\$ 847.1</u>	<u>14.3%</u>

Figure A-3 Sources of Revenue For Fiscal Year 2022



FINANCIAL ANALYSIS OF THE CENTER'S FUNDS

As the Center completed the year, the governmental fund balances reported a combined fund balance of \$14.6 million, about \$0.8 million more than the prior year. The revenues from governmental fund types totaled \$20.9 million, an increase of \$1.7 million, or 8.7%, from the preceding year.

Local revenues increased about \$377,000, to approximately \$6.9 million. This increase was primarily due to increases in services to member districts.

State revenues increased about \$385,000, to approximately \$3.5 million. This increase was primarily due to receiving more from state funded grants.

Federal revenues increased about \$900,000, to approximately \$10.5 million. This increase was primarily due to increased revenues across all programs.

General Fund Budgetary Highlights

Over the course of the year, the Center amended its budget several times. There were no significant revisions.

After the budget amendments, actual expenditures were approximately \$1.4 million, or about 15.2%, below final budget amounts. Revenues available were approximately \$250,000, or about 2.9%, above the final budgeted amount.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Region 15 Education Service Center ended the 2021-2022 fiscal year in a healthy financial condition. Closing out the 2021-2022 fiscal year the Center was able to increase services to schools with an influx of federal funds. The internal service funds did see a rebound in revenue. To remain competitive in the job market, for the 2022-2023 fiscal year, the Center approved a 4% mid-point increase in salaries for all employees.

For the 2022-2023 fiscal year the Center is continuing our statewide lead role for the Small and Rural School Network grant with increased funding of \$1.4 million to provide training and resources for identified Small and Rural schools in Texas to help in the provision of special education for their students plus preparing for the addition of a Regional Day School Program for students with intensive behavior needs. The Center is also continuing with our \$2.3 million in funding over 5 years from U.S. Department of Education Mental Health Service Professional Demonstration Grant Program. This grant is a collaborative partnership between the Center and Angelo State University to increase the number of school counselors employed and retained within the region. There will be a specialized focus on rural areas that lack access to mental health services and personnel.

For the 2022-2023 fiscal year the Center is continuing with our Department of Justice grant with funding over \$750,000 over 3 years. The focus of the grants is stopping school violence and to pay for anonymous reporting software against bullying with an emphasis on social and emotional learning. Over 55 Region 15 schools and other western ESC school districts are participating in the program.

With the upcoming 88th Legislative session and the nation recovering from a pandemic the uncertainty of the financial impact to education is still a great concern moving forward for the Region's LEAs along with a shift in focus on closing the performance gaps for students. With this upcoming session we feel an important focus in education will center around student achievement, school safety and mental health efforts. As the impacts of the new American Recovery Plan Act are underway the Center continues to support districts with a variety of timely, economical, and efficient services to help meet their diverse needs. This increased funding is expected to impact schools and the Center through 2024.

The leadership team of the Center maintains a standard that demonstrates and promotes efficient fiscal management in all aspects of the Center's operations. The Center is constantly looking for ways to add value to its services for the region's schools through improved techniques for content delivery, reduced costs, and shared service arrangements. The Center has become more efficient in the use of its resources while continuing to create partnerships with the region's LEA's, the local university, and other vital organizations in the community. Most importantly, the Center strives to be the first choice partner in meeting the educational needs of all students in Region 15.

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, grantors and creditors with a general overview of the Center's finances and to demonstrate the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Center's Business Office.

FINANCIAL STATEMENTS

REGION 15 EDUCATION SERVICE CENTER

Exhibit A-1

STATEMENT OF NET POSITION
AUGUST 31, 2022

<u>Data Control Codes</u>		<u>Primary Government Governmental Activities</u>
	ASSETS AND OTHER DEBITS:	
1110	Cash and Temporary Investments	\$ 16,344,822
	Receivables:	
1240	Due from Other Governments	472,892
1250	Accrued Interest	12,772
1290	Other Receivables	111,500
	Capital Assets:	
1510	Land	52,129
1520	Buildings, Net	3,104,237
1530	Furniture and Equipment, Net	651,419
1580	Right of Use Assets, Net	<u>68,469</u>
1000	Total Assets	\$ <u>20,818,240</u>
	DEFERRED OUTFLOWS OF RESOURCES:	
1705	Deferred Outflows Related to Pension Liability	\$ 1,342,537
1706	Deferred Outflows Related to OPEB Liability	<u>790,995</u>
	Total Deferred Outflows of Resources	\$ <u>2,133,532</u>
	LIABILITIES:	
	Current Liabilities:	
2110	Accounts Payable	\$ 2,093
2150	Payroll Deductions Payable	55,248
2160	Accrued Wages Payable	44,850
2180	Due to Other Governments	27,226
2300	Unearned Revenue	654
	Noncurrent Liabilities:	
2502	Accrued Compensated Absences	769,000
2530	Lease Liabilities	75,995
2540	Net Pension Liability	785,553
2545	Net OPEB Liability	<u>2,851,212</u>
2000	Total Liabilities	\$ <u>4,611,831</u>
	DEFERRED INFLOWS OF RESOURCES:	
2605	Deferred Inflows Related to Pension Liability	\$ 868,636
2606	Deferred Inflows Related to OPEB Liability	<u>2,351,928</u>
	Total Deferred Inflows of Resources	\$ <u>3,220,564</u>
	NET POSITION:	
3200	Net Investment in Capital Assets	\$ 3,876,254
3890	Restricted for Other Purposes	1,112,084
3900	Unrestricted Net Position	<u>10,131,039</u>
3000	Total Net Position	\$ <u><u>15,119,377</u></u>

The accompanying notes are an integral part of this statement.

REGION 15 EDUCATION SERVICE CENTER

Exhibit B-1

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Functions	1 Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
			3 Charges for Services	4 Operating Grants and Contributions	6 Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
0011	Instruction	\$ 2,396,322	\$ 659,616	\$ 1,561,831	\$ (174,875)
0013	Curriculum & Instructional Staff Dev.	8,816,932	2,623,517	6,750,728	557,313
0023	School Leadership	44,967		41,532	(3,435)
0035	Food Services	54,396		53,021	(1,375)
0041	General Administration	1,399,556	461,669	395,816	(542,071)
0051	Facilities Maintenance and Operations	578,673	336,921	221,684	(20,068)
0053	Data Processing Services	1,508,686	1,564,071	575,298	630,683
0061	Community Services	53,467		52,782	(685)
0062	School District Administrative Support	2,996,894	1,133,791	2,234,493	371,390
0093	Payments to Fiscal Agents/Members	1,023,147		1,023,147	0
TP	Total Primary Government	\$ <u>18,873,040</u>	\$ <u>6,779,585</u>	\$ <u>12,910,332</u>	\$ <u>816,877</u>

Data Control Codes

General Revenues:

GC	Grants and Contributions Not Restricted	\$ 18,198
IE	Investment Earnings	94,879
MI	Miscellaneous Local and Intermediate Revenue	<u>38,623</u>
TR	Total General Revenues	\$ <u>151,700</u>
CN	Change in Net Position	\$ 968,577
NB	Net Position - Beginning	<u>14,150,800</u>
NE	Net Position - Ending	\$ <u>15,119,377</u>

The accompanying notes are an integral part of this statement.

REGION 15 EDUCATION SERVICE CENTER

Exhibit C-1

BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2022

Data Control Codes		Major Funds					98 Total Governmental Funds
		10 General Fund	IDEA, Part B Discretionary	SSA Head Start	Early Childhood Intervention	Other Governmental Funds	
ASSETS AND OTHER DEBITS:							
1110	Cash and Temporary Investments	\$ 14,047,313	\$	\$	\$	\$ 1,112,738	\$ 15,160,051
	Receivables:						
1240	Due from Other Governments	91,714	65,460	156,402		159,316	472,892
1250	Accrued Interest	12,772					12,772
1260	Due from Other Funds	438,811					438,811
1290	Other Receivables	3,964			107,536		111,500
1000	Total Assets	<u>\$ 14,594,574</u>	<u>\$ 65,460</u>	<u>\$ 156,402</u>	<u>\$ 107,536</u>	<u>\$ 1,272,054</u>	<u>\$ 16,196,026</u>
LIABILITIES:							
	Current Liabilities:						
2110	Accounts Payable	\$ 1,983	\$	\$	\$	\$	\$ 1,983
2150	Payroll Deductions Payable	55,248					55,248
2160	Accrued Wages Payable	19,630		797	3,713	18,167	42,307
2170	Due to Other Funds		65,460	155,605	76,597	141,149	438,811
2181	Due to Other Governments				27,226		27,226
2300	Unearned Revenue					654	654
2000	Total Liabilities	<u>\$ 76,861</u>	<u>\$ 65,460</u>	<u>\$ 156,402</u>	<u>\$ 107,536</u>	<u>\$ 159,970</u>	<u>\$ 566,229</u>
FUND BALANCES:							
	Restricted Fund Balance:						
3490	Other Restricted	\$	\$	\$	\$	\$ 1,112,084	\$ 1,112,084
	Committed Fund Balance:						
3510	Construction	2,051,595					2,051,595
3530	Capital Expenditures	2,638,912					2,638,912
3545	Other Committed	8,568,472					8,568,472
3600	Unassigned Fund Balance	1,258,734					1,258,734
3000	Total Fund Balances	<u>\$ 14,517,713</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,112,084</u>	<u>\$ 15,629,797</u>
4000	Total Liabilities and Fund Balances	<u>\$ 14,594,574</u>	<u>\$ 65,460</u>	<u>\$ 156,402</u>	<u>\$ 107,536</u>	<u>\$ 1,272,054</u>	<u>\$ 16,196,026</u>

The accompanying notes are an integral part of this statement.

