

**REGION 15 EDUCATION SERVICE CENTER**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2024**

**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, 2024**

**REGION 15 EDUCATION SERVICE CENTER**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2024**

Board of Directors:

Donald Piwanka – Chairman

J.W. Jennings – Vice Chairman

Julie Griffin – Secretary

Walter Holik, Jr.

Dean Munn

Teri Trull

John Belcher

Christie Wolfe

Executive Director:

Casey Callahan

**REGION 15 EDUCATION SERVICE CENTER**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2024**

**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>Basic 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 .....	48	G-1
Schedules of the Center's Proportionate Share of the Net Pension Liability.....	49	G-2
Schedules of the Center Contributions for Pensions .....	50	G-3
Schedules of the Center's Proportionate Share of the Net OPEB Liability.....	51	G-4
Schedules of the Center Contributions for Other Post-Employment Benefits .....	52	G-5
Notes to Required Supplementary Information.....	53	

REGION 15 EDUCATION SERVICE CENTER

ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2024

**TABLE OF CONTENTS (CONCLUDED)**

	<u>Page</u>	<u>Exhibit</u>
<u>Supplementary Information</u>		
Non-Major Governmental Funds		
Combining Balance Sheet.....	54	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	57	H-2
Internal Service Funds		
Combining Statement of Net Position.....	61	H-3
Combining Statement of Revenues, Expenses and Changes in Net Position.....	62	H-4
 OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION		
Independent Auditor's 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> .....	63	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance .....	65	
 FEDERAL FINANCIAL ASSISTANCE SECTION		
Schedule of Findings and Questioned Costs .....	68	
Schedule of Status of Prior Year Findings.....	69	
Schedule of Expenditures of Federal Awards .....	70	K-1
Notes to the Supplementary Schedule of Expenditures of Federal Awards .....	73	

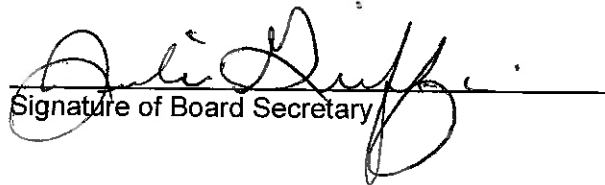
## CERTIFICATE OF BOARD

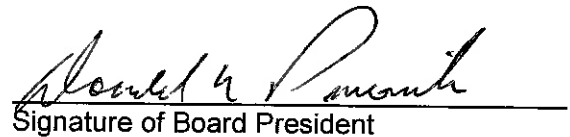
Region 15 Education Service Center  
Name of Service Center

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, 2024, at a meeting of the Board of Directors of such Service Center on the 18<sup>th</sup> day of December, 2024.

  
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, 2024, 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, 2024, 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. 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 48, and the pension and other post-employment benefit (OPEB) related information on pages 49-53 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 balance sheets and statements of revenues, expenditures and changes in fund balance for non-major governmental 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 9, 2024, 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 9, 2024

# 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, 2024. Please read it in conjunction with the Center’s financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The Center ended the year, August 31, 2024, with total net position of \$19.3 million, including unrestricted net position of \$15.0 million. The balance of cash and investments at August 31, 2024, was \$20.7 million.
- During the year, the Center generated \$26.6 million in grants, charges, and other revenues for governmental activities. In comparison to the prior year, revenues increased 11.9%, or approximately \$2.8 million and expenses increased 10.8%, or approximately \$2.4 million.
- The general fund reported a fund balance this year of \$19.3 million. This was an increase of approximately 2.6 million (15%). The total governmental fund balance for the Center increased approximately \$2.5 million (14%).

## 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*.

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

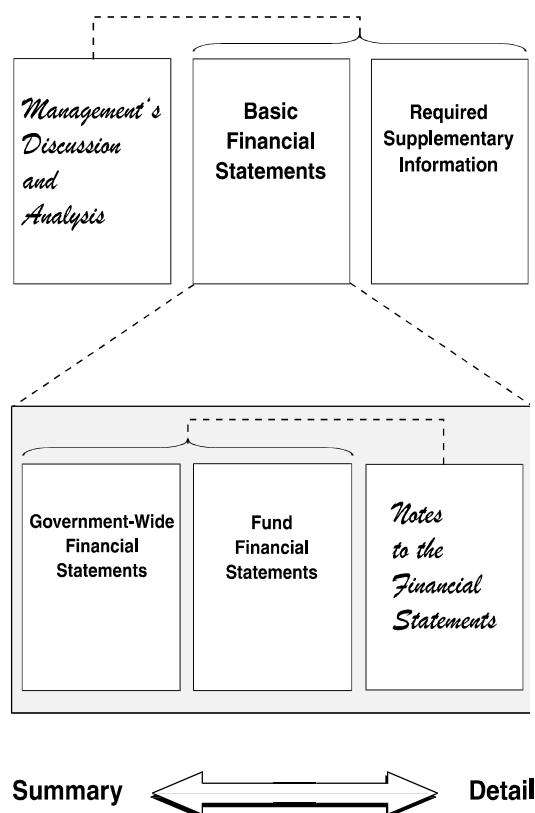


Figure A-2 summarizes the major features of the Center’s financial statements, including the portion of the Center’s government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each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

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

<i>Type of Statements</i>	<b>Fund Statements</b>		
	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
<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
<i>Required financial statements</i>	♦ Statement of net position	♦ Balance sheet	♦ Statement of net position
	♦ Statement of activities	♦ Statement of revenues, expenditures & changes in fund balances	♦ Statement of revenues, expenses and changes in net position ♦ Statement of cash flows
<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
<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
<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

### 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 \$2.3 million between fiscal years 2023 and 2024 to approximately \$19.3 million (see Table A-1).

Total assets increased by 9.0%, or about \$2.1 million, while total liabilities decreased by 1.6%, or about \$85,000.

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 2024	Governmental Activities 2023	Total % Change
<u>Assets:</u>			
Current and Other Assets	\$ 21,533.9	\$ 18,788.5	14.6%
Capital Assets	<u>3,728.6</u>	<u>4,384.4</u>	<u>-15.0%</u>
Total Assets	<u>\$ 25,262.5</u>	<u>\$ 23,172.9</u>	<u>9.0%</u>
<u>Deferred Outflows of Resources</u>			
Deferred Outflows Related to Pension/OPEB Liabilities	<u>\$ 2,385.5</u>	<u>\$ 2,660.6</u>	<u>-10.3%</u>
Total Deferred Outflows of Resources	<u>\$ 2,385.5</u>	<u>\$ 2,660.6</u>	<u>-10.3%</u>
<u>Liabilities:</u>			
Current Liabilities	\$ 109.1	\$ 106.0	2.9%
Long Term Liabilities	<u>5,239.1</u>	<u>5,326.9</u>	<u>-1.6%</u>
Total Liabilities	<u>\$ 5,348.2</u>	<u>\$ 5,432.9</u>	<u>-1.6%</u>
<u>Deferred Inflows of Resources</u>			
Deferred Inflows Related to Pension/OPEB Liabilities	<u>\$ 2,988.8</u>	<u>\$ 3,412.0</u>	<u>-12.4%</u>
Total Deferred Inflows of Resources	<u>\$ 2,988.8</u>	<u>\$ 3,412.0</u>	<u>-12.4%</u>
<u>Net Position:</u>			
Net Investment in Capital Assets	\$ 3,430.7	\$ 3,768.5	-9.0%
Restricted	863.1	899.2	-4.0%
Unrestricted	<u>15,017.2</u>	<u>12,320.9</u>	<u>21.9%</u>
Total Net Position	<u><u>\$ 19,311.0</u></u>	<u><u>\$ 16,988.6</u></u>	<u><u>13.7%</u></u>

## Capital Assets

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

<b>Table A-2</b> <b>Region 15 Education Service Center</b> <b>CAPITAL ASSETS</b> <i>(in thousands of dollars)</i>			
	2024	2023	Total % Change
Land	\$ 52.1	\$ 52.1	0.0%
Buildings and Improvements	6,897.5	6,897.6	0.0%
Equipment	1,597.7	1,562.8	2.2%
Right of Use Assets, Net	841.0	832.9	
Total Cost	\$ 9,388.3	\$ 9,345.4	0.5%
Total Accumulated Depreciation/Amortization	(5,659.7)	(4,961.0)	14.1%
Net Capital Assets	\$ 3,728.6	\$ 4,384.4	-15.0%

## 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.

<b>Table A-3</b> <b>Region 15 Education Service Center</b> <b>LONG-TERM LIABILITIES</b> <i>(in thousands of dollars)</i>		
	2024	2023
Accrued Compensated Absences	\$ 775.2	\$ 725.0
Lease Liabilities	43.7	55.5
Subscription Liabilities	271.2	576.6
Net Pension Liability	2,340.0	2,045.5
Net OPEB Liability	1,809.0	1,924.3
Total Long-Term Liabilities	\$ 5,239.1	\$ 5,326.9

**Changes in net position:** The Center's total revenues for fiscal year 2024 were \$26.6 million (see Table A-4). The majority of the Center's revenues, 66.5%, came from grants while 29.3% related to charges for services. (See Figure A-3).

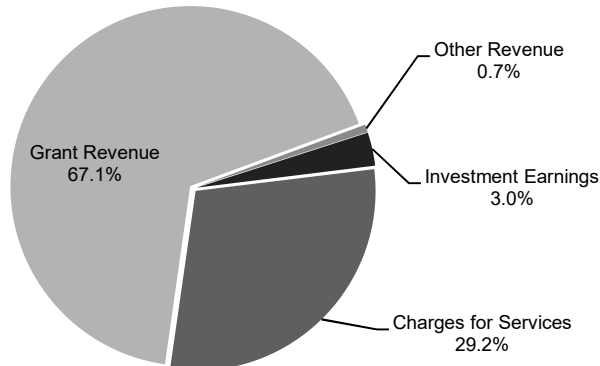
The total cost of all programs and services for fiscal year 2024 were \$24.3 million. The majority of these costs, 77.9%, were for services related to instruction; curriculum and staff development; and school district administrative support.

