Year Ended
June 30, 2025

ANNUAL FINANCIAL REPORT

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
ODESSA, TEXAS

ECISD

OUR students...THE future

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2025

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

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ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

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INTRODUCTORY SECTION

CERTIFICATE OF BOARD

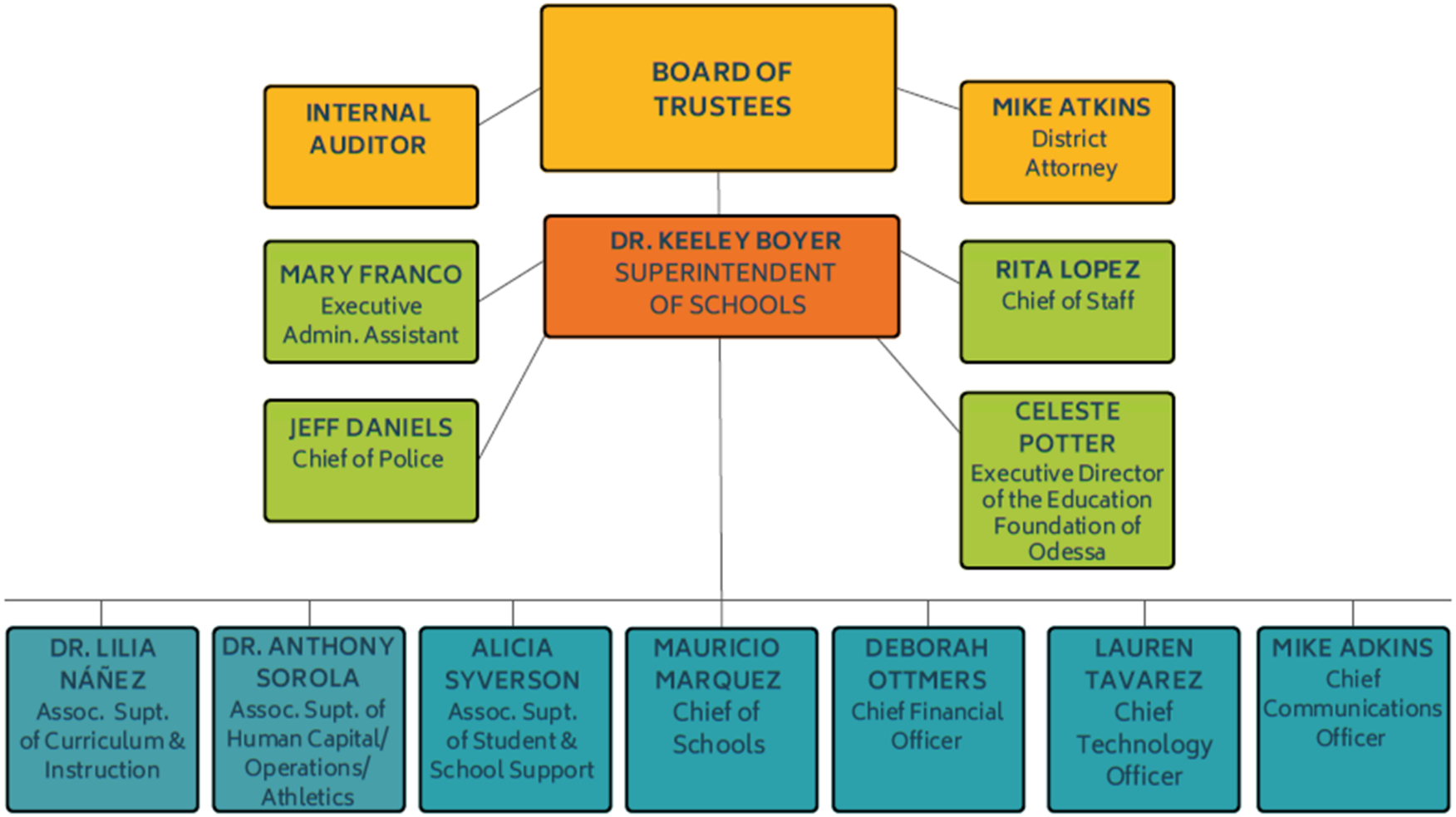
Ector County Independent School District	Ector	068901
Name of School District	County	Co. - Dist. No.