REGION 15 EDUCATION SERVICE CENTER

Exhibit C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT
OF NET POSITION
AUGUST 31, 2022

<u>Data Control Codes</u>		
	Total Fund Balances - Governmental Funds (Exhibit C-1)	\$ 15,629,797
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the end of the year, the cost of these assets was \$7,533,582 and the accumulated depreciation was (\$4,261,258). The net effect of including these balances of capital assets (net of depreciation) is to increase net position.	3,272,324
2	The Center uses internal service funds to charge the costs of certain activities to appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	1,710,053
3	Accrued compensated absences is long-term in nature and is not recorded in the governmental funds. The recognition of this liability in the government-wide financial statements results in a decrease to net position.	(769,000)
4	Included in the items related to debt is the recognition of the Center's proportionate share of the net pension liabilities required by GASB 68 in the amount of (\$785,553) and deferred resource inflows and outflows related to this liability in the amounts of (\$868,636) and \$1,342,537, respectively. This amounted to an increase in net position.	(311,652)
5	The recognition of the Center's proportionate share of the net other post-employment benefit liability is required by GASB 75. This recognition included net OPEB liability of (\$2,851,212) and deferred resource inflows and outflows of (\$2,351,928) and \$790,995, respectively. This amounted to a decrease in net position.	<u>(4,412,145)</u>
19	Total Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 15,119,377</u>

The accompanying notes are an integral part of this statement.

REGION 15 EDUCATION SERVICE CENTER

Exhibit C-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Major Funds						98 Total Governmental Funds
	10	IDEA, Part B	SSA	Early Childhood	Other		
	General Fund	Discretionary	Head Start	Intervention	Governmental Funds		
REVENUES:							
5700	Local and Intermediate Sources	\$ 5,955,635	\$ 20,480	\$	\$ 958,630	\$	\$ 6,934,745
5800	State Program Revenues	2,406,765			635,802	441,897	3,484,464
5900	Federal Program Revenues	<u>607,228</u>	<u>2,027,931</u>	<u>2,454,736</u>	<u>471,932</u>	<u>4,910,479</u>	<u>10,472,306</u>
5020	Total Revenues	\$ <u>8,969,628</u>	\$ <u>2,048,411</u>	\$ <u>2,454,736</u>	\$ <u>2,066,364</u>	\$ <u>5,352,376</u>	\$ <u>20,891,515</u>
EXPENDITURES:							
0011	Instruction	\$ 212,173	\$ 46,392	\$ 764,471	\$ 1,421,827	\$ 120,850	\$ 2,565,713
0013	Curriculum & Instructional Staff Dev.	2,689,737	1,997,308	576,867	644,235	3,301,306	9,209,453
0023	School Leadership	5,153		44,167			49,320
0035	Food Services	2,122		15,456		38,724	56,302
0041	General Administration	1,434,956				37,630	1,472,586
0051	Facilities Maintenance and Operations	265,005	4,711	153,868	302	158,012	581,898
0053	Data Processing Services	1,582,984					1,582,984
0061	Community Services			52,782			52,782
0062	School District Administrative Support	1,452,478		6,802		1,679,865	3,139,145
0093	Payments to Fiscal Agents/Members			840,323		182,824	1,023,147
6030	Total Expenditures	\$ <u>7,644,608</u>	\$ <u>2,048,411</u>	\$ <u>2,454,736</u>	\$ <u>2,066,364</u>	\$ <u>5,519,211</u>	\$ <u>19,733,330</u>
1100	Excess of Revenues Over Expenditures	\$ <u>1,325,020</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(166,835)</u>	\$ <u>1,158,185</u>
OTHER FINANCING SOURCES:							
8911	Transfers Out	\$ (317,209)	\$	\$	\$	\$	\$ (317,209)
8949	Other (Uses)					(3,460)	(3,460)
7080	Total Other Financing Sources	\$ <u>(317,209)</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(3,460)</u>	\$ <u>(320,669)</u>
1200	Net Change in Fund Balance	\$ 1,007,811	\$ 0	\$ 0	\$ 0	\$ (170,295)	\$ 837,516
0100	September 1 - Fund Balance	<u>13,509,902</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,282,379</u>	<u>14,792,281</u>
3000	August 31 - Fund Balance	\$ <u><u>14,517,713</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>1,112,084</u></u>	\$ <u><u>15,629,797</u></u>

The accompanying notes are an integral part of this statement.

REGION 15 EDUCATION SERVICE CENTER

Exhibit C-4

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Net Change in Fund Balances - Total Governmental Funds (Exhibit C-3) \$ 837,516

Amounts reported for governmental activities in the statement of activities (Exhibit B-1) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period, net of adjustments. (258,386)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities (Exhibit D-2). 272,978

The change in the compensated absences liability during the year results in a decrease in the change to net position. 17,000

The implementation of GASB 68 required the recognition of certain expenditures related to the recognition of the net pension liability. The result of this activity causes an increase to the change in net position. (72,875)

The implementation of GASB 75 required the recognition of certain expenditures related to the recognition of the net OPEB liability. The result of this activity causes a decrease to the change in net position. 172,344

Change in Net Position of Governmental Activities (Exhibit B-1) \$ 968,577

The accompanying notes are an integral part of this statement.

REGION 15 EDUCATION SERVICE CENTER

Exhibit D-1

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2022

	<u>Governmental Activities Internal Service Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 1,184,771
Total Current Assets	<u>\$ 1,184,771</u>
Noncurrent Assets:	
Furniture and Equipment, Net	\$ 535,461
Right of Use Assets, Net	<u>68,469</u>
Total Noncurrent Assets	<u>\$ 603,930</u>
Total Assets	<u>\$ 1,788,701</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 110
Accrued Wages Payable	<u>2,543</u>
Total Current Liabilities	<u>\$ 2,653</u>
Noncurrent Liabilities:	
Lease Liabilities	<u>\$ 75,995</u>
Total Noncurrent Liabilities	<u>\$ 75,995</u>
Total Liabilities	<u>\$ 78,648</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 603,930
Unrestricted Net Position	<u>1,106,123</u>
Total Net Position	<u><u>\$ 1,710,053</u></u>

The accompanying notes are an integral part of this statement.

REGION 15 EDUCATION SERVICE CENTER

Exhibit D-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	<u>Governmental Activities Internal Service Funds</u>
OPERATING REVENUES	
Operating Revenues and Charges to Other Funds	\$ 12,227,788
Total Revenues	<u>\$ 12,227,788</u>
OPERATING EXPENSES	
Payroll Costs	\$ 11,296,323
Professional and Contracted Services	698,197
Supplies and Materials	176,084
Other Operating Expenses	63,576
Depreciation and Amortization	104,179
Total Expenses	<u>\$ 12,338,359</u>
Operating Income (Loss)	<u>\$ (110,571)</u>
NON-OPERATING REVENUES (EXPENSES)	
Insurance Recovery	\$ 25,176
Gain on Sale of Personal Property	42,900
Interest Expense	(1,736)
Total Non-operating Revenues (Expenses)	<u>\$ 66,340</u>
Income (Loss) Before Transfers	\$ (44,231)
Transfer In	<u>317,209</u>
Change in Net Position	\$ 272,978
Net Position - September 1 (Beginning)	<u>1,437,075</u>
Net Position - August 31 (Ending)	<u><u>\$ 1,710,053</u></u>

The accompanying notes are an integral part of this statement.

REGION 15 EDUCATION SERVICE CENTER

Exhibit D-3

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
Cash Flows From Operating Activities	
Charges to Users and Receipts from Other Funds	\$ 13,470,621
Payments to Employees for Services	(11,297,389)
Payments for Contracted Services	(698,197)
Payments to Suppliers	(175,974)
Payments for Other Operating Expenses	<u>(63,576)</u>
Net Cash From Operating Activities	\$ <u>1,235,485</u>
Cash Flows From Investing Activities	
Capital Expenditures	\$ (516,355)
Proceeds from Sale of Personal Property and Insurance Recovery	<u>170,076</u>
Net Cash From Investing Activities	\$ <u>(346,279)</u>
Cash Flows From Financing Activities	
Payments on Lease Liability	\$ (21,644)
Transfers from Other Funds	<u>317,209</u>
Net Cash From Financing Activities	\$ <u>295,565</u>
Net Change in Cash	\$ 1,184,771
Cash and Cash Equivalents at Beginning of the Year	<u>0</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>1,184,771</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (110,571)
Change in Due from Other Funds	1,242,833
Change in Accrued Wages Payable	(1,066)
Change in Accounts Payable	110
Depreciation and Amortization	<u>104,179</u>
Net Cash From Operating Activities	\$ <u><u>1,235,485</u></u>

The accompanying notes are an integral part of this statement.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Region 15 Education Service Center (the Center) prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB) applicable to governmental units. The Center also complies with the appropriate version of the Texas Education Agency's (TEA) Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which it receives funds. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Center are described below.

A. REPORTING ENTITY

The Board of Directors, a seven-member group, has governance responsibilities over all activities related to education services within the jurisdiction of the Center. The Board of Directors has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters. The Center is not included in any other governmental "reporting entity" as defined in Governmental Accounting and Financial Reporting Standards. There are no component units included within the reporting entity.

Since the Center received funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

B. BASIS OF ACCOUNTING AND PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. These statements report information on all of the non-fiduciary activities of the Center. For the most part, the effect of interfund activity has been removed from these statements. Governmental Activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support (i.e., internal service funds are considered governmental activities and not business-type activities). The Center currently has no business-type activities.

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities on the Statement of Net Position.