- 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 2024	Governmental Activities 2023	Total % Change
<u>Revenues:</u>			
Program Revenues:			
Charges for Services	\$ 7,787.3	\$ 6,925.6	12.4%
Operating Grants and Contributions	17,676.2	15,940.5	10.9%
General Revenues:			
Grants and Contributions not Restricted	93.1	39.0	138.7%
Investment Earnings	1,017.8	732.0	39.0%
Miscellaneous Revenues		120.7	-100.0%
Total Revenue	<u>\$ 26,574.4</u>	<u>\$ 23,757.8</u>	<u>11.9%</u>
<u>Expenses:</u>			
Instruction	\$ 2,696.7	\$ 2,696.1	0.0%
Curriculum and Staff Development	10,846.2	9,705.7	11.8%
School Leadership	40.5	50.5	-19.8%
Food Services	101.7	69.4	46.5%
General Administration	1,689.6	1,468.1	15.1%
Facilities Maintenance and Operations	665.9	622.1	7.0%
Data Processing Services	1,972.2	1,669.9	18.1%
Community Services	42.1	56.3	-25.2%
School District Administrative Support (ESC)	5,343.4	4,882.5	9.4%
Payments Related to Shared Service Arrangements	853.7	668.0	27.8%
Total Expenses	<u>\$ 24,252.0</u>	<u>\$ 21,888.6</u>	<u>10.8%</u>
Increase (Decrease) in Net Position	<u>\$ 2,322.4</u>	<u>\$ 1,869.2</u>	<u>24.2%</u>

**Figure A-3 Sources of Revenue For Fiscal Year 2024**





## **FINANCIAL ANALYSIS OF THE CENTER'S FUNDS**

As the Center completed the year, the governmental fund balances reported a combined fund balance of \$20.1 million, about \$2.5 million more than the prior year. The revenues from governmental fund types totaled \$26.7 million, an increase of \$2.5 million, or 10.2%, from the preceding year.

Local revenues increased about \$1.1 million, to approximately \$8.9 million. This increase was primarily due to increases in services to member districts.

State revenues increased about \$1.0 million, to approximately \$5.2 million. This increase was primarily due to receiving more from state funded grants.

Federal revenues increased about \$356000, to approximately \$12.6 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 \$2.0 million, or about 18.3%, below final budget amounts. Revenues available were approximately \$350,000, or about 3.2%, above the final budgeted amount.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Region 15 Education Service Center ended the 2023-2024 fiscal year in a healthy financial condition. Closing out the 2023-2024 fiscal year the Center was able to maintain increased services to schools with a continuation of federal funding. To remain competitive in the job market, for the 2023-2024 fiscal year, the Center approved a 4% mid-point increase in salaries for all employees.

For the 2024-2025 fiscal year the Center is continuing our statewide lead role for the Small and Rural School Network grant with a slight decrease in funding of \$1.3 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. The Center is also continuing with our \$3.3 million in funding over 5 years from U.S. Department of Education School Based Mental Health (Oasis) Grant Program. This grant is to increase the number of school counselors available to students across Region 15 through partnership with Angelo State University's Professional School Counseling program and also to provide Region 15 districts access to licensed mental health professionals through the development of the ESC 15 Clinical Outreach Team, comprised of supervised Licensed Professional Counselor Associates. For the 2024-2025 fiscal year the Center will be awarded \$1 million with another statewide lead role for the Teacher Incentive Allotment and Strategic Compensation grant to support the TIA Rural Cohort. The program is intended to provide professional development and technical assistance to rural districts during the creation and implementation of their Teacher Incentive Allotment local designation plans.

With the 89<sup>th</sup> Legislative session coming up 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. Now that ESSER II and III funds have ended LEAs foresee financial constraints to return. The Center remains committed to support districts with a variety of timely, economical, and efficient services to help meet their diverse needs. The Center will take a bold step for 2024-2025 by offering a large discount to our LEAs through our Instructional/Administrative Services Contract. However, the Center has now seen the ARPA and ESSER funding come to an end, which equates to a manageable reduction in force through attrition and other projects.

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, 2024

Data Control Codes		Primary Government Governmental Activities
	ASSETS AND OTHER DEBITS:	
1110	Cash and Temporary Investments	\$ 20,673,347
	Receivables:	
1240	Due from Other Governments	673,090
1250	Accrued Interest	94,564
1290	Other Receivables	92,933
	Capital Assets:	
1510	Land	52,129
1520	Buildings, Net	2,738,889
1530	Furniture and Equipment, Net	639,673
1550	Right to Use Lease Assets, Net	36,416
1550	Right to Use Subscription Assets, Net	261,488
1000	Total Assets	\$ 25,262,529
	DEFERRED OUTFLOWS OF RESOURCES:	
1705	Deferred Outflows Related to Pension Liability	\$ 1,430,059
1706	Deferred Outflows Related to OPEB Liability	955,454
	Total Deferred Outflows of Resources	\$ 2,385,513
	LIABILITIES:	
	Current Liabilities:	
2110	Accounts Payable	\$ 7,851
2150	Payroll Deductions Payable	23,720
2160	Accrued Wages Payable	77,544
	Noncurrent Liabilities:	
2501	Due Within One Year	291,420
2502	Accrued Compensated Absences	775,200
2530	Lease and Subscription Liabilities	23,518
2540	Net Pension Liability	2,339,967
2545	Net OPEB Liability	1,808,963
2000	Total Liabilities	\$ 5,348,183
	DEFERRED INFLOWS OF RESOURCES:	
2605	Deferred Inflows Related to Pension Liability	\$ 110,548
2606	Deferred Inflows Related to OPEB Liability	2,878,254
	Total Deferred Inflows of Resources	\$ 2,988,802
	NET POSITION:	
3200	Net Investment in Capital Assets	\$ 3,430,691
3890	Restricted for Other Purposes	863,123
3900	Unrestricted Net Position	15,017,243
3000	Total Net Position	\$ 19,311,057

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, 2024

		Program Revenues			Net Revenue (Expense) and Changes in Net Position
Data Control Codes	Functions	1  Expenses	3  Charges for Services	4  Operating Grants and Contributions	6  Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
0011	Instruction	\$ 2,696,730	\$ 658,589	\$ 1,954,197	\$ (83,944)
0013	Curriculum & Instructional Staff Dev.	10,846,241	2,237,801	8,934,805	326,365
0023	School Leadership	40,529		38,656	(1,873)
0035	Food Services	101,714		99,130	(2,584)
0041	General Administration	1,689,550	939,582	1,282,901	532,933
0051	Facilities Maintenance and Operations	665,879	387,507	170,749	(107,623)
0053	Data Processing Services	1,972,182	1,893,749	285,837	207,404
0061	Community Services	42,070		35,868	(6,202)
0062	School District Administrative Support	5,343,356	1,670,062	4,020,344	347,050
0093	Payments to Fiscal Agents/Members	853,669		853,669	0
TP	Total Primary Government	\$ 24,251,920	\$ 7,787,290	\$ 17,676,156	\$ 1,211,526

Data  
Control  
Codes

General Revenues:

GC	Grants and Contributions Not Restricted	\$ 93,072
IE	Investment Earnings	<u>1,017,844</u>
TR	Total General Revenues	\$ <u>1,110,916</u>
CN	Change in Net Position	\$ 2,322,442
NB	Net Position - Beginning	<u>16,988,615</u>
NE	Net Position - Ending	\$ <u><u>19,311,057</u></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, 2024**

Data Control Codes		Major Fund 10		98
		General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS AND OTHER DEBITS:				
1110	Cash and Temporary Investments	\$ 18,502,823	\$ 863,123	\$ 19,365,946
	Receivables:			
1240	Due from Other Governments	13,395	659,695	673,090
1250	Accrued Interest	94,564		94,564
1260	Due from Other Funds	711,293		711,293
1290	Other Receivables		92,933	92,933
1000	Total Assets	\$ 19,322,075	\$ 1,615,751	\$ 20,937,826
LIABILITIES:				
	Current Liabilities:			
2110	Accounts Payable	\$ 5,484	\$	\$ 5,484
2150	Payroll Deductions and Withholdings Payable	23,720		23,720
2160	Accrued Wages Payable	33,722	41,335	75,057
2170	Due to Other Funds		711,293	711,293
2000	Total Liabilities	\$ 62,926	\$ 752,628	\$ 815,554
FUND BALANCES:				
	Restricted Fund Balance:			
3490	Other Restricted	\$	\$ 863,123	\$ 863,123
	Committed Fund Balance:			
3510	Construction	2,051,595		2,051,595
3530	Capital Expenditures	2,638,912		2,638,912
3545	Other Committed	10,358,838		10,358,838
	Assigned Fund Balance:			
3550	Construction	2,881,500		2,881,500
3600	Unassigned Fund Balance	1,328,304		1,328,304
3000	Total Fund Balances	\$ 19,259,149	\$ 863,123	\$ 20,122,272
4000	Total Liabilities and Fund Balances	\$ 19,322,075	\$ 1,615,751	\$ 20,937,826

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, 2024

Data  
Control  
Codes

	Total Fund Balances - Governmental Funds (Exhibit C-1)	\$ 20,122,272
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 \$8,840,644 and the accumulated depreciation was (\$4,460,364). The net effect of including these balances of capital assets (net of depreciation) is to increase net position.	3,019,612
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.	1,696,592
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.	(775,200)
4	The recognition of the Center's proportionate share of the net pension liability and related deferred outflows and inflows required by GASB 68. This amounted to a decrease in net position.	(1,020,456)
5	The recognition of the Center's proportionate share of the net other post-employment benefit liability and related deferred outflows and inflows required by GASB 75. This amounted to a decrease in net position.	<u>(3,731,763)</u>
29	Total Net Position of Governmental Activities (Exhibit A-1)	\$ <u><u>19,311,057</u></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, 2024