These government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

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

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

The Center reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function allocated.

FUND FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from local sources consist primarily of charges for services. State revenues are recognized under the susceptible-to-accrual concept. 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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, claims and judgments are recorded only when payment is due.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Center applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses would be non-operating.

GOVERNMENTAL FUND TYPES

The Center reports the following major governmental funds:

General Fund – This fund is established to account for resources used for general operations. All general revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a budgeted fund and undesignated fund balances are considered resources available for current operations.

Major Special Revenue Funds – IDEA, Part B-Discretionary, SSA Head Start, and Early Childhood Intervention (ECI) are reported as a major funds and accounted for as described below.

Additionally, the government reports the following fund types:

Other Special Revenue Funds – These funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal financial assistance generally is accounted for in a special revenue fund. Except in limited circumstances, any unused balances are returned to the grantor at the close of specified project periods. For all other funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.

PROPRIETARY FUND TYPES

Internal Service Funds – Internal service funds are used to account for revenues and expenses related to services provided to parties primarily inside the Center, specifically for the operation of its building activities, Center-wide labor pool, duplication, and other services.

C. BASIS OF ACCOUNTING APPLICABLE TO ALL FINANCIAL STATEMENTS

Capital assets, which include buildings and improvements, furniture and equipment, vehicles, and work in progress are reported in the government-wide financial statements. Capital assets are defined by the Center as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets useful lives are not capitalized.

Revenues from state and federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant. Funds received but unexpended are reflected as unearned revenues, and funds expended but not yet received are shown as receivables. If balances have not been expended by the end of the project period, grantors generally require the Center to refund all or part of the unused amount.

Supplies and materials are debited as expenditures when purchased.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

It is the Center's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. Upon retirement or death of certain employees, the Center pays any accrued sick and vacation leave in a lump sum payment. This liability is recorded on the statement of net position.

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 Center as a whole.

In the event that the Center 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.

In accordance with the FASRG, the Center has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the Center's accounting system uses codes and the code structure presented in the Accounting Code Section of the FASRG. Mandatory codes are utilized in the form provided in that section.

D. BUDGETARY DATA

The official budget was prepared on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America, for the general fund. The remaining special revenue funds adopt project-length budgets which do not correspond to the Center's fiscal year.

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

- a. Prior to August 20 of the preceding fiscal year, the Center prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least 10 days public notice of the meeting must be given.
- c. Prior to September 1, the budget is legally enacted by the Board.

The budget is prepared and controlled at the function level within each fund and is amended at this level as needed. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. Such amendments are made before the fact and they are reflected in the official minutes of the Board. During the year, several amendments were necessary.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

E. ENCUMBRANCE ACCOUNTING

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at August 31, 2022.

F. CASH AND CASH EQUIVALENTS – PROPRIETARY FUNDS

For purposes of the Statement of Cash Flows for proprietary fund types, the Center considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

G. FUND EQUITY

The Center has adopted GASB Statement 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Restricted – Portion of fund balance that is constrained for specific purposes because of restrictions by third parties (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – Portion of fund balance that is constrained for specific purposes by the highest level of decision making authority (Board of Directors). Only this same authority can un-commit funds.

Unassigned – Amounts not included in other spendable classifications.

The Center's Board of Directors has committed \$13,258,979 of the General Fund's fund balance for future construction, capital expenditures and other purposes.

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

The Center administers the special revenue fund entitled the Chapter 41 WADA Fund. The balances of excess revenues received, including Region 15 Education Service Center's share of wealth equalization agreements, over expenditures incurred related to the consortium is reported as restricted fund balance of \$1,112,084 at August 31, 2022. The Center no longer receives revenue through these wealth equalization agreements.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

H. NET POSITION ON THE STATEMENT OF NET POSITION

Net position on the Statement of Net Position include the following:

Net Investment in Capital Assets – this component of net position represents the difference between capital assets less accumulated depreciation.

Restricted for Other Purposes – this component of net position represents amounts restricted for specific purposes. This includes the balance in the Chapter 41 WADA Fund.

Unrestricted – the difference between assets and liabilities that is not reported in Restricted Net Position or Net Investment in Capital Assets.

I. PENSIONS

The fiduciary net position of the Teacher Retirement System (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.

J. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

K. MANAGEMENT'S USE OF ESTIMATES

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

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) (the Act) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Center 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 Center 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 investment pools, and (9) guaranteed investment contracts for bond proceeds investment only, with 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 Center to have independent auditors perform test procedures related to investment practices as provided by the Act. The Center is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the Center has adopted a deposit and investment policy. That policy does not address the following risks:

- a. Custodial Credit Risk – Deposits and Investments: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits and investments in certificates of deposits may not be returned to it. The Center's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state or local governments by pledging securities in excess of the highest cash balance of the government. The Center is not exposed to custodial credit risk for its deposits and investments in certificates of deposit are all covered by depository insurance and pledged securities held by a third party in the Center's name.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

- b. Concentration of Credit Risk – The investment policy of the Center contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At August 31, 2022, the Center had no significant investment balances.
- c. Credit Risk – Not applicable.
- d. Interest Rate Risk – Not applicable.
- e. Foreign Currency Risk – Not applicable.

The carrying amount of the Center’s cash and temporary investments at August 31, 2022, approximates fair value and consisted of the following shown below:

	Amount	Percent	Maturity in Less than 1 Year	Credit Rating
Cash on Hand	\$ 100	0.0%	\$ 100	N/A
Cash in Bank	343,353	2.1%	343,353	N/A
TexPool Investments	3,862,279	23.6%	3,862,279	AAAm
Lone Star Investment Pool	8,592,067	52.6%	8,592,067	AAAm
Texas Term Money Market	350,023	2.1%	350,023	N/A
Texas Term CD Program	3,197,000	19.6%	3,197,000	N/A
	<u>\$ 16,344,822</u>	<u>100.0%</u>	<u>\$ 16,344,822</u>	

Public Funds Investment Pools

Public Funds Investment Pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) Have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) Maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and, 3) Maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. The Center’s investment in Pools are reported at an amount determined by the fair value per share of the Pool’s underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

3. PROPERTY TAXES

The Center does not assess or collect property taxes.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

4. DUE FROM OTHER GOVERNMENTS

The balance of \$472,892 represents amounts due from Texas Education Agency and others for various federal and state projects, as well as member school districts for various charges.

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at August 31, 2022, consisted of the following individual fund receivables and payables:

	General Fund	Special Revenue Funds	Total
Due from Other Funds	\$ 438,811	\$	\$ 438,811
Due to Other Funds	\$	\$ 438,811	\$ 438,811

6. CAPITAL ASSETS

Capital asset activity, including those used for governmental activities and those used in the internal service fund, for the year ended August 31, 2022, was as follows:

	9/1/2021	Additions	Deletions	Amortization	8/31/2022
Capital Assets:					
Land	\$ 52,129	\$	\$	\$	\$ 52,129
Building and Improvements	6,897,529				6,897,529
Furniture and Equipment	1,322,007	196,027	620,802		897,232
Vehicles	374,194	320,329	314,206		380,317
Right of Use Assets, Net	95,902			(27,433)	68,469
	<u>\$ 8,741,761</u>	<u>\$ 516,356</u>	<u>\$ 935,008</u>	<u>\$ (27,433)</u>	<u>\$ 8,295,676</u>
Accumulated Depreciation					
Buildings and Improvements	\$ 3,593,952	\$ 199,340	\$	\$	\$ 3,793,292
Furniture and Equipment	1,093,759	83,633	620,802		556,590
Vehicles	229,587	52,159	212,206		69,540
	<u>\$ 4,917,298</u>	<u>\$ 335,132</u>	<u>\$ 833,008</u>	<u>\$ 0</u>	<u>\$ 4,419,422</u>
Total Net Value of Capital Assets	<u>\$ 3,824,463</u>	<u>\$ 181,224</u>	<u>\$ 102,000</u>	<u>\$ (27,433)</u>	<u>\$ 3,876,254</u>
Salvage Received			144,900		
Net Gain on Retirement			<u>\$ 42,900</u>		

Capital assets are being depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	30 years
Furniture and Equipment	5 - 12 years
Vehicles	5 years

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

Depreciation expense attributable to fixed assets used for governmental activities was charged to functions of the primary government as follows:

	<u>Depreciation</u>	<u>Net Gain</u>
Instruction	\$ 35,633	\$
Curriculum and Instructional Staff Development	127,904	
General Administration	20,452	
Plan Maintenance and Operations	8,082	
Data Processing Services	21,985	
Community Services	733	
School District Administrative Support Services	43,597	
Internal Service Funds	<u>76,746</u>	<u>42,900</u>
	<u>\$ 335,132</u>	<u>\$ 42,900</u>

During the year ended August 31, 2022, the Center adopted GASB Statement 87, *Leases* (GASB 87). As a result, the Center was required to record the unamortized portion of right of use assets and outstanding lease liabilities as of September 1, 2021. These are accounted for in the Center’s internal service funds. The right of use asset is included with fixed assets and is being accounted for net of amortization. This amortization is expensed in the internal service fund. See Note 8.

7. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The financial statements report separate sections for deferred outflows and inflows of resources. Deferred outflows represent an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows represent an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Inflows and Outflows on the Statement on Net Position consist of the following:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension Related (See Note 11)	\$ 1,342,537	\$ 868,636
OPEB Related (See Note 12)	<u>790,995</u>	<u>2,351,928</u>
Deferred Outflows/Inflows	<u>\$ 2,133,532</u>	<u>\$ 3,220,564</u>

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

8. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended August 31, 2022 is as follows:

	Beginning	Additions	Reductions	Ending
Compensated Absences	\$ 786,000	\$	\$ 17,000	\$ 769,000
Lease Liabilities	95,902		19,907	75,995
	<u>\$ 881,902</u>	<u>\$ 0</u>	<u>\$ 36,907</u>	<u>\$ 844,995</u>

The Center’s long-term liabilities include accrued compensated absences. This balance is accrued from general and special revenue funds’ revenues.