		Major Fund		
		10		98
Data			Other	Total
Control		General	Governmental	Governmental
Codes		Fund	Funds	Funds
REVENUES:				
5700	Local and Intermediate Sources	\$ 7,974,131	\$ 924,075	\$ 8,898,206
5800	State Program Revenues	2,708,725	2,484,986	5,193,711
5900	Federal Program Revenues	<u>776,078</u>	<u>11,816,500</u>	<u>12,592,578</u>
5020	Total Revenues	<u>\$ 11,458,934</u>	<u>\$ 15,225,561</u>	<u>\$ 26,684,495</u>
EXPENDITURES:				
0011	Instruction	\$ 213,060	\$ 2,462,774	\$ 2,675,834
0013	Curriculum & Instructional Staff Dev.	2,556,691	8,162,039	10,718,730
0023	School Leadership	4,138	37,251	41,389
0035	Food Services	4,175	98,310	102,485
0041	General Administration	1,667,264	2,670	1,669,934
0051	Facilities Maintenance and Operations	476,469	186,491	662,960
0053	Data Processing Services	1,970,393		1,970,393
0061	Community Services		35,868	35,868
0062	School District Administrative Support	1,871,510	3,422,546	5,294,056
0093	Payments to Fiscal Agents/Members	<u></u>	<u>853,669</u>	<u>853,669</u>
6030	Total Expenditures	<u>\$ 8,763,700</u>	<u>\$ 15,261,618</u>	<u>\$ 24,025,318</u>
1100	Excess of Revenues Over Expenditures	<u>\$ 2,695,234</u>	<u>\$ (36,057)</u>	<u>\$ 2,659,177</u>
OTHER FINANCING SOURCES:				
8911	Transfers Out	<u>\$ (128,000)</u>	<u>\$</u>	<u>\$ (128,000)</u>
7080	Total Other Financing Sources	<u>\$ (128,000)</u>	<u>\$ 0</u>	<u>\$ (128,000)</u>
1200	Net Change in Fund Balance	\$ 2,567,234	\$ (36,057)	\$ 2,531,177
0100	September 1 - Fund Balance	<u>16,691,915</u>	<u>899,180</u>	<u>17,591,095</u>
3000	August 31 - Fund Balance	\$ 19,259,149	\$ 863,123	\$ 20,122,272

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, 2024

Net Change in Fund Balances - Total Governmental Funds (Exhibit C-3) \$ 2,531,177

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. (220,372)

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). 92,788

The change in the compensated absences liability during the year results in a decrease in the change to net position. (50,200)

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 a decrease to the change in net position. (419,618)

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 an increase to the change in net position. 388,667

Change in Net Position of Governmental Activities (Exhibit B-1) \$ 2,322,442

The accompanying notes are an integral part of this statement.

-18-  
REGION 15 EDUCATION SERVICE CENTER

Exhibit D-1

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2024

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 1,307,401
Total Current Assets	\$ 1,307,401
Noncurrent Assets:	
Furniture and Equipment, Net	\$ 411,079
Right to Use Lease Assets, Net	36,416
Right to Use Subscription Assets, Net	261,488
Total Noncurrent Assets	\$ 708,983
Total Assets	\$ 2,016,384
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 2,367
Accrued Wages Payable	2,487
Leases Payable	20,222
Subscriptions Payable	271,198
Total Current Liabilities	\$ 296,274
Noncurrent Liabilities:	
Lease Liabilities	\$ 23,518
Total Noncurrent Liabilities	\$ 23,518
Total Liabilities	\$ 319,792
NET POSITION:	
Net Investment in Capital Assets	\$ 411,079
Unrestricted Net Position	1,285,513
Total Net Position	\$ 1,696,592

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, 2024

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES	
Operating Revenues and Charges to Other Funds	\$ 14,443,541
Total Revenues	\$ 14,443,541
OPERATING EXPENSES	
Payroll Costs	\$ 12,895,069
Professional and Contracted Services	797,936
Supplies and Materials	193,038
Other Operating Expenses	106,044
Depreciation and Amortization	457,808
Total Expenses	\$ 14,449,895
Operating Income (Loss)	\$ (6,354)
NON-OPERATING REVENUES (EXPENSES)	
Insurance Recovery	\$ 20,799
Gain (Loss) on Sale of Personal Property	(13,807)
Interest Expense	(35,850)
Total Non-operating Revenues (Expenses)	\$ (28,858)
Income (Loss) Before Transfers	\$ (35,212)
Transfer In	128,000
Change in Net Position	\$ 92,788
Net Position - September 1 (Beginning)	1,603,804
Net Position - August 31 (Ending)	\$ 1,696,592

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, 2024

	Governmental Activities
	Internal Service Funds
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
Cash Flows From Operating Activities	
Charges to Users and Receipts from Other Funds	\$ 14,443,541
Insurance Recovery	20,799
Payments to Employees for Services	(12,894,748)
Payments for Contracted Services	(797,936)
Payments to Suppliers	(190,671)
Payments for Other Operating Expenses	<u>(106,044)</u>
Net Cash From Operating Activities	\$ <u>474,941</u>
Cash Flows From Investing Activities	
Capital Expenditures	\$ <u>(28,141)</u>
Net Cash From Investing Activities	\$ <u>(28,141)</u>
Cash Flows From Financing Activities	
Payments on Lease Liability	\$ (21,044)
Payments on Subscription Liabilities	<u>(339,970)</u>
Net Cash From Financing Activities	\$ <u>(233,014)</u>
Net Change in Cash	\$ 213,786
Cash and Cash Equivalents at Beginning of the Year	<u>1,093,615</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>1,307,401</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (6,354)
Change in Accrued Wages Payable	321
Change in Accounts Payable	2,367
Insurance Recovery	20,799
Depreciation and Amortization	<u>457,808</u>
Net Cash From Operating Activities	\$ <u><u>474,941</u></u>

The accompanying notes are an integral part of this statement.

-21-  
**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 and proprietary 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.

Additionally, the government reports the following fund types:

**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.

Other accounts receivable are recognized when billed. Accounts are charged off only after board approval.

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.

The Data Control Codes on the financial statements are prescribed codes required by TEA. These are used by TEA to ensure accuracy in building a statewide database for policy development and funding plans.

**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, 2024.

**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.

**Assigned** – Amounts that can be used for a specific purpose as expressed by the authorized administrator, the Executive Director.

**Unassigned** – Amounts not included in other spendable classifications.

The Center's Board of Directors has committed \$15,049,345 and assigned \$2,881,500 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 the Center's share of wealth equalization agreements, over expenditures incurred related to the consortium is reported as restricted fund balance of \$863,123 at August 31, 2024. 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, 2024, the Center had no significant investment balances.
- c. Credit Risk – The risk that an issuer of another counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At August 31, 2024, the Center was not significantly exposed to credit risk.
- 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, 2024, 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	285,660	1.4%	285,660	N/A
TexPool Investments	4,270,720	20.7%	4,270,720	AAAm
Lone Star Investment Pool	12,335,496	59.7%	12,335,496	AAAm
Texas Term Money Market	460,371	2.2%	460,371	N/A
Texas Term CD Program	3,321,000	16.1%	3,321,000	N/A
	<u>\$ 20,673,347</u>	<u>100.0%</u>	<u>\$ 20,673,347</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.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

3. PROPERTY TAXES

The Center does not assess or collect property taxes.

4. DUE FROM OTHER GOVERNMENTS

The balance of \$673,090 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 occur as a result of normal operations and are cleared periodically. Management intends to settle these balances within one year. Interfund balances at August 31, 2024, consisted of the following individual fund receivables and payables:

	General Fund	Special Revenue Funds	Total
Due from Other Funds	\$ 711,293	\$	\$ 711,293
Due to Other Funds	\$	\$ 711,293	\$ 711,293

Interfund transfers are defined as a flow of assets for non-exchange transactions that have no requirement of repayment. Transfers during the year ended August 31, 2024 were to transfer net income/losses from the Center's Internal Service Funds

	General Fund	Internal Service Funds	Total
Transfer Out to Other Funds	\$ 128,000	\$	\$ 128,000
Transfer In from Other Funds	\$	\$ 128,000	\$ 128,000

-30-  
**REGION 15 EDUCATION SERVICE CENTER**  
**NOTES TO FINANCIAL STATEMENTS**

**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, 2024, was as follows:

	9/1/2023	Additions	Deletions	8/31/2024
Capital Assets:				
Land	\$ 52,129	\$	\$	\$ 52,129
Building and Improvements	6,897,529			6,897,529
Furniture and Equipment	1,130,664	28,148		1,158,812
Vehicles	432,162	28,143	(21,416)	438,889
Right to Use Lease Assets	103,943	8,041		111,984
Right to Use Subscription Assets	729,027			729,027
	<u>\$ 9,345,454</u>	<u>\$ 64,332</u>	<u>\$ (21,416)</u>	<u>\$ 9,388,370</u>
Accumulated Depreciation				
Buildings and Improvements	\$ 3,975,966	\$ 182,674	\$	\$ 4,158,640
Furniture and Equipment	616,607	112,956		729,563
Vehicles	151,398	84,676	(7,609)	228,465
Right to Use Lease Assets	58,787	16,780		75,567
Right to Use Subscription Assets	158,296	309,243		467,539
	<u>\$ 4,961,054</u>	<u>\$ 706,329</u>	<u>\$ (7,609)</u>	<u>\$ 5,659,774</u>
Total Net Value of Capital Assets	<u>\$ 4,384,400</u>	<u>\$ (641,997)</u>	<u>\$ (13,807)</u>	<u>\$ 3,728,596</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

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

	Depreciation/ Amortization	Net Loss on Retirement
Instruction	\$ 28,878	\$
Curriculum and Instructional Staff Development	115,679	
General Administration	18,022	
Plan Maintenance and Operations	7,155	
Data Processing Services	21,265	
Community Services	387	
School District Administrative Support Services	57,134	
Internal Service Funds	457,809	13,807
	<u>\$ 706,329</u>	<u>\$ 13,807</u>

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

The Center has adopted GASB Statement 87, *Leases* (GASB 87). As a result, the Center shows right to use lease assets for office equipment, including copiers and a postage machine. These leases are accounted for in the Center's internal service funds. The right to use lease asset is included with fixed assets and is being accounted for net of amortization.