During the year ended August 31, 2022, the Center adopted GASB 87. As a result, the Center was required to record the unamortized portion of right of use assets and outstanding lease liabilities as of September 1, 2021. These are accounted for in the Center’s internal service funds. The right of use asset and lease liability were recorded at the same amount as of September 1, 2022. Therefore, there is no prior period adjustment. However, these amounts are reflected in beginning balances for fixed assets and liabilities.

Scheduled minimum lease payments are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2023	\$ 20,309	\$ 1,334	\$ 21,643
2024	18,512	943	19,455
2025	18,683	573	19,256
2026	18,491	201	18,692
	<u>\$ 75,995</u>	<u>\$ 3,051</u>	<u>\$ 79,046</u>

9. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Funds	Total
Interest Income	\$ 94,879	\$	\$ 94,879
Charges for Services / Other	5,860,756	979,110	6,839,866
	<u>\$ 5,955,635</u>	<u>\$ 979,110</u>	<u>\$ 6,934,745</u>

10. GENERAL FUND FEDERAL SOURCE REVENUES

Federal revenues recognized in the General Fund consist of \$607,228 in indirect cost revenue.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

11. DEFINED BENEFIT PENSION PLAN

Plan Description

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

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard 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 TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

The information provided in the Notes to the Financial Statements in the 2021 and 2020 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2021 and 2020.

Net Pension Liability	2021	2020
Total Pension Liability	\$ 227,273,463,630	\$ 218,974,205,084
Less: Plan Fiduciary Net Position	(201,807,002,496)	(165,416,245,243)
Net Pension Liability	\$ 25,466,461,134	\$ 53,557,959,841
Net Position as Percentage of Total Pension Liability	88.79%	75.54%

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 five 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 five 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.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

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

State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. The pension became actuarially sound in May 2019 with the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provided gradual contribution increases from the state, participating employers, and active employees for the fiscal years 2020 through 2025.

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 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation paid to members of the system during the fiscal year. Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended the Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

The following tables show contributions to the TRS plan by type of contributor:

	<u>Contribution Rates</u>	
	<u>2021</u>	<u>2022</u>
Member	7.70%	8.00%
Non-Employer Contributing Entity (State)	7.50%	7.75%
Employers	7.50%	7.50%
2022 Employer Contributions	\$	160,777
2022 Member Contributions		704,115
2021 NECE On-Behalf Contributions		568,057

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

As the non-employer contributing entity for public education, 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.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.6% of the member's salary beginning in fiscal year 2021 gradually increasing to 2% in fiscal year 2025. The surcharge for fiscal year 2022 is 1.7%
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

Roll Forward – The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the total pension liability to August 31, 2021.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by TRS's actuary. The Board of Trustees has the sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017 and were adopted in July 2018.

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

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

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

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

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age - Normal
Asset Valuation Method	Market Value
Discount Rate	7.250%
Long-Term Expected Investment Rate of Return	7.250%
Municipal Bond Rate at August 31, 2018	1.95% *
Last year ending August 31 in Projection	
Period (100 years)	2120
Inflation	2.300%
Salary Increases Including Inflation	3.050% to 9.050% including inflation
Ad hoc Post-Employment Benefit Changes	None

* - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

Discount Rate

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

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all 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.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

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

Asset Class*	Target Allocation %**	Long-Term Expected Arithmetic Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	0.02%	0.01%
Absolute Return		1.10%	
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources, and Infrastructure	6.00%	4.70%	0.35%
Commodities		1.70%	
Risk Parity	8.00%	2.80%	0.28%
Asset Allocation Leverage Cash			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag****			-0.95%
Total	100.00%		6.90%

* - Absolute Return includes Credit Sensitive Investments

** - Target allocations are based on the FY 2021 policy model

*** - Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021)

**** - The volatility drag results from the conversion between arithmetic and geometric mean returns

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Center's Proportionate Share of the Net Pension Liability	\$ 1,716,557	\$ 785,553	\$ 30,225

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

Pension Liabilities and Pension Expense

At August 31, 2022, the Center reported a liability of \$785,553 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the Center. The amount recognized by the Center 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 Center were as follows:

Center's Proportionate Share of the Collective Net Pension Liability	\$	785,553
State's Proportionate Share that is Associated with the Center		<u>3,389,923</u>
Total	\$	<u><u>4,175,476</u></u>

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

At August 31, 2021, the employer's proportion of the collective net pension liability was 0.0030847% which was an increase of 0.0002657% from its proportion measured as of August 31, 2020.

For the year ended August 31, 2022, the Center recognized pension expense of \$13,552 and revenue of \$568,057 for support provided by the State.

Changes since the Prior Actuarial Valuation

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

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2022, the Center reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences Between Expected and Actual Economic Experience	\$ 1,315	\$ 55,304
Changes in Actuarial Assumptions	277,677	121,044
Difference Between Projected and Actual Investment Earnings		658,675
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	902,768	33,613
Contributions Paid to TRS Subsequent to the Measurement Date	<u>160,777</u>	
Total	<u><u>\$ 1,342,537</u></u>	<u><u>\$ 868,636</u></u>

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions (not including the deferred contribution paid subsequent to the measurement date) will be recognized in pension expense as follows:

	Pension Expense Amount
2023	\$ 106,110
2024	98,280
2025	36,042
2026	(238)
2027	68,370
Thereafter	4,560

12. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

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

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

Other Post-Employment Benefit Plan Fiduciary Net Position

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2021 and 2020 are as follows:

<u>Net OPEB Liability</u>	<u>2021</u>	<u>2020</u>
Total OPEB Liability	\$ 41,113,711,083	\$ 40,010,833,815
Less: Plan Fiduciary Net Position	<u>(2,539,242,470)</u>	<u>(1,996,317,932)</u>
Net OPEB Liability	<u>\$ 38,574,468,613</u>	<u>\$ 38,014,515,883</u>
 Net Position as Percentage of Total OPEB Liability	 6.18%	 4.99%

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

Benefits Provided

TRS-Care provides a basic health insurance coverage at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th Legislature also passed 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

The premium rates for retirees are presented below:

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

Contributions

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

The following tables show contributions to the TRS-Care plan by type of contributor:

	Contribution Rates	
	2021	2022
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
2022 Employer Contributions	\$	66,011
2022 Member Contributions		57,209
2021 NECE On-Behalf Contributions		77,364

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

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

Actuarial Assumptions

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

Rates of Mortality	Rates of Disability Incidence
Rates of Retirement	General Inflation
Rates of Termination	Wage Inflation

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

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Projected Salary Increases	3.05% to 9.05%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

The initial medical trend rates were 8.50% for Medicare retirees and 7.10% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.

Discount Rate

A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease of 0.38% in the discount rates since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2021, using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% point lower and 1% point higher than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
Center's Proportionate Share of the Net OPEB Liability	\$ 3,439,219	\$ 2,851,212	\$ 2,388,432

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% point lower or 1% point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Center's Proportionate Share of the Net OPEB Liability	\$ 2,309,387	\$ 2,851,212	\$ 3,578,206

OPEB Liabilities and OPEB Expense

At August 31, 2022, the Center reported a liability of \$2,851,212 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the Center. The amount recognized by the Center as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Center were as follows:

Center's Proportionate Share of the Collective Net OPEB Liability	\$ 2,851,212
State's Proportionate Share that is Associated with the Center	<u>3,819,989</u>
Total	<u>\$ 6,671,201</u>

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

At August 31, 2021, the employer's proportion of the collective net OPEB liability was 0.0073914% which was an increase of 0.0001682% proportion measured as of August 31, 2020.

For the year ended August 31, 2022, the Center recognized OPEB expense of \$140,987 and revenue of \$77,364 for support provided by the State.

Changes Since the Prior Actuarial Valuation

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

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

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

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2022, the Center reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 122,758	\$ 1,380,186
Changes in Actuarial Assumptions	315,805	602,979
Difference Between Projected and Actual Investment Earnings	3,096	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	283,325	368,763
Contributions Paid to TRS Subsequent to the Measurement Date	<u>66,011</u>	
Total	<u>\$ 790,995</u>	<u>\$ 2,351,928</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEBs will be recognized in pension expense as follows:

	Pension Expense Amount
2023	\$ (311,542)
2024	(311,613)
2025	(311,595)
2026	(236,543)
2027	(134,935)
Thereafter	(320,716)

13. INSURANCE COVERAGE

The Center is a participant in the Texas Association of School Boards (TASB) Workers' Compensation Self-Insurance Fund (the Fund). The associated costs are accounted for in the General Fund and allocated to all funds. The Fund is protected against unanticipated catastrophic loss by stop loss insurance coverage. The Claims Administrator for the pool has estimated the Center's share of unpaid claims as of August 31, 2022, to be immaterial. The Center has not recorded any claims payable at August 31, 2022, related to this liability.

During the year ended August 31, 2022, Region 15 Education Service Center participated in the TRS health insurance plan. The Center contributes a maximum of \$500 per month per employee to the plan, and employees, at their option, authorized payroll withholdings to pay contributions for dependents. The TRS requires each center to contribute premiums in order to fund administrative costs and health insurance claims.

Payments made on behalf of the Center by the state for Medicare, Part D fringe benefits and salaries amounted to \$36,881 and \$34,436 for the years ended August 31, 2022 and 2021, respectively.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

14. LITIGATION

Management represents there is no litigation pending against the Center which would have a material effect on the financial statements.

15. COMMITMENTS AND CONTINGENCIES

Federal and State Funding

The Center participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Center has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired.

In the opinion of the Center, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

16. SHARED SERVICE ARRANGEMENTS

The Center is the fiscal agent for five Shared Services Arrangements (SSAs) which provide services for various member school districts under federal grants. All services are provided by the fiscal agent. The Center accounts for the SSAs in special revenue funds prescribed by TEA in its FASRG. The Center utilizes the account codes and procedures outlined in the FASRG for SSAs using the applicable model.

A brief description of these models are as follows:

Model #1 – The fiscal agent receives the program funds from the granting agency and retains a portion of the monies for administrative and other services provided by the Center. The remainder of the monies flows to participating member school districts.

Model #2 – The fiscal agent receives the program funds from the granting agency and administers the program. The fiscal agent manages the SSAs financial matters, including budgeting, accounting, auditing and reporting.

Model #3 – Member school districts and/or education service centers agree to combine resources to provide a certain service. The fiscal agent manages the SSAs financial matters, including budgeting, accounting, auditing, and reporting.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

Expenditures and other applicable information on the Center’s SSAs are noted below:

Program	FASRG Model #	Number of Member Districts	Member Districts	Fiscal Agent	Total
Head Start	1	5	\$ 840,323	\$ 1,614,413	\$ 2,454,736
Title I, Part C Migrant	2	16		100,520	100,520
IDEA, Part B Discretionary	1	5		41,167	41,167
Carl D. Perkins	2	33		210,495	210,495
Effective Advising Planning Pilot	2	3		104,500	104,500
Title III, Part A English Language Acquisition and Language Enhancement	2	33		122,318	122,318
State Deaf Regional Day School for the Deaf	1	4	182,824	17,154	199,978
			\$ 1,023,147	\$ 2,210,567	\$ 3,233,714

The Center’s SSAs noted above are further described below:

Head Start is a federally-funded SSA that provides a comprehensive child development program for qualifying three and four year old children. The SSA also provides a comprehensive child development program for qualifying pregnant women and children birth to three years old.

Title I, Part C – Migrant is a federally-funded SSA that provides migrant children with the opportunity to meet the same challenging state content and performance standards that the state has established for all children.

IDEA, Part B – Discretionary is a federally-funded SSA that provides assistance to ensure that all children with disabilities have available to them a free appropriate public education that emphasizes participation in the least restrictive environment, provision of services designed to meet their unique needs, and preparations for further education, employment, and independent living.

Carl D. Perkins Career and Technology Program is a federally-funded SSA that provides funding for the education of career and technology (vocational) students.

Effective Advising Planning Pilot Program is a federally-funded SSA that provides funding for planning, implementing, and evaluating an effective advising program to support student academic and career development in grades K-12.

Title III, Part A – English Language Acquisition and Language Enhancement is a federally-funded SSA that provides training and technical assistance to school districts and charter schools allowing school districts to supplement the state required programs for limited English proficient students.

State Deaf – Regional Day School for the Deaf is a state-funded SSA that provides funding to school districts allowing school districts to provide staff and activities for the regional day school program for the deaf.

REQUIRED SUPPLEMENTARY INFORMATION

REGION 15 EDUCATION SERVICE CENTER

Exhibit G-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)	
	1	2	3		
	Original	Amended	Actual		
REVENUES:					
5700	Local and Intermediate Revenues	\$ 5,222,758	\$ 5,841,136	\$ 5,955,635	\$ 114,499
5800	State Program Revenues	2,262,071	2,328,206	2,406,765	78,559
5900	Federal Program Revenues	406,000	549,712	607,228	57,516
5020	Total Revenues	\$ 7,890,829	\$ 8,719,054	\$ 8,969,628	\$ 250,574
EXPENDITURES:					
0011	Instruction	\$ 157,900	\$ 212,764	\$ 212,173	\$ 591
0013	Curriculum & Instructional Staff Dev.	2,927,236	3,059,359	2,689,737	369,622
0023	School Leadership	3,920	5,157	5,153	4
0035	Food Services	2,550	2,835	2,122	713
0041	General Administration	1,541,232	1,570,532	1,434,956	135,576
0051	Facilities Maintenance and Operations	263,536	271,382	265,005	6,377
0053	Data Processing Services	1,996,054	2,140,992	1,582,984	558,008
0061	Community Services	100	100		100
0062	School District Administrative Support	1,711,273	1,756,081	1,452,478	303,603
6030	Total Expenditures	\$ 8,603,801	\$ 9,019,202	\$ 7,644,608	\$ 1,374,594
1100	Excess of Revenues Over Expenditures	\$ (712,972)	\$ (300,148)	\$ 1,325,020	\$ 1,625,168
OTHER FINANCING SOURCES					
8911	Transfers Out	\$	\$ (317,209)	\$ (317,209)	\$ 0
7080	Total Other Financing Sources	\$ 0	\$ (317,209)	\$ (317,209)	\$ 0
1100	Excess of Revenues Over Expenditures	\$ (712,972)	\$ (617,357)	\$ 1,007,811	\$ 1,625,168
1200	Net Change in Fund Balance	\$ (712,972)	\$ (617,357)	\$ 1,007,811	\$ 1,625,168
0100	September 1 - Fund Balance	13,509,902	13,509,902	13,509,902	0
3000	August 31 - Fund Balance	\$ 12,796,930	\$ 12,892,545	\$ 14,517,713	\$ 1,625,168

REGION 15 EDUCATION SERVICE CENTER

Exhibit G-2

SCHEDULES OF THE CENTER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM
FOR THE YEARS ENDED AUGUST 31

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	<u>Plan Yr 2021</u>	<u>Plan Yr 2020</u>	<u>Plan Yr 2019</u>	<u>Plan Yr 2018</u>	<u>Plan Yr 2017</u>	<u>Plan Yr 2016</u>	<u>Plan Yr 2015</u>	<u>Plan Yr 2014</u>
Center's Proportionate Share of the Net Pension Liability	0.0030847%	0.0028189%	0.0001983%	0.0003606%	0.0003685%	0.0001848%	0.0001264%	0.0001632%
Center's Proportionate Share of the Net Pension Liability	\$ 785,553	\$ 1,509,764	\$ 103,057	\$ 198,472	\$ 117,824	\$ 69,850	\$ 44,681	\$ 43,593
State's Proportionate Share of the Net Pension Liability Associated with the Center	<u>3,389,923</u>	<u>7,011,525</u>	<u>6,562,081</u>	<u>7,051,286</u>	<u>4,199,239</u>	<u>5,171,366</u>	<u>5,107,350</u>	<u>4,107,641</u>
Total Net Pension Liability	<u>\$ 4,175,476</u>	<u>\$ 8,521,289</u>	<u>\$ 6,665,138</u>	<u>\$ 7,249,758</u>	<u>\$ 4,317,063</u>	<u>\$ 5,241,216</u>	<u>\$ 5,152,031</u>	<u>\$ 4,151,234</u>
Center's Covered Payroll	\$ 7,699,094	\$ 7,320,292	\$ 6,775,121	\$ 6,519,018	\$ 6,347,468	\$ 6,390,564	\$ 6,310,118	\$ 5,723,055
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	10.20%	20.62%	1.52%	3.04%	1.86%	1.09%	0.71%	0.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.79%	75.54%	75.24%	73.74%	82.17%	76.43%	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 ending August 31 for each plan year.

Note: In accordance with GASB 68, paragraph 138, only eight years of data are presented this reporting period. "The information for all periods for the ten 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."

REGION 15 EDUCATION SERVICE CENTER

Exhibit G-3

SCHEDULES OF CENTER CONTRIBUTIONS
FOR PENSIONS
TEACHERS RETIREMENT SYSTEM
FOR THE YEARS ENDED AUGUST 31

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 160,777	\$ 131,637	\$ 6,939	\$ 12,147	\$ 11,750	\$ 9,689	\$ 5,873	\$ 4,137
Contribution in Relation to the Contractually Required Contribution	<u>(160,777)</u>	<u>(131,637)</u>	<u>(6,939)</u>	<u>(12,147)</u>	<u>(11,750)</u>	<u>(9,689)</u>	<u>(5,873)</u>	<u>(4,137)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Center's Covered Payroll	\$ 8,801,442	\$ 7,699,094	\$ 7,320,292	\$ 6,775,121	\$ 6,517,905	\$ 6,347,468	\$ 6,390,564	\$ 6,310,118
Contributions as a Percentage of Covered Payroll	1.83%	1.71%	0.09%	0.18%	0.18%	0.15%	0.09%	0.07%

Note: Only eight years of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the ten 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."

REGION 15 EDUCATION SERVICE CENTER

Exhibit G-4

SCHEDULES OF THE CENTER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TEACHERS RETIREMENT SYSTEM FOR THE YEAR ENDED AUGUST 31

	<u>2022</u> <u>Plan Yr 2021</u>	<u>2021</u> <u>Plan Yr 2020</u>	<u>2020</u> <u>Plan Yr 2019</u>	<u>2019</u> <u>Plan Yr 2018</u>	<u>2018</u> <u>Plan Yr 2017</u>
Center's Proportion of the Net OPEB Liability	0.0073914%	0.0072233%	0.0073105%	0.0080947%	0.0075384%
Center's Proportionate Share of Net OPEB Liability	\$ 2,851,212	\$ 2,745,896	\$ 3,457,204	\$ 4,041,768	\$ 3,278,148
State's Proportionate Share of the Net OPEB Liability Associated with the Center	<u>3,819,989</u>	<u>3,689,826</u>	<u>4,593,851</u>	<u>5,909,010</u>	<u>5,280,414</u>
Total	<u>\$ 6,671,201</u>	<u>\$ 6,435,722</u>	<u>\$ 8,051,055</u>	<u>\$ 9,950,778</u>	<u>\$ 8,558,562</u>
Center's Covered Payroll	\$ 7,699,094	\$ 7,320,292	\$ 6,775,121	\$ 6,519,018	\$ 6,519,018
Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	37.03%	37.51%	51.03%	62.00%	50.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.18%	4.99%	2.73%	1.60%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule be determined as of the measurement dates ending August 31 for each plan year.