The Center has also adopted GASB Statement 96, *Subscription-based Information Technology Arrangements* (GASB 96). As a result, the Center shows right to use subscription assets for a long-term license subscription used by its member school districts. These subscriptions are accounted for in the Center's internal service funds. The right to use subscription asset is included with fixed assets and is being accounted for net of amortization.

**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:

	Deferred Outflows	Deferred Inflows
Pension Related (See Note 11)	\$ 1,430,059	\$ 110,548
OPEB Related (See Note 12)	955,454	2,878,254
Deferred Outflows/Inflows	<u>\$ 2,385,513</u>	<u>\$ 2,988,802</u>

**8. LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended August 31, 2024 is as follows:

	Beginning	Additions	Reductions	Ending	Due within One year
Compensated Absences	\$ 725,000	\$ 50,200	\$	\$ 775,200	\$
Lease Liabilities	55,487	8,041	19,788	43,740	20,222
Subscription Liabilities	576,574		305,376	271,198	271,198
	<u>\$ 1,357,061</u>	<u>\$ 58,241</u>	<u>\$ 325,164</u>	<u>\$ 1,090,138</u>	<u>\$ 291,420</u>

The Center's long-term liabilities include accrued compensated absences. This balance is accrued from general and special revenue funds' revenues. There is no estimate on how much of this balance will be paid within one year.

The Center has adopted GASB 87. As a result, the Center shows lease liabilities related to the right to use office equipment, including copiers and a postage machine. These leases are accounted for in the Center's internal service funds.

**REGION 15 EDUCATION SERVICE CENTER**

**NOTES TO FINANCIAL STATEMENTS**

The main copier lease originated in September 2021 and has a term of 60 months with an implicit interest rate of 2%. These payments are due in monthly installments of \$1,558.

An additional copier lease originated in September 2023 and has a term of 60 months with an implicit interest rate of 5%. These payments are due in monthly installments of \$149.

The postage machine lease originated in August 2020 and has a term of 60 months with an implicit interest rate of 2%. These payments are due in monthly installments of \$47.

The aggregated scheduled lease payments are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2025	\$ 20,222	\$ 822	\$ 21,044
2026	20,096	384	20,480
2027	1,675	113	1,788
2028	1,747	40	1,787
	<u>\$ 43,740</u>	<u>\$ 1,359</u>	<u>\$ 45,099</u>

The Center has also adopted GASB 96. As a result, the Center shows subscription liabilities related to the right to use software. These subscriptions are accounted for in the Center's internal service funds. This subscription originated in October 2022 and has a term of 3 years with an implicit interest rate of 6%. These payments are due in annual installments and are shown below.

Fiscal Year Ending August 31,	Principal	Interest	Total
2025	\$ 271,198	\$ 16,272	\$ 287,470

**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	\$ 1,017,844	\$	\$ 1,017,844
Charges for Services / Other	6,956,287	924,075	7,880,362
	<u>\$ 7,974,131</u>	<u>\$ 924,075</u>	<u>\$ 8,898,206</u>

**10. GENERAL FUND FEDERAL SOURCE REVENUES**

Federal revenues recognized in the General Fund consist of \$776,078 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). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained 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 2023 and 2022 Annual Comprehensive Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2023 and 2022:

Net Pension Liability	2023	2022
Total Pension Liability	\$ 255,860,886,500	\$ 243,553,045,455
Less: Plan Fiduciary Net Position	(187,170,535,558)	(184,185,617,196)
Net Pension Liability	\$ 68,690,350,942	\$ 59,367,428,259
Net Position as Percentage of Total Pension Liability	73.15%	75.62%

**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% (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 cost of living adjustments (COLA). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

-34-  
**REGION 15 EDUCATION SERVICE CENTER**  
**NOTES TO FINANCIAL STATEMENTS**

Texas Government Code, Title 8, 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 when the 86<sup>th</sup> 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 2019 through 2024.

**Contributions**

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 through 2025.

The following table shows contribution rates by type of contributor for the fiscal years 2023 and 2024, and the contributions by type reported by TRS which were received by TRS during the measurement year (TRS FY 2023). These are included in the calculation of the Center's proportionate share of the net pension liability.

	Contribution Rates	
	2023	2024
Member	8.00%	8.25%
Non-Employer Contributing Entity (State)	8.00%	8.25%
Employers	8.00%	8.25%
TRS FY 2023 Employer Contributions	\$	175,105
TRS FY 2023 Member Contributions		756,067
TRS FY 2023 NECE On-Behalf Contributions		729,220

The actual contributions during the Center's 2024 fiscal year were \$200,838 by the employer and \$818,141 by employees.

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).

**REGION 15 EDUCATION SERVICE CENTER**

**NOTES TO FINANCIAL STATEMENTS**

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2% in fiscal year 2025. The surcharge for fiscal year 2023 is 1.8%.
- When employing a retiree of the TRS, 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, 2022. Update procedures were used to roll forward the total pension liability to August 31, 2023.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board based upon analysis and recommendations by the System's actuary. The Board has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four-year period ending August 31, 2021 and adopted in July 2022.

The post-retirement mortality rates for healthy lives were based on the 2021 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 the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

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, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
Municipal Bond Rate at August 2022	4.13%*
Last year ending August 31 in	
Projection Period (100 years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% 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."

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions please see the TRS actuarial valuation report dated November 22, 2022.

**Discount Rate**

A single discount rate of 7.00% 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 7.00%. 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 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023 are summarized below:

<u>Asset Class</u>	<u>Target Allocation % (b)</u>	<u>Long-Term Expected Arithmetic Real Rate of Return (c)</u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
<b>Global Equity</b>			
USA	18.00%	4.00%	1.00%
Non-U.S. Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.70%
Private Equity (a)	14.00%	7.00%	1.50%
<b>Stable Value</b>			
Government Bonds	16.00%	2.50%	0.50%
Absolute Return (a)	0.00%	3.60%	0.00%
Stable Value Hedge Funds	5.00%	4.10%	0.20%
<b>Real Return</b>			
Real Estate	15.00%	4.90%	1.10%
Energy, Natural Resources, and Infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
<b>Risk Parity</b>	8.00%	4.50%	0.40%
<b>Asset Allocation Leverage Cash</b>			
Cash	2.00%	3.70%	0.00%
Asset Allocation Leverage	-6.00%	4.40%	-0.10%
Inflation Expectation			2.30%
Volatility Drag (d)			-0.90%
<b>Total</b>	<u>100.00%</u>		<u>8.00%</u>

(a) - Absolute Return includes Credit Sensitive Investments

(b) - Target allocations are based on the FY 2022 policy model

(c) - Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022)

(d) - 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 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1% Decrease in Discount Rate (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase in Discount Rate (8.00%)</u>
Center's Proportionate Share of the Net Pension Liability	\$ <u>3,498,381</u>	\$ <u>2,339,967</u>	\$ <u>1,376,746</u>

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

**Pension Liabilities and Pension Expense**

At August 31, 2024, the Center reported a liability of \$2,339,967 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	\$	2,339,967
State's Proportionate Share that is Associated with the Center		<u>9,744,762</u>
Total	\$	<u><u>12,084,729</u></u>

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 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, 2022 through August 31, 2023.

At August 31, 2023, the employer's proportion of the collective net pension liability was 0.0034065% which was a decrease of 0.000039% from its proportion measured as of August 31, 2022.

For the year ended August 31, 2024, the Center recognized pension expense of \$1,471,375 and revenue of \$729,220 for support provided by the State in the government-wide financial statements.

**Changes Since the Prior Actuarial Valuation**

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a COLA to retirees which was approved during the November 2023 election which was paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

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

At August 31, 2024, 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
Differences Between Expected and Actual Economic Experience	\$ 83,374	\$ 28,334
Changes in Actuarial Assumptions	221,315	54,161
Difference Between Projected and Actual Investment Earnings	340,522	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	584,010	28,053
Contributions Paid to TRS Subsequent to the Measurement Date	<u>200,838</u>	
Total	<u><u>\$ 1,430,059</u></u>	<u><u>\$ 110,548</u></u>

-39-  
**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 (Benefit) Amount
2025	\$ 332,960
2026	292,223
2027	380,921
2028	106,015
2029	6,554
Thereafter	-

## 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 that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

### OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained 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, 2023 and 2022 are as follows:

<u>Net OPEB Liability</u>	<u>2023</u>	<u>2022</u>
Total OPEB Liability	\$ 26,028,070,267	\$ 27,061,942,520
Less: Plan Fiduciary Net Position	<u>(3,889,765,203)</u>	<u>(3,117,937,218)</u>
Net OPEB Liability	<u>\$ 22,138,305,064</u>	<u>\$ 23,944,005,302</u>
 Net Position as Percentage of Total OPEB Liability	 14.94%	 11.52%

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

**Benefits Provided**

TRS-Care provides health insurance coverage to all retirees from public schools and 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 86<sup>th</sup> Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86<sup>th</sup> Legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$336,000,000 as of August 31, 2023.

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 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 public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% of each active employee's pay for fiscal year 2023.



## REGION 15 EDUCATION SERVICE CENTER

### NOTES TO FINANCIAL STATEMENTS

The following table shows contribution rates by type of contributor for the fiscal years 2023 and 2024, and the contributions by type reported by TRS which were received by TRS during the measurement year (TRS FY 2023). These are included in the calculation of the Center's proportionate share of the net OPEB liability.

	Contribution Rates	
	2023	2024
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%
TRS FY 2023 Employer Contributions	\$	70,882
TRS FY 2023 Member Contributions		61,431
TRS FY 2023 NECE On-Behalf Contributions		85,531

The actual contributions during the Center's 2024 fiscal year were \$74,378 by the employer and \$64,459 by employees.

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 TRS-Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87<sup>th</sup> Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

#### Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2023.

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 updated based on the experience study performed for TRS for the period ending August 31, 2021.

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, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

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

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

The active morality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

Additional actuarial methods and assumptions were as follows:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Salary Increases	2.95% to 8.95%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

The election rates for normal retirement were 62% participation rate prior to age 65 and 25% participation rate after age 65. For pre-65 retirees, it is assumed that 30% will discontinue coverage at age 65.

The initial medical trend rates were 7.75% for Medicare retirees and 7.00% for non-Medicare retirees. There was an initial prescription drug trend rate of 7.75% for all retirees. The initial trend rates decreased to an ultimate trend rate of 4.25% over a period of 12 years.

**Discount Rate**

A single discount rate of 4.13% was used to measure the total OPEB liability. This was an increase of 0.22% in the discount rate since the previous year. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the single discount rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2023, using the Fixed Income Market Data/Yield Curve/Data 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 (4.13%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (3.13%)	Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
Center's Proportionate Share of the Net OPEB Liability	\$ 2,130,581	\$ 1,808,963	\$ 1,546,514

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	\$ 1,489,590	\$ 1,808,963	\$ 2,219,836

**OPEB Liabilities and OPEB Expense**

At August 31, 2024, the Center reported a liability of \$1,808,963 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	\$ 1,808,963
State's Proportionate Share that is Associated with the Center	2,182,792
Total	\$ 3,991,755

The Net OPEB Liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 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, 2021 thru August 31, 2022.

At August 31, 2023, the employer's proportion of the collective net OPEB liability was 0.0081712% which was an increase of 0.000134% proportion measured as of August 31, 2022.

For the year ended August 31, 2024, the Center recognized OPEB credit to expense of (\$466,635) and revenue of \$85,531 for support provided by the State.

**Changes Since the Prior Actuarial Valuation**

The discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

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

At August 31, 2024, 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	\$ 81,842	\$ 1,521,899
Changes in Actuarial Assumptions	246,910	1,107,676
Difference Between Projected and Actual Investment Earnings	782	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	551,542	248,679
Contributions Paid to TRS Subsequent to the Measurement Date	74,378	
Total	<u>\$ 955,454</u>	<u>\$ 2,878,254</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 (Benefit) Amount
2025	\$ (464,854)
2026	(381,885)
2027	(269,558)
2028	(340,909)
2029	(239,935)
Thereafter	(300,037)

**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, 2024, to be immaterial. The Center has not recorded any claims payable at August 31, 2024, related to this liability.

During the year ended August 31, 2024, 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 \$52,865 and \$50,636 for the years ended August 31, 2024 and 2023, respectively.

-45-  
**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.

-46-  
**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 #	No. of Member Districts	Member Districts	Fiscal Agent	Total
Head Start	1	5	\$ 621,255	\$ 1,649,803	\$ 2,271,058
Title I, Part C Migrant	2	15		73,681	73,681
IDEA, Part B Discretionary	1	4		41,552	41,552
Carl D. Perkins	2	34		232,922	232,922
Effective Advising Planning Grant	2	2		74,723	74,723
IDEA, Part C Early Child Intervention Deaf	1	1		523	523
Title III, Part A English Language Acquisition and Language Enhancement	2	38		122,681	122,681
ARP Homeless II	2	35		123,820	123,820
State Deaf Regional Day School for the Deaf	1	4	232,414		232,414
			<u>\$ 853,669</u>	<u>\$ 2,319,705</u>	<u>\$ 3,173,374</u>

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 Grant** is a federally-funded SSA that is designed to support school districts in the strategic planning of an individual student planning system aligned to the Effective Advising Framework (EAF) with the technical assistance of the EAF Coach located at the ESC. The EAF Planning Coach will receive training and designation throughout the project.

**IDEA, Part C – Early Childhood Intervention Deaf** is a federally-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.

REGION 15 EDUCATION SERVICE CENTER

NOTES TO FINANCIAL STATEMENTS

**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.

**ARP Homeless II Program** is a federally-funded SSA that provides funding to increase LEAs and ESCs capacity to identify, enroll, and provide wraparound services to address the unique needs of homeless children and youth due to the impact of COVID-19 pandemic.

**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**

**EXHIBITS G-1 THROUGH G-5**



REGION 15 EDUCATION SERVICE CENTER

Exhibit G-1

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes				Variance With Final Budget Favorable (Unfavorable)
	1	2	3	
	Budgeted Amounts			
	Original	Amended	Actual	
REVENUES:				
5700 Local and Intermediate Revenues	\$ 6,616,390	\$ 7,872,507	\$ 7,974,131	\$ 101,624
5800 State Program Revenues	2,555,032	2,619,880	2,708,725	88,845
5900 Federal Program Revenues	616,550	616,550	776,078	159,528
5020 Total Revenues	\$ 9,787,972	\$ 11,108,937	\$ 11,458,934	\$ 349,997
EXPENDITURES:				
0011 Instruction	\$ 199,077	\$ 222,424	\$ 213,060	\$ 9,364
0013 Curriculum & Instructional Staff Dev.	3,186,956	3,178,072	2,556,691	621,381
0023 School Leadership	4,400	4,811	4,138	673
0035 Food Services	2,800	4,177	4,175	2
0041 General Administration	1,887,528	1,880,217	1,667,264	212,953
0051 Facilities Maintenance and Operations	775,324	485,886	476,469	9,417
0053 Data Processing Services	2,440,571	2,316,849	1,970,393	346,456
0061 Community Services	5	5		5
0062 School District Administrative Support	2,232,877	2,634,371	1,871,510	762,861
6030 Total Expenditures	\$ 10,729,538	\$ 10,726,812	\$ 8,763,700	\$ 1,963,112
1100 Excess of Revenues Over Expenditures	\$ (941,566)	\$ 382,125	\$ 2,695,234	\$ 2,313,109
OTHER FINANCING SOURCES				
8911 Transfers Out	\$	\$ (128,000)	\$ (128,000)	\$ 0
7080 Total Other Financing Sources	\$ 0	\$ (128,000)	\$ (128,000)	\$ 0
1200 Net Change in Fund Balance	\$ (941,566)	\$ 254,125	\$ 2,567,234	\$ 2,313,109
0100 September 1 - Fund Balance	16,691,915	16,691,915	16,691,915	0
3000 August 31 - Fund Balance	\$ 15,750,349	\$ 16,946,040	\$ 19,259,149	\$ 2,313,109

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>2024</u>	<u>2023</u>	<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 2023</u>	<u>Plan Yr 2022</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	0.0034065%	0.0034455%	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	\$ 2,339,967	\$ 2,045,506	\$ 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>9,744,762</u>	<u>8,343,186</u>	<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>\$ 12,084,729</u>	<u>\$ 10,388,692</u>	<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	\$ 9,450,832	\$ 8,801,442	\$ 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	24.76%	23.24%	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	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates ending August 31 for each plan year.

REGION 15 EDUCATION SERVICE CENTER

Exhibit G-3

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 200,838	\$ 175,105	\$ 160,777	\$ 131,637	\$ 6,939	\$ 12,147	\$ 11,750	\$ 9,689	\$ 5,873	\$ 4,137
Contribution in Relation to the Contractually Required Contribution	(200,838)	(175,105)	(160,777)	(131,637)	(6,939)	(12,147)	(11,750)	(9,689)	(5,873)	(4,137)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Center's Covered Payroll	\$ 9,916,867	\$ 9,450,832	\$ 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	2.03%	1.85%	1.83%	1.71%	0.09%	0.18%	0.18%	0.15%	0.09%	0.07%

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.

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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>Plan Yr 2023</u>	<u>Plan Yr 2022</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>
Center's Proportion of the Net OPEB Liability	0.0081712%	0.0080370%	0.0073914%	0.0072233%	0.0073105%	0.0080947%	0.0075384%
Center's Proportionate Share of Net OPEB Liability	\$ 1,808,963	\$ 1,924,375	\$ 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>2,182,792</u>	<u>2,347,435</u>	<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>\$ 3,991,755</u>	<u>\$ 4,271,810</u>	<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	\$ 9,450,832	\$ 8,801,442	\$ 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	19.14%	21.86%	37.03%	37.51%	51.03%	62.00%	50.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.94%	11.52%	6.18%	4.99%	2.66%	1.37%	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 seven 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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 901,546	\$ 70,882	\$ 66,011	\$ 57,744	\$ 54,902	\$ 50,813	\$ 55,313
Contribution in Relation to the Contractually Required Contribution	<u>(901,546)</u>	<u>(70,882)</u>	<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>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Center's Covered Payroll	\$ 9,916,867	\$ 9,450,832	\$ 8,801,442	\$ 7,699,094	\$ 7,320,292	\$ 6,775,121	\$ 6,517,905
Contributions as a Percentage of Covered Payroll	9.09%	0.75%	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 seven 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 Assumptions*

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

*Changes of Benefit Terms*

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a COLA to retirees which was approved during the November 2023 election which was paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

**B. NOTES TO SCHEDULES FOR THE TRS OPEB PLAN**

*Changes of Assumptions*

The discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

*Changes of Benefit Terms*

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

**SUPPLEMENTARY INFORMATION**  
**EXHIBITS H-1 THROUGH H-4**

-54-  
REGION 15 EDUCATION SERVICE CENTER

Exhibit H-1  
(Continued)