Note: This schedule shows only five years for which this information is available. Additional information will be added until ten years of data are available and reported.

REGION 15 EDUCATION SERVICE CENTER

Exhibit G-5

**SCHEDULES OF THE CENTER'S CONTRIBUTIONS
FOR OTHER POST-EMPLOYMENT BENEFITS
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 66,011	\$ 57,744	\$ 54,902	\$ 50,813	\$ 55,313
Contribution in Relation to the Contractually Required Contribution	<u>(66,011)</u>	<u>(57,744)</u>	<u>(54,902)</u>	<u>(50,813)</u>	<u>(55,313)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>				
Center's Covered Payroll	\$ 8,801,442	\$ 7,699,094	\$ 7,320,292	\$ 6,775,121	\$ 6,517,905
Contributions as a Percentage of Covered Payroll	0.75%	0.75%	0.75%	0.75%	0.85%

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

Note: This schedule shows only five years for which this information is available. Additional information will be added until ten years of data are available and reported.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

A. NOTES TO SCHEDULES FOR THE TRS PENSION

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

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

B. NOTES TO SCHEDULES FOR THE TRS OPEB PLAN

Changes of Benefit Terms

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

Changes of Assumptions

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

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

OTHER SUPPLEMENTARY INFORMATION
EXHIBITS H-1 THROUGH H-4

-52-
REGION 15 EDUCATION SERVICE CENTER

Exhibit H-1
(Continued)

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2022**

Data Control Codes	211 ESEA T-I, Part A Support 84.010A	212 ESEA T-I, Part C Migrant 84.011A	225 IDEA Part B Preschool 84.173A	241 Child Nutrition 10.560	244 Career and Technical Education 84.048A	255 ESEA T-II Part A Training 84.367A	266 ESSER Tech Assistance 84.425D	278 ESSER ARP Homeless 84.425W	281 ESSER CRRSA Supplemental 84.425D	282 ESSER Accelerated Learning 84.425U
ASSETS AND OTHER DEBITS:										
1110	Cash and Temporary Investments	\$	\$	\$	\$	\$	\$	\$	\$	\$
1240	Due from Other Governments	12,473	1,398	5,513	61,668	3,101	4,106	12,079	2,976	179
1000	Total Assets	<u>\$ 12,473</u>	<u>\$ 1,398</u>	<u>\$ 5,513</u>	<u>\$ 61,668</u>	<u>\$ 3,101</u>	<u>\$ 4,106</u>	<u>\$ 12,079</u>	<u>\$ 2,976</u>	<u>\$ 179</u>
LIABILITIES:										
Current Liabilities:										
2160	Accrued Wages Payable	\$	\$	\$	\$	\$	\$	\$	\$	\$
2170	Due to Other Funds	7,208	1,398	5,513	61,668	3,101	247	12,079	2,976	179
2300	Unearned Revenue	5,265								989
2000	Total Liabilities	<u>\$ 12,473</u>	<u>\$ 1,398</u>	<u>\$ 5,513</u>	<u>\$ 61,668</u>	<u>\$ 3,101</u>	<u>\$ 4,106</u>	<u>\$ 12,079</u>	<u>\$ 2,976</u>	<u>\$ 179</u>
FUND BALANCES:										
3000	Total Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
4000	Total Liabilities and Fund Balances	<u>\$ 12,473</u>	<u>\$ 1,398</u>	<u>\$ 5,513</u>	<u>\$ 61,668</u>	<u>\$ 3,101</u>	<u>\$ 4,106</u>	<u>\$ 12,079</u>	<u>\$ 2,976</u>	<u>\$ 179</u>

-53-
REGION 15 EDUCATION SERVICE CENTER

**Exhibit H-1
(Concluded)**

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2022**

Data Control Codes	288 CACFP 10.558	289 Title IV Tech Assist/ Behavioral 84.424A	289 HELP Mental Health 84.148X	289 COVID-19 Health Workforce 93.354	301 SSA-T-III, Part C Migrant 84.011A	350 SSA T-III, Part A ELA 84.365A	415 ESC Gifted and Talented	435 State Deaf	446 Chapter 41 WADA Fund	Total 2022
ASSETS AND OTHER DEBITS:										
1110	Cash and Temporary Investments	\$ 654	\$	\$	\$	\$	\$	\$	\$ 1,112,084	\$ 1,112,738
1240	Due from Other Governments		1,859	113	33,629	207	113	13,035	1,497	159,316
1000	Total Assets	<u>\$ 654</u>	<u>\$ 1,859</u>	<u>\$ 113</u>	<u>\$ 33,629</u>	<u>\$ 207</u>	<u>\$ 113</u>	<u>\$ 13,035</u>	<u>\$ 1,497</u>	<u>\$ 1,272,054</u>
LIABILITIES:										
Current Liabilities:										
2160	Accrued Wages Payable	\$	1,699	\$	1,020	\$	\$	\$	\$	18,167
2170	Due to Other Funds		160	113	32,609	207	113	13,035	1,497	141,149
2300	Unearned Revenue	654								654
2000	Total Liabilities	<u>\$ 654</u>	<u>\$ 1,859</u>	<u>\$ 113</u>	<u>\$ 33,629</u>	<u>\$ 207</u>	<u>\$ 113</u>	<u>\$ 13,035</u>	<u>\$ 1,497</u>	<u>\$ 159,970</u>
FUND BALANCES:										
3000	Total Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,112,084</u>	<u>\$ 1,112,084</u>
4000	Total Liabilities and Fund Balances	<u>\$ 654</u>	<u>\$ 1,859</u>	<u>\$ 113</u>	<u>\$ 33,629</u>	<u>\$ 207</u>	<u>\$ 113</u>	<u>\$ 13,035</u>	<u>\$ 1,497</u>	<u>\$ 1,272,054</u>

-54-
REGION 15 EDUCATION SERVICE CENTER

Exhibit H-2
(Continued)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022**

Data Control Codes	206 ESC Capacity Building 84.196A	211 ESEA T-I, Part A Support 84.010A	212 ESEA T-I, Part C Migrant 84.011A	225 IDEA Part B Preschool 84.173A	241 Child Nutrition 10.560	244 Career & Technical Education 84.048A	255 ESEA T-II, Part A Training 84.367A	263 ESEA T-III, Part A ELA 84.365A	266 ESSER Tech Assistance 84.425D	278 ESSER ARP Homeless 84.425W
REVENUES										
5800 State Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
5900 Federal Program Revenue	46,424	934,647	148,296	81,764	317,794	66,915	80,742	37,139	177,774	62,795
5020 Total Revenues	<u>\$ 46,424</u>	<u>\$ 934,647</u>	<u>\$ 148,296</u>	<u>\$ 81,764</u>	<u>\$ 317,794</u>	<u>\$ 66,915</u>	<u>\$ 80,742</u>	<u>\$ 37,139</u>	<u>\$ 177,774</u>	<u>\$ 62,795</u>
EXPENDITURES										
0011 Instruction	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
0013 Curriculum & Instructional Staff Dev.	46,424	888,223	148,296	81,433		66,915	55,905	37,139	121,019	62,795
0035 Food Services										
0041 General Administration										
0051 Facilities Maintenance and Operations				331						
0062 School District Administrative Support		46,424			317,794		24,837		56,755	
0093 Payments to Fiscal Agents/Members										
6030 Total Expenditures	<u>\$ 46,424</u>	<u>\$ 934,647</u>	<u>\$ 148,296</u>	<u>\$ 81,764</u>	<u>\$ 317,794</u>	<u>\$ 66,915</u>	<u>\$ 80,742</u>	<u>\$ 37,139</u>	<u>\$ 177,774</u>	<u>\$ 62,795</u>
1100 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
OTHER RESOURCES AND (USES)										
8949 Other (Uses)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
7080 Total Other Resources and (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1200 Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0100 Beginning Fund Balance - September 1, 2021	0	0	0	0	0	0	0	0	0	0
3000 Ending Fund Balance - August 31, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

-55-
REGION 15 EDUCATION SERVICE CENTER

Exhibit H-2
(Continued)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022**