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2024**

		206	211	225	226	241	244	255	278	280	282
Data		TEHCY ESC	ESEA T-I,	IDEA	IDEA		Career and	ESEA T-II	ESSER		ESSER III
Control		Capacity	Part A	Part B	Part B	Child	Technical	Part A	ARP	ESSER III	Accelerated
Codes		Building	Support	Preschool	Discretionary	Nutrition	Education	Training	Homeless	Homeless	Learning
		84.196A	84.010A	84.173A	84.027A	10.560	84.048A	84.367A	84.425W	84.425W	84.425U
ASSETS AND OTHER DEBITS:											
1110	Cash and Temporary Investments	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1240	Due from Other Governments	691	18,603	806	56,216	150,071	74	8,413	1,117	56,101	4,474
1290	Other Receivables										
1000	Total Assets	<u>\$ 691</u>	<u>\$ 18,603</u>	<u>\$ 806</u>	<u>\$ 56,216</u>	<u>\$ 150,071</u>	<u>\$ 74</u>	<u>\$ 8,413</u>	<u>\$ 1,117</u>	<u>\$ 56,101</u>	<u>\$ 4,474</u>
LIABILITIES:											
Current Liabilities:											
2160	Accrued Wages Payable	\$	\$ 7,963	\$	\$	\$	\$	\$ 2,200	\$	\$ 1,146	\$
2170	Due to Other Funds	691	10,640	806	56,216	150,071	74	6,213	1,117	54,955	4,474
2000	Total Liabilities	<u>\$ 691</u>	<u>\$ 18,603</u>	<u>\$ 806</u>	<u>\$ 56,216</u>	<u>\$ 150,071</u>	<u>\$ 74</u>	<u>\$ 8,413</u>	<u>\$ 1,117</u>	<u>\$ 56,101</u>	<u>\$ 4,474</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>	<u>\$ 0</u>
4000	Total Liabilities and Fund Balances	<u>\$ 691</u>	<u>\$ 18,603</u>	<u>\$ 806</u>	<u>\$ 56,216</u>	<u>\$ 150,071</u>	<u>\$ 74</u>	<u>\$ 8,413</u>	<u>\$ 1,117</u>	<u>\$ 56,101</u>	<u>\$ 4,474</u>



-55-  
REGION 15 EDUCATION SERVICE CENTER

Exhibit H-1  
(Continued)

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2024**

		286	287	288	289	289	294	301	315	331	350
Data		SBMH	Stop School		ESSA	HELP		SSA-T-III,	IDEA	SSA - Career	SSA T-III,
Control		Oasis Mental	Violence		Basic	Mental	Early	Part C	Part B	& Technical	Part A
Codes		Health	US DOJ	CACFP	Services	Health	Head Start	Migrant	Disc - Deaf	Basic Grant	ELA
		84.184H	16.839	10.558	84.424A	84.148X	93.600	84.011A	84.027A	84.048A	84.365A
ASSETS AND OTHER DEBITS:											
1110	Cash and Temporary Investments	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1240	Due from Other Governments	4,573	1,916	6,564	2,434	4,806	204,055	2,934	31,703	6,226	7,858
1290	Other Receivables										
1000	Total Assets	<u>\$ 4,573</u>	<u>\$ 1,916</u>	<u>\$ 6,564</u>	<u>\$ 2,434</u>	<u>\$ 4,806</u>	<u>\$ 204,055</u>	<u>\$ 2,934</u>	<u>\$ 31,703</u>	<u>\$ 6,226</u>	<u>\$ 7,858</u>
LIABILITIES:											
Current Liabilities:											
2160	Accrued Wages Payable	\$	\$	\$	\$	317	\$	1,023	\$	\$	\$
2170	Due to Other Funds	4,573	1,916	6,564	2,434	4,489	204,055	1,911	31,703	6,226	7,858
2000	Total Liabilities	<u>\$ 4,573</u>	<u>\$ 1,916</u>	<u>\$ 6,564</u>	<u>\$ 2,434</u>	<u>\$ 4,806</u>	<u>\$ 204,055</u>	<u>\$ 2,934</u>	<u>\$ 31,703</u>	<u>\$ 6,226</u>	<u>\$ 7,858</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>	<u>\$ 0</u>
4000	Total Liabilities and Fund Balances	<u>\$ 4,573</u>	<u>\$ 1,916</u>	<u>\$ 6,564</u>	<u>\$ 2,434</u>	<u>\$ 4,806</u>	<u>\$ 204,055</u>	<u>\$ 2,934</u>	<u>\$ 31,703</u>	<u>\$ 6,226</u>	<u>\$ 7,858</u>

-56-  
REGION 15 EDUCATION SERVICE CENTER

Exhibit H-1  
(Concluded)

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2024**

Data Control Codes	367 ARP Homeless 84.425W	385 Visually Impaired ESC SSVI	410 IM Portal ESC Review & Support	414 Reading Academies	415 ESC Gifted and Talented	416 Early Childhood Intervention	429 Math Academies	435 State Deaf	446 Chapter 41 WADA Fund	Total 2024
<b>ASSETS AND OTHER DEBITS:</b>										
1110 Cash and Temporary Investments	\$	\$	\$	\$	\$	\$	\$	\$	\$ 863,123	\$ 863,123
1240 Due from Other Governments	2,089	5,814	2,838	1,579	13,865		46,972	16,903		659,695
1290 Other Receivables						92,933				92,933
1000 Total Assets	<u>\$ 2,089</u>	<u>\$ 5,814</u>	<u>\$ 2,838</u>	<u>\$ 1,579</u>	<u>\$ 13,865</u>	<u>\$ 92,933</u>	<u>\$ 46,972</u>	<u>\$ 16,903</u>	<u>\$ 863,123</u>	<u>\$ 1,615,751</u>
<b>LIABILITIES:</b>										
Current Liabilities:										
2160 Accrued Wages Payable	\$ 1,720	\$ 5,388	\$ 2,630	\$ 1,029	\$	\$ 1,861	\$ 16,058	\$	\$	\$ 41,335
2170 Due to Other Funds	369	426	208	550	13,865	91,072	30,914	16,903		711,293
2000 Total Liabilities	<u>\$ 2,089</u>	<u>\$ 5,814</u>	<u>\$ 2,838</u>	<u>\$ 1,579</u>	<u>\$ 13,865</u>	<u>\$ 92,933</u>	<u>\$ 46,972</u>	<u>\$ 16,903</u>	<u>\$ 0</u>	<u>\$ 752,628</u>
<b>FUND BALANCES:</b>										
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>\$ 863,123</u>	<u>\$ 863,123</u>
4000 Total Liabilities and Fund Balances	<u>\$ 2,089</u>	<u>\$ 5,814</u>	<u>\$ 2,838</u>	<u>\$ 1,579</u>	<u>\$ 13,865</u>	<u>\$ 92,933</u>	<u>\$ 46,972</u>	<u>\$ 16,903</u>	<u>\$ 863,123</u>	<u>\$ 1,615,751</u>

-57-  
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, 2024**

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	226 IDEA Part B Discretionary 84.027A	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	278 ESSER/ARP Homeless 84.425W
<b>REVENUES</b>										
5700 Local Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
5800 State Revenue										
5900 Federal Program Revenue	<u>78,686</u>	<u>934,135</u>	<u>92,328</u>	<u>108,916</u>	<u>1,688,981</u>	<u>321,721</u>	<u>100,802</u>	<u>1,417,610</u>	<u>55,604</u>	<u>28,323</u>
5020 Total Revenues	<u>\$ 78,686</u>	<u>\$ 934,135</u>	<u>\$ 92,328</u>	<u>\$ 108,916</u>	<u>\$ 1,688,981</u>	<u>\$ 321,721</u>	<u>\$ 100,802</u>	<u>\$ 1,417,610</u>	<u>\$ 55,604</u>	<u>\$ 28,323</u>
<b>EXPENDITURES</b>										
0011 Instruction	\$	\$	\$	\$	\$ 51,075	\$	\$	\$	\$	\$
0013 Curriculum & Instructional Staff Dev.	78,686	934,135	92,328	108,916	1,636,994		100,802	36,114	55,604	28,323
0023 School Leadership										
0035 Food Services										
0041 General Administration										
0051 Facilities Maintenance and Operations					912			1,336		
0061 Community Services										
0062 School District Administrative Support						321,721		1,380,160		
0093 Payments to Fiscal Agents/Members										
6030 Total Expenditures	<u>\$ 78,686</u>	<u>\$ 934,135</u>	<u>\$ 92,328</u>	<u>\$ 108,916</u>	<u>\$ 1,688,981</u>	<u>\$ 321,721</u>	<u>\$ 100,802</u>	<u>\$ 1,417,610</u>	<u>\$ 55,604</u>	<u>\$ 28,323</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>
<b>OTHER RESOURCES AND (USES)</b>										
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, 2023	<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>
3000 Ending Fund Balance - August 31, 2024	<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>

-58-  
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, 2024**

Data Control Codes	280 ESSER/ARP Homeless II Recovery 84.425W	281 ESSER CRRSA Supplemental 84.425D	282 ESSER Accelerated Learning 84.425U	286 SBMH Oasis Mental Health 84.184H	287 Stop School Violence 16.839	288 CACFP 10.558	289 ESSA Basic Services 84.424A	289 HELP Mental Health 84.148X	289 ESSA Basic Services 84.999	289 Stronger Connections Tech Assist 84.424F
<b>REVENUES</b>										
5700 Local Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
5800 State Revenue										
5900 Federal Program Revenue	<u>299,543</u>	<u>37,370</u>	<u>1,198,194</u>	<u>398,836</u>	<u>365,303</u>	<u>51,494</u>	<u>185,940</u>	<u>420,518</u>	<u>46,139</u>	<u>868</u>
5020 Total Revenues	<u>\$ 299,543</u>	<u>\$ 37,370</u>	<u>\$ 1,198,194</u>	<u>\$ 398,836</u>	<u>\$ 365,303</u>	<u>\$ 51,494</u>	<u>\$ 185,940</u>	<u>\$ 420,518</u>	<u>\$ 46,139</u>	<u>\$ 868</u>
<b>EXPENDITURES</b>										
0011 Instruction	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
0013 Curriculum & Instructional Staff Dev.	299,543	37,370	1,136,705		339,970		185,940			868
0023 School Leadership										
0035 Food Services						51,494				
0041 General Administration										
0051 Facilities Maintenance and Operations										
0061 Community Services										
0062 School District Administrative Support			61,489	398,836	25,333			420,518	46,139	
0093 Payments to Fiscal Agents/Members										
6030 Total Expenditures	<u>\$ 299,543</u>	<u>\$ 37,370</u>	<u>\$ 1,198,194</u>	<u>\$ 398,836</u>	<u>\$ 365,303</u>	<u>\$ 51,494</u>	<u>\$ 185,940</u>	<u>\$ 420,518</u>	<u>\$ 46,139</u>	<u>\$ 868</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>
<b>OTHER RESOURCES AND (USES)</b>										
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, 2023	0	0	0	0	0	0	0	0	0	0
3000 Ending Fund Balance - August 31, 2024	<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>

-59-  
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, 2024

Data Control Codes	289 COVID-19 Health Workforce 93.354	294 Early Head Start 93.600	301 SSA-T-III, Part C Migrant 84.011A	315 IDEA Part B Deaf 84.027A	331 SSA - Career & Technical Basic Grant 84.048A	340 IDEA Part C, ECI 84.181A	350 SSA-T-III, Part A ELA 84.365A	367 ARP Homeless 84.425W	385 Visually Impaired ESC SSVI	405 State Gifted & Talented
REVENUES										
5700 Local Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
5800 State Revenue									108,729	10,195
5900 Federal Program Revenue	542,557	2,271,058	73,682	41,552	307,645	523	122,681	123,820		
5020 Total Revenues	\$ 542,557	\$ 2,271,058	\$ 73,682	\$ 41,552	\$ 307,645	\$ 523	\$ 122,681	\$ 123,820	\$ 108,729	\$ 10,195
EXPENDITURES										
0011 Instruction	\$	\$ 827,223	\$	\$ 6,284	\$	\$	\$	\$	\$ 72,721	\$
0013 Curriculum & Instructional Staff Dev.		555,482	73,682	35,268	232,922	523	122,681	117,399	36,008	10,195
0023 School Leadership		37,251								
0035 Food Services		46,816								
0041 General Administration										
0051 Facilities Maintenance and Operations		141,398						6,421		
0061 Community Services		35,868								
0062 School District Administrative Support	542,557	5,765			74,723					
0093 Payments to Fiscal Agents/Members		621,255								
6030 Total Expenditures	\$ 542,557	\$ 2,271,058	\$ 73,682	\$ 41,552	\$ 307,645	\$ 523	\$ 122,681	\$ 123,820	\$ 108,729	\$ 10,195
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, 2023	0	0	0	0	0	0	0	0	0	0
3000 Ending Fund Balance - August 31, 2024	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

-60-  
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, 2024**

Data Control Codes	410 IM Portal ESC Review & Support	414 Reading Academies	415 Texas School Ready	416 Early Childhood Intervention	429 Math Academies	435 State Deaf	446 Chapter 41 WADA Fund	Total 2024
<b>REVENUES</b>								
5700 Local Revenue	\$		\$	\$ 924,075	\$		\$	\$ 924,075
5800 State Revenue	11,317	145,892	78,108	688,541	1,209,790	232,414		2,484,986
5900 Federal Program Revenue				501,671				11,816,500
5020 Total Revenues	<u>\$ 11,317</u>	<u>\$ 145,892</u>	<u>\$ 78,108</u>	<u>\$ 2,114,287</u>	<u>\$ 1,209,790</u>	<u>\$ 232,414</u>	<u>\$ 0</u>	<u>\$ 15,225,561</u>
<b>EXPENDITURES</b>								
0011 Instruction	\$		\$	\$ 1,505,471	\$		\$	\$ 2,462,774
0013 Curriculum & Instructional Staff Dev.	11,317	145,892	78,108	608,514	1,061,750			8,162,039
0023 School Leadership								37,251
0035 Food Services								98,310
0041 General Administration							2,670	2,670
0051 Facilities Maintenance and Operations				302	2,735		33,387	186,491
0061 Community Services								35,868
0062 School District Administrative Support					145,305			3,422,546
0093 Payments to Fiscal Agents/Members						232,414		853,669
6030 Total Expenditures	<u>\$ 11,317</u>	<u>\$ 145,892</u>	<u>\$ 78,108</u>	<u>\$ 2,114,287</u>	<u>\$ 1,209,790</u>	<u>\$ 232,414</u>	<u>\$ 36,057</u>	<u>\$ 15,261,618</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>\$ (36,057)</u>	<u>\$ (36,057)</u>
<b>OTHER RESOURCES AND (USES)</b>								
8949 Other (Uses)	\$		\$	\$	\$	\$	\$	\$ 0
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>
1200 Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (36,057)	\$ (36,057)
0100 Beginning Fund Balance - September 1, 2023	0	0	0	0	0	0	899,180	899,180
3000 Ending Fund Balance - August 31, 2024	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 863,123</u>	<u>\$ 863,123</u>

REGION 15 EDUCATION SERVICE CENTER

Exhibit H-3

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
AUGUST 31, 2024

	Proprietary Fund Type					
	Internal Service Funds					
	750 Building Operations	751 Fleet Vehicles	752 Print Shop	754 NetXV Local	770 Data Services	Totals
ASSETS:						
Current Assets:						
Cash and Cash Equivalents	\$	358,518	596,763	44,752	307,368	1,307,401
Total Current Assets	\$	358,518	596,763	44,752	307,368	1,307,401
Noncurrent Assets:						
Furniture and Equipment, Net	\$	166,628	210,423	34,028		411,079
Right to Use Lease Assets, Net			36,416			36,416
Right to Use Subscription Assets, Net					261,488	261,488
Total Noncurrent Assets	\$	166,628	210,423	34,028	261,488	708,983
Total Assets	\$	166,628	568,941	633,179	568,856	2,016,384
LIABILITIES:						
Current Liabilities						
Accounts Payable	\$	2,367				2,367
Accrued Wages Payable	1,289			1,198		2,487
Leases Payable			20,222			20,222
Subscriptions Payable					271,198	271,198
Due from (to) Other Funds	93,872	(93,872)				
Total Current Liabilities	\$	95,161	(91,505)	20,222	271,198	296,274
Noncurrent Liabilities:						
Lease Liabilities	\$		23,518			23,518
Total Noncurrent Liabilities	\$	0	23,518	0	0	23,518
Total Liabilities	\$	95,161	(91,505)	43,740	271,198	319,792
NET POSITION:						
Net Investment in Capital Assets	\$	166,628	210,423	34,028		411,079
Unrestricted Net Position (Deficit)		(95,161)	450,023	43,554	297,658	1,285,513
Total Net Position	\$	71,467	660,446	589,439	297,658	1,696,592

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, 2024

	Proprietary Fund Type						
	Internal Service Funds						
	750 Building Operations	751 Fleet Vehicles	752 Print Shop	754 NetXV Local	770 Data Services	771 Personnel	Totals
REVENUES							
Operating Revenues and Charges for Services	\$ 377,430	\$ 172,621	\$ 290,007	\$ 294,242	\$ 414,173	\$ 12,895,068	\$ 14,443,541
OPERATING EXPENSES							
Payroll Costs	\$	\$	\$	\$	\$	\$ 12,895,068	\$ 12,895,068
Professional and Contracted Services	385,020	48,499	113,170	195,361	55,887		797,937
Supplies and Materials	31,115	44,865	20,066	96,992			193,038
Other Operating Expense	103,107	963		1,974			106,044
Depreciation and Amortization	36,857	84,675	16,780	10,253	309,243		457,808
Total Operating Expenses	\$ 556,099	\$ 179,002	\$ 150,016	\$ 304,580	\$ 365,130	\$ 12,895,068	\$ 14,449,895
Operating Income	\$ (178,669)	\$ (6,381)	\$ 139,991	\$ (10,338)	\$ 49,043	\$ 0	\$ (6,354)
NON-OPERATING REVENUES (EXPENSES)							
Insurance Recovery	\$	\$ 20,799	\$	\$	\$	\$	\$ 20,799
Gain (Loss) on Sale of Personal Property		(13,807)					(13,807)
Interest Expense			(1,256)		(34,594)		(35,850)
Total Non-operating Revenues (Expenses)	\$ 0	\$ 6,992	\$ (1,256)	\$ 0	\$ (34,594)	\$ 0	\$ (28,858)
Income Before Transfers	\$ (178,669)	\$ 611	\$ 138,735	\$ (10,338)	\$ 14,449	\$ 0	\$ (35,212)
Transfer In	125,000			3,000			128,000
Change in Net Position	\$ (53,669)	\$ 611	\$ 138,735	\$ (7,338)	\$ 14,449	\$ 0	\$ 92,788
Beginning Net Position - September 1, 2023	125,136	659,835	450,704	84,920	283,209		1,603,804
Ending Net Position - August 31, 2024	\$ 71,467	\$ 660,446	\$ 589,439	\$ 77,582	\$ 297,658	\$ 0	\$ 1,696,592



**OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION**

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

CERTIFIED PUBLIC ACCOUNTANTS

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8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

**INDEPENDENT AUDITOR'S 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**

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, 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, 2024, and related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 9, 2024.

**Report on 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.

## **Report on 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 LLP*

Certified Public Accountants

Lubbock, Texas

December 9, 2024

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

CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2024. 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, 2024.