Data Control Codes	281 ESSER CRRSA Supplemental 84.425D	282 ESSER Accelerated Learning 84.425U	287 Stop School Violence 16.839	288 CACFP 10.558	289 Title IV Tech Assist/ Behavioral 84.424A	289 HELP Mental Health 84.148X	289 ESSA Basic Services 84.999	289 COVID-19 Health Workforce 93.354	301 SSA-T-III, Part C Migrant 84.011A	315 IDEA Part B Deaf 84.027A
REVENUES										
5800 State Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
5900 Federal Program Revenue	<u>277,477</u>	<u>396,816</u>	<u>417,363</u>	<u>38,724</u>	<u>127,432</u>	<u>472,713</u>	<u>44,248</u>	<u>540,119</u>	<u>100,520</u>	<u>41,167</u>
5020 Total Revenues	<u>\$ 277,477</u>	<u>\$ 396,816</u>	<u>\$ 417,363</u>	<u>\$ 38,724</u>	<u>\$ 127,432</u>	<u>\$ 472,713</u>	<u>\$ 44,248</u>	<u>\$ 540,119</u>	<u>\$ 100,520</u>	<u>\$ 41,167</u>
EXPENDITURES										
0011 Instruction	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
0013 Curriculum & Instructional Staff Dev.	203,900	362,080	346,897		127,432				4,434	10,888
0035 Food Services				38,724						30,279
0041 General Administration			25,016							
0051 Facilities Maintenance and Operations										
0062 School District Administrative Support	73,577	34,736	45,450			472,713	44,248	540,119		
0093 Payments to Fiscal Agents/Members										
6030 Total Expenditures	<u>\$ 277,477</u>	<u>\$ 396,816</u>	<u>\$ 417,363</u>	<u>\$ 38,724</u>	<u>\$ 127,432</u>	<u>\$ 472,713</u>	<u>\$ 44,248</u>	<u>\$ 540,119</u>	<u>\$ 100,520</u>	<u>\$ 41,167</u>
1100 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
OTHER RESOURCES AND (USES)										
8949 Other (Uses)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
7080 Total Other Resources and (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
1200 Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0100 Beginning Fund Balance - September 1, 2021	0	0	0	0	0	0	0	0	0	0
3000 Ending Fund Balance - August 31, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

-56-
REGION 15 EDUCATION SERVICE CENTER

**Exhibit H-2
(Concluded)**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022**

Data Control Codes	331 SSA - Career & Technical Basic Grant 84.048A	350 SSA-T-III, Part A ELA 84.365A	367 ARP Homeless 84.425W	379 Texas Education Homeless 84.196A	385 Visually Impaired ESC SSVI	415 Texas School Ready	435 State Deaf	392 405 429 Other State Funds	446 Chapter 41 WADA Fund	Total 2022
REVENUES										
5800 State Revenue	\$	\$	\$	\$	\$ 120,328	\$ 72,420	\$ 182,824	\$ 66,325	\$	\$ 441,897
5900 Federal Program Revenue	314,995	122,318	17,154	45,143						4,910,479
5020 Total Revenues	<u>\$ 314,995</u>	<u>\$ 122,318</u>	<u>\$ 17,154</u>	<u>\$ 45,143</u>	<u>\$ 120,328</u>	<u>\$ 72,420</u>	<u>\$ 182,824</u>	<u>\$ 66,325</u>	<u>\$ 0</u>	<u>\$ 5,352,376</u>
EXPENDITURES										
0011 Instruction	\$	\$	\$	\$	\$ 105,528	\$	\$	\$	\$	\$ 120,850
0013 Curriculum & Instructional Staff Dev.	314,995	122,318	17,154	45,143	14,800	72,420		39,653		3,301,306
0035 Food Services										38,724
0041 General Administration									12,614	37,630
0051 Facilities Maintenance and Operations									157,681	158,012
0062 School District Administrative Support								23,212		1,679,865
0093 Payments to Fiscal Agents/Members							182,824			182,824
6030 Total Expenditures	<u>\$ 314,995</u>	<u>\$ 122,318</u>	<u>\$ 17,154</u>	<u>\$ 45,143</u>	<u>\$ 120,328</u>	<u>\$ 72,420</u>	<u>\$ 182,824</u>	<u>\$ 62,865</u>	<u>\$ 170,295</u>	<u>\$ 5,519,211</u>
1100 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,460	\$ (170,295)	\$ (166,835)
OTHER RESOURCES AND (USES)										
8949 Other (Uses)	\$	\$	\$	\$	\$	\$	\$	\$ (3,460)	\$	\$ (3,460)
7080 Total Other Resources and (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,460)</u>	<u>\$ 0</u>	<u>\$ (3,460)</u>
1200 Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (170,295)	\$ (170,295)
0100 Beginning Fund Balance - September 1, 2021	0	0	0	0	0	0	0	0	1,282,379	1,282,379
3000 Ending Fund Balance - August 31, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,112,084</u>	<u>\$ 1,112,084</u>

REGION 15 EDUCATION SERVICE CENTER

Exhibit H-3

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AUGUST 31, 2022

	Proprietary Fund Type					Totals
	Internal Service Funds					
	750 Building Operations	751 Fleet Vehicles	752 Print Shop	754 NetXV Local	770 Data Services	
ASSETS:						
Current Assets:						
Cash and Cash Equivalents	\$ 89,755	\$ 350,257	\$ 401,814	\$ 68,347	\$ 274,598	\$ 1,184,771
Total Current Assets	\$ 89,755	\$ 350,257	\$ 401,814	\$ 68,347	\$ 274,598	\$ 1,184,771
Noncurrent Assets:						
Furniture and Equipment, Net	\$ 224,685	\$ 310,776	\$	\$	\$	\$ 535,461
Right of Use Assets, Net			68,469			68,469
Total Noncurrent Assets	\$ 224,685	\$ 310,776	\$ 68,469	\$ 0	\$ 0	\$ 603,930
Total Assets	\$ 314,440	\$ 661,033	\$ 470,283	\$ 68,347	\$ 274,598	\$ 1,788,701
LIABILITIES:						
Current Liabilities						
Accounts Payable	\$ 110	\$	\$	\$	\$	\$ 110
Accrued Wages Payable	1,530			1,013		2,543
Total Current Liabilities	\$ 1,640	\$ 0	\$ 0	\$ 1,013	\$ 0	\$ 2,653
Noncurrent Liabilities:						
Lease Liabilities	\$	\$	\$ 75,995	\$	\$	\$ 75,995
Total Noncurrent Liabilities	\$ 0	\$ 0	\$ 75,995	\$ 0	\$ 0	\$ 75,995
Total Liabilities	\$ 1,640	\$ 0	\$ 75,995	\$ 1,013	\$ 0	\$ 78,648
NET POSITION:						
Net Investment in Capital Assets	\$ 224,685	\$ 310,776	\$ 68,469	\$	\$	\$ 603,930
Unrestricted Net Position	88,115	350,257	325,819	67,334	274,598	1,106,123
Total Net Position	\$ 312,800	\$ 661,033	\$ 394,288	\$ 67,334	\$ 274,598	\$ 1,710,053

REGION 15 EDUCATION SERVICE CENTER

Exhibit H-4

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	Proprietary Fund Type						Totals
	Internal Service Funds						
	750 Building Operations	751 Fleet Vehicles	752 Print Shop	754 NetXV Local	770 Data Services	771 Personnel	
REVENUES							
Operating Revenues and Charges for Services	\$ 321,287	\$ 133,318	\$ 166,021	\$ 248,575	\$ 62,264	\$ 11,296,323	\$ 12,227,788
OPERATING EXPENSES							
Payroll Costs	\$	\$	\$	\$	\$	\$ 11,296,323	\$ 11,296,323
Professional and Contracted Services	362,165	36,242	104,946	168,513	26,331		698,197
Supplies and Materials	44,576	38,745	19,356	73,407			176,084
Other Operating Expense	62,560	918		98			63,576
Depreciation and Amortization	24,587	52,159	27,433				104,179
Total Operating Expenses	\$ 493,888	\$ 128,064	\$ 151,735	\$ 242,018	\$ 26,331	\$ 11,296,323	\$ 12,338,359
Operating Income	\$ (172,601)	\$ 5,254	\$ 14,286	\$ 6,557	\$ 35,933	\$ 0	\$ (110,571)
NON-OPERATING REVENUES (EXPENSES)							
Insurance Recovery	\$	\$ 25,176	\$	\$	\$	\$	\$ 25,176
Gain on Sale of Personal Property		42,900					42,900
Interest Expense			(1,736)				(1,736)
Total Non-operating Revenues (Expenses)	\$ 0	\$ 68,076	\$ (1,736)	\$ 0	\$ 0	\$ 0	\$ 66,340
Income Before Transfers	\$ (172,601)	\$ 73,330	\$ 12,550	\$ 6,557	\$ 35,933	\$ 0	\$ (44,231)
Transfer In	317,209						317,209
Change in Net Position	\$ 144,608	\$ 73,330	\$ 12,550	\$ 6,557	\$ 35,933	\$ 0	\$ 272,978
Beginning Net Position - September 1, 2021	168,192	587,703	381,738	60,777	238,665		1,437,075
Ending Net Position - August 31, 2022	\$ 312,800	\$ 661,033	\$ 394,288	\$ 67,334	\$ 274,598	\$ 0	\$ 1,710,053

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

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

Independent Auditor's Report

Board of Directors
Region 15 Education Service Center
San Angelo, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Region 15 Education Service Center (the Center) as of and for the year ended August 31, 2022, and related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 1, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bolinger, Segars, Gilbert & Moss L.L.P.

Certified Public Accountants

Lubbock, Texas

December 1, 2022

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Independent Auditor's Report

Board of Directors
Region 15 Education Service Center
San Angelo, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Region 15 Education Service Center's (the Center's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended August 31, 2022. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center 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 August 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of compliance section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Bolinger, Segars, Gilbert & Moss L.L.P.

Certified Public Accountants

Lubbock, Texas

December 1, 2022

FEDERAL FINANCIAL ASSISTANCE SECTION

REGION 15 EDUCATION SERVICE CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED AUGUST 31, 2022

A. Section I - Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued Unmodified
Internal control over financial reporting
Material weakness(es) identified?
Significant deficiencies identified that are not considered to be material weaknesses?
Noncompliance material to financial statements noted?

2. Federal Awards

Internal control over major programs:
Material weakness(es) identified?
Significant deficiencies identified that are not considered to be material weaknesses?
Type of auditor's report issued on compliance for major programs Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Identification of major programs:

Table with 2 columns: CFDA Number(s) and Name of Federal Program or Cluster. Rows include 84.425D, 84.425U, 84.425W, 93.600, and 93.354 with corresponding program names like COVID-19 ESSER and Head Start.

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? x yes no

B. Section II - Findings Related to the Financial Statements

None Noted

C. Section III - Findings and Questioned Costs Related to the Federal Awards

None Noted

REGION 15 EDUCATION SERVICE CENTER

**SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2022**

Prior Year's Finding/Noncompliance

N/A

Status of Prior Year's Findings/Noncompliance

N/A

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022**

Federal Grantor/ Pass-through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
<u>Passed Through Texas Education Agency</u>				
ESEA Title I, Part A - ESC Comprehensive School Support C3 (211)	84.010A	216101537110015		\$ 109,118
ESEA Title I, Part A - ESC Performance Management (211)	84.010A	216101657110015		50,000
ESEA Title I, Part A - ESC Texas Instructional Leadership (TIL) (211)	84.010A	216101507110015		158,667
ESEA Title I, Part A - ESC ESSA Basic Services (211)	84.010A	226101197110015		60,204
ESEA Title I, Part A - ESC School Improvement Facilitation (211)	84.010A	226101547110015		603,865
ESEA Title I, Part A - Tx Instructional Leader Expansion (211)	84.010A	226101457110015		24,789
Total ALN 84.010A				\$ 1,006,643
ESC ESSA Basic Services Initiative (212)	84.011A	226150027110015		\$ 159,719
SSA - ESEA Title I, Part C - Migratory Children (301)	84.011A	21615001226950		5,456
SSA - ESEA Title I, Part C - Migratory Children (301)	84.011A	22615001226950		102,808
Total ALN 84.011A				\$ 267,983
Career and Technical - ESC CTE Admin (244)	84.048A	224200107110015		\$ 41,830
Career and Technical - ESC CTE Leadership (244)	84.048A	224200097110015		29,481
SSA - (21-22) Perkins V: Strengthening CTE for 21st Century (331)	84.048A	214200297110003		109,725
SSA - (2021-2022) Effective Advising Planning Pilot (331)	84.048A	22420006226950		221,020
Total ALN 84.048A				\$ 402,056
Title II - ESC ESSA Basic Services (255)	84.367A	216945747110015		\$ 25,000
Title II, Part A - Instructional Leadership Expansion (255)	84.367A	216945737110015		35,211
2021-2022 ESC Equity Plan Support (255)	84.367A	226945647110015		8,505
2022-2023 Strategic Compensation Fellowship and Grant (255)	84.367A	226945827110003		16,940
Total ALN 84.367A				\$ 85,656
Title III, Part A - 2021-2022 ESC Basic Services Grant (263)	84.365A	226710027110015		\$ 30,000
Title III, Part A - 2021-2022 Enhancing Program Implementation (263)	84.365A	226710157110015		10,000
SSA - English Language Acquisition Grants Title III ELA (350)	84.365A	21671001226950		6,932
SSA - English Language Acquisition Grants Title III ELA (350)	84.365A	22671001226950		124,808
Total ALN 84.365A				\$ 171,740
Title IV, Part A - Mental Behavior Health (289)	84.424A	216801107110015		\$ 44,034
Title IV, Part A - ESSA Basic Services (289)	84.424A	226801057110015		86,066
Title IV, Part A - Mental Behavior Health (289)	84.424A	226801117110015		7,148
Total ALN 84.424A				\$ 137,248
COVID 19, ESSER Tech Assistance - (266)	84.425D	20521011226950		\$ 61,125
COVID 19, ESSER THL ESC Plan & Implementation - (266)	84.425D	205210177110015		82,437
COVID-19, ESC THL Dedicated Staff - ESSER II (281)	84.425D	215210407110015		219,603
COVID-19, ESC ESSER II Tech Assist (281)	84.425D	215210467110015		79,244
COVID-19, ESSER III ESC Texas Tutoring Support (282)	84.425U	215280277110015		152,568
COVID-19, ESC THL Dedicated Staff - ESSER II (282)	84.425U	215280407110015		10,716
COVID-19, ESC Op. Support Accel Learning (282)	84.425U	215280417110015		226,689
COVID-19, ESC ESSER III Tech Assist (282)	84.425U	215280457110015		37,411
COVID-19, ARP Homeless I - ESC Capacity (278)	84.425W	215330037110015		58,764
COVID-19, ARP Homeless I - TEHCY Supplemental (278)	84.425W	215330017110090		8,869
COVID-19, ARP Homeless II (367)	84.425W	21533002226950		18,475
Total ALN 84.425 - COVID-19				\$ 955,901
2021-2022 ESC Capacity Building Grant (206)	84.196A	224600087110015		\$ 50,000
2021-2022 Texas Education for Homeless Children & Youth (379)	84.196A	224600057110085		48,620
Total ALN 84.196A				\$ 98,620
Title I, Basic Services Initiative (289)	84.999	226000117110015		\$ 47,656
Total Passed Through Texas Education Agency				\$ 3,173,503
<u>Passed Through Texas Health and Human Services Commission</u>				
Special Education for Infants & Families with Disabilities (416)	84.181A	HHS000640200015		\$ 343,596
Total Passed Through Texas Health and Human Services Commission				\$ 343,596
<u>Passed Through Region 10 ESC</u>				
COVID-19 ESSER THL Operational Support (266)	84.425D	ESC10 INTERLOCAL		\$ 47,903
Total Passed Through Region 10 ESC				\$ 47,903
<u>Direct Awards</u>				
HELP Mental Health (289)	84.184X	S184X190035		\$ 485,871
TOTAL U.S. DEPARTMENT OF EDUCATION				\$ 4,050,873

-67-
REGION 15 EDUCATION SERVICE CENTER

**Exhibit K-1
(Concluded)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022**

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal ALN Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through To Subrecipients</u>	<u>Federal Expenditures</u>
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Texas Education Agency</i>				
COVID-19, Public Health Workforce Supplemental (289)	93.354	223934017110015	\$ 412,341	\$ 581,725
Total Passed Through Texas Education Agency			\$ 412,341	\$ 581,725
<i>Passed Through Region 14 Education Service Center</i>				
SSA - Head Start (294)	93.600	06CH012174-01-00	\$ 31,925	\$ 553,602
SSA - Head Start (294)	93.600	06CH011462-02-00	928,373	1,883,355
SSA - COVID-19 Head Start ARP (294)	93.600	06HE001016-01-01		80,820
Total ALN 93.600			\$ 960,298	\$ 2,517,777
Total Passed Through Region 14 Education Service Center			\$ 960,298	\$ 2,517,777
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 1,372,639	\$ 3,099,502
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Texas Department of Agriculture</i>				
Child Nutrition (20-21) (241)	10.560	NT4XL1YGLGC5		\$ 28,231
Child Nutrition (21-22) (241)	10.560	NT4XL1YGLGC5		314,043
Total ALN 10.560				\$ 342,274
EHS CACFP (288)	10.558	NT4XL1YGLGC5		\$ 41,192
Total Passed Through Texas Department of Agriculture				\$ 383,466
TOTAL U.S. DEPARTMENT OF AGRICULTURE				\$ 383,466
U.S. DEPARTMENT OF JUSTICE				
<i>Direct Awards</i>				
Stop School Violence (287)	16.839	2020-YS-BX-0101		\$ 417,363
TOTAL U.S. DEPARTMENT OF JUSTICE				\$ 417,363
CLUSTER PROGRAMS				
Special Education Cluster (IDEA)				
<i>U.S. Department of Education Passed Through Texas Education Agency</i>				
IDEA, Part B - (21-22) Network 8: Small And Rural Schools (226)	84.027A	226600537110001		\$ 970,060
IDEA, Part B - Sensory Improvement (226)	84.027A	226600227110015		47,184
IDEA, Part B - ESC Special Education Liaisons (226)	84.027A	226600657110015		284,492
IDEA, Part B - Leadership (226)	84.027A	226600567110015		806,985
IDEA, Part B - RDSPD Fiscal Agents (226)	84.027A	226600887110003		77,000
SSA - IDEA, Part B - Discretionary Deaf (315)	84.027A	226600112269506673		44,338
IDEA, Part B - Preschool ESCS (225)	84.173A	226610227110015		88,062
Total IDEA, Part B Passed Through Texas Education Agency				\$ 2,318,121
<i>U.S. Department of Education Passed Through Texas Health and Human Services Commission</i>				
IDEA, Part B - Discretionary (416)	84.027A	HHS000640200015		\$ 36,720
Total Special Education Cluster (IDEA)				\$ 2,354,841
TANF Cluster				
<i>U.S. Department of Health and Human Services Passed Through Texas Health and Human Services Commission</i>				
Temporary Assistance for Needy Families (416)	93.558	HHS000640200015		\$ 88,610
Total TANF Cluster				\$ 88,610
Medicaid Cluster				
<i>U.S. Department of Health and Human Services Passed Through Texas Health and Human Services Commission</i>				
Medicaid Administrative Claiming Program (416)	93.778	HHS000897400001		\$ 77,651
Total Medicaid Cluster				\$ 77,651
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,372,639	\$ 10,472,306

REGION 15 EDUCATION SERVICE CENTER

**NOTES TO THE SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022**

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Region 15 Education Service Center under programs of the federal government for the year ended August 31, 2022. The information in the Schedule is presented in accordance with the 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).

Summary of Significant Accounting Policies

- (A) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.
- (B) Region 15 Education Service Center has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.