***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; 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 LLP*

Certified Public Accountants

Lubbock, Texas

December 9, 2024

**FEDERAL FINANCIAL ASSISTANCE SECTION**

REGION 15 EDUCATION SERVICE CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2024

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?        yes   X   no

Significant deficiencies identified that are not considered to be material weaknesses?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified?        yes   X   no

Significant deficiencies identified that are not considered to be material weaknesses?        yes   X   none reported

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)?        yes   X   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I Grants to Local Educational Agencies
84.184H	SBMH OASIS Mental Health USDE
84.184X	HELP Rural West TX Mental Health Educational Leadership Partnership USDE
93.600	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, 2024**

Prior Year's Finding/Noncompliance

N/A

Status of Prior Year's Findings/Noncompliance

N/A

-70-  
REGION 15 EDUCATION SERVICE CENTER

Exhibit K-1  
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2024**

Federal Grantor/ Pass-through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Texas Education Agency</i>				
ESEA Title I, Part A - ESC Texas Instructional Leadership (TIL) (211)	84.010A	246101457110015		\$ 56,992
ESEA Title I, Part A - ESC ESSA Basic Services (211)	84.010A	246101197110015		78,000
ESEA Title I, Part A - ESC School Improvement Facilitation (211)	84.010A	236101547110015		711,907
ESEA Title I, Part A - Tx Instructional Leader Expansion (211)	84.010A	236101507110015		161,088
Total ALN 84.010A				<u>\$ 1,007,987</u>
ESC ESSA Basic Services Initiative (212)	84.011A	246150027110015		\$ 99,627
SSA - ESEA Title I, Part C - Migratory Children (301)	84.011A	23615001226950		11,136
SSA - ESEA Title I, Part C - Migratory Children (301)	84.011A	24615001226950		68,371
Total ALN 84.011A				<u>\$ 179,134</u>
Career and Technical - ESC CTE Admin (244)	84.048A	244200107110015	\$	\$ 50,000
Career and Technical - ESC CTE Leadership (244)	84.048A	244200097110015		57,188
SSA - Perkins V: Strengthening CTE for 21st Century (331)	84.048A	24420006226950		244,567
SSA - Effective Advising Planning for New Coaches (331)	84.048A	234200337110007	40,000	78,459
Total ALN 84.048A			<u>\$ 40,000</u>	<u>\$ 430,214</u>
Title II - ESC ESSA Basic Services (255)	84.367A	246945747110015	\$	\$ 25,000
Title II, Part A - Instructional Leadership Expansion (255)	84.367A	236945737110015		13,969
Strategic Compensation Fellowship and Grant (Cohort 1) (255)	84.367A	236945827110004		79,237
Strategic Compensation Fellowship and Grant (Cohort 1) (255)	84.367A	246945827110004		12,668
TIA & Strategic Compensation (255)	84.367A	236945847110001	25,000	1,398,813
Total ALN 84.367A			<u>\$ 25,000</u>	<u>\$ 1,529,687</u>
Title III, Part A - ESC Basic Services Grant (263)	84.365A	246710027110015		\$ 60,000
SSA - English Language Acquisition Grants Title III ELA (350)	84.365A	23671001226950		5,470
SSA - English Language Acquisition Grants Title III ELA (350)	84.365A	24671001226950		126,910
Total ALN 84.365A				<u>\$ 192,380</u>
Title IV, Part A - ESSA Basic Services (289)	84.424A	246801057110015		\$ 104,852
Title IV, Part A - Mental Behavior Health (289)	84.424A	236801117110015		25,789
Title IV, Part A - Mental Behavior Health (289)	84.424A	246801117110015		70,000
Stronger Connections - Tech Assistance (289)	84.424F	236811047110013		937
Total ALN 84.424				<u>\$ 201,578</u>
COVID-19, ESC THL Dedicated Staff - ESSER II (281)	84.425D	215210407110015		\$ 40,325
COVID-19, ESC THL Dedicated Staff - ESSER III (282)	84.425U	215280407110015		439,448
COVID-19, ESC ESSER III Tech Assist (282)	84.425U	215280457110015		54,047
COVID-19, ESSER III ESC Texas Tutoring Support (282)	84.425U	215280277110015		339,411
COVID-19, ESC Op. Support Accel Learning (282)	84.425U	215280417110015		178,709
COVID-19, Texas Strategic Leadership ESC Pilot Certification (282)	84.425U	215280847110009		281,308
COVID-19, ARP Homeless I - ESC Capacity (278)	84.425U	215330037110015		15,063
COVID-19, ARP Homeless I - TEHCY Supplemental (278)	84.425W	215330017110090		15,499
COVID-19, ARP Homeless II - COVID Recovery (280)	84.425W	215330047110015		323,225
COVID-19, ARP Homeless II (367)	84.425W	21533002226950		133,609
Total ALN 84.425 - COVID-19				<u>\$ 1,820,644</u>
ESC Capacity Building Grant (206)	84.196A	244600087110015		\$ 70,318
Texas Education for Homeless Children & Youth (206)	84.196A	244600057110032		14,589
Total ALN 84.196A				<u>\$ 84,907</u>
Title I, Basic Services Initiative (289)	84.999	246000117110015		\$ 49,787
IDEA, Part C Early Childhood Intervention	84.181	243911012269503000		\$ 523
Total Passed Through Texas Education Agency			<u>\$ 65,000</u>	<u>\$ 5,496,841</u>

## REGION 15 EDUCATION SERVICE CENTER

Exhibit K-1  
(Continued)SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2024

Federal Grantor/ Pass-through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Federal Expenditures
<u>Passed Through Texas Health and Human Services Commission</u>				
Special Education for Infants & Families with Disabilities (416)	84.181A	HHS000640200015		\$ 275,160
Total Passed Through Texas Health and Human Services Commission				\$ 275,160
<u>Direct Awards</u>				
SBMH OASIS Mental Health (286)	84.184H	S184H220059-22A	\$	\$ 37,533
SBMH OASIS Mental Health (286)	84.184H	S184H220059-22A	\$ 300,000	\$ 369,531
Total ALN 84.184H			\$ 300,000	\$ 407,064
HELP Rural West Tx Mental Health Educational Leadership (289)	84.184X	S184X190035	\$	\$ 12,650
HELP Rural West Tx Mental Health Educational Leadership (289)	84.184X	S184X190035	\$ 125,000	\$ 430,174
Total ALN 84.184X			\$ 125,000	\$ 442,824
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 490,000	\$ 6,621,889
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<u>Passed Through Texas Education Agency</u>				
COVID-19, Public Health Workforce Supplemental (289)	93.354	223934017110015	\$ 478,289	\$ 585,452
Total Passed Through Texas Education Agency			\$ 478,289	\$ 585,452
<u>Passed Through Texas Health and Human Services Commission</u>				
Every Student Succeeds Act/Preschool Development Grants (416)	93.434	HHS000640200015		\$ 43,558
Total Passed Through Texas Health and Human Services Commission				\$ 43,558
<u>Passed Through Region 14 Education Service Center</u>				
SSA - Head Start (294)	93.600	06CH012174-02-01	\$ 629,020	\$ 1,704,085
SSA - Head Start (294)	93.600	06CH011543-02-03		321,995
SSA - Head Start (294)	93.600	06CH012174-03		301,437
Total ALN 93.600			\$ 629,020	\$ 2,327,517
Total Passed Through Region 14 Education Service Center			\$ 629,020	\$ 2,327,517
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 1,107,309	\$ 2,956,527
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<u>Passed Through Texas Department of Agriculture</u>				
Child Nutrition (21-22) (241)	10.560	NT4XL1YGLGC5		\$ 27,013
Child Nutrition (22-23) (241)	10.560	NT4XL1YGLGC5		320,142
Total ALN 10.560				\$ 347,155
EHS CACFP (288)	10.558	NT4XL1YGLGC5		\$ 55,565
Total Passed Through Texas Department of Agriculture				\$ 402,720
TOTAL U.S. DEPARTMENT OF AGRICULTURE				\$ 402,720
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<u>Direct Awards</u>				
Stop School Violence (287)	16.839	15PBJA22GG04690STOP		\$ 370,337
TOTAL U.S. DEPARTMENT OF JUSTICE				\$ 370,337

## REGION 15 EDUCATION SERVICE CENTER

Exhibit K-1  
(Concluded)SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2024

Federal Grantor/ Pass-through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Federal Expenditures
<b>CLUSTER PROGRAMS</b>				
<b>Special Education Cluster (IDEA)</b>				
<u>U.S. Department of Education Passed Through Texas Education Agency</u>				
IDEA, Part B - (22-23) Network 8: Small And Rural Schools (226)	84.027A	246600537110001		\$ 1,627,570
IDEA, Part B - Sensory Improvement (226)	84.027A	246600227110015		52,142
IDEA, Part B - ESC Special Education Liaisons (226)	84.027A	246600587110015		74,663
IDEA, Part B - RDSPD Fiscal Agents (226)	84.027A	246600887110003		68,136
SSA - IDEA, Part B - Discretionary Deaf (315)	84.027A	246600112269506000	25,405	44,838
IDEA, Part B - Preschool ESCS (225)	84.173A	246610227110015		117,526
Total IDEA, Part B Passed Through Texas Education Agency			\$ 25,405	\$ 1,984,875
<u>U.S. Department of Education Passed Through Texas Health and Human Services Commission</u>				
IDEA, Part B - Discretionary (416)	84.027A	HHS000640200015		\$ 40,416
Total Special Education Cluster (IDEA)				\$ 2,025,291
<b>TANF Cluster</b>				
<u>U.S. Department of Health and Human Services Passed Through Texas Health and Human Services Commission</u>				
Temporary Assistance for Needy Families (416)	93.558	HHS000640200015		\$ 98,803
Total TANF Cluster				\$ 98,803
<b>Medicaid Cluster</b>				
<u>U.S. Department of Health and Human Services Passed Through Texas Health and Human Services Commission</u>				
Medicaid Administrative Claiming Program (416)	93.778	HHS000897400001		\$ 116,690
Total Medicaid Cluster				\$ 116,690
<b>CCDF Cluster</b>				
<u>U.S. Department of Health and Human Services Passed Through Texas Health and Human Services Commission</u>				
Child Care and Development (416)	93.575	HHS000640200015		\$ 321
Total CCDF Cluster				\$ 321
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 1,622,714	\$ 12,592,578

**REGION 15 EDUCATION SERVICE CENTER**

**NOTES TO THE SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2024**

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, 2024. 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.