We, the undersigned, certify that the attached annual financial report of the above-named school district was reviewed and approved for the fiscal year ended June 30, 2025, at a meeting of the Board of Trustees of such school district on November 18, 2025.

Board Secretary

Board President

Superintendent of Schools
Organization Chart 2024-2025



ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

BOARD OF TRUSTEES, CONSULTANTS, AND ADVISORS

Board of Trustees

Tammy Hawkins	President
Steve Brown	Vice President
Bob Thayer	Secretary
Chris Stanley	Member
Dawn Miller	Member
Wayne Woodall	Member
Delma Abalos	Member

Consultants and Advisors

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

FINANCIAL SECTION

whitleypenn

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7100 E. Texas Highway 191
Suite 400
Odessa, Texas 79765
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Ector County Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ector County Independent School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements and the required Texas Education Agency (TEA) schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Whitley Penn LLP

Odessa, Texas
November 18, 2025

Our discussion and analysis of Ector County Independent School District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2025. Please read it in conjunction with the District's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources of the District at the close of the most recent fiscal year by $281,118,492. Of this amount, $271,951,208 is net investment in capital assets which represents the net value of the capital assets less the related debt. Restricted net position amounts of $12,081,161, $41,389,621, and $419,478 are restricted for child nutrition, debt service, and other purposes, respectively. The remaining amount was a deficit unrestricted net position of ($44,722,976).

- The District's total net position increased by $64,868,332. This is primarily related to an overall increase in revenues including state aid formula grants, insurance recoveries and investment earnings.

- The District's governmental funds reported combined ending fund balances of $445,637,757 as of June 30, 2025. Of this amount, $1,504,786 is non-spendable in the form of (1) inventory in the amount of $1,358,834 and (2) prepaid items in the amount of $145,952. Fund balance of $303,483,127 is restricted for (1) child nutrition services in the amount of $12,081,161, (2) other purposes in the amount of $419,478, (3) capital acquisitions and contractual obligations in the amount of $250,377,517, and (4) debt service in the amount of $40,604,971. Fund balance of $17,776,182 is committed for (1) construction and capital equipment of $1,791,558 and (2) self-insurance of $3,000,000, and (3) other purposes of $12,984,624. Fund balance of $38,052,177 is assigned for (1) construction in the amount of $5,000,000, (2) capital equipment in the amount of $6,682,738 and (3) other purposes in the amount of$26,369,439. The remaining amount in fund balance of $84,821,485 is classified as unassigned and is available for spending at the District's discretion. This is an increase of 0.3% as compared to the prior fiscal year. The unassigned fund balance represents 25 percent of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide Financial Statements

The analysis of the District's overall financial condition and operations begins on page 12. Its primary objective is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources while the Statement of Activities includes all the revenue and expenses generated by the District's operations during the year. These apply the accrual basis of accounting, which is the same method used by most private sector companies.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and deferred outflows and liabilities and deferred inflows) provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, consideration should be given to nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

The District reports governmental activities in the Statement of Net Position and the Statement of Activities. Governmental activities report all of the District's basic services including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Local property taxes, tuition, fees, state and federal grants finance most of these activities.

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

Fund Financial Statements

The fund financial statements begin on page 14 and provide detailed information about the most significant funds-not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the Every Student Succeeds Act and the IDEA laws from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains individual governmental funds for general, special revenue, debt service, and capital projects funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund, national school breakfast and lunch program, ESSER III, insurance recovery, debt service, and capital projects funds, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and National School Breakfast and Lunch Program special revenue fund.

Proprietary Funds

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

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

Fiduciary Funds

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by $281,118,492 at the close of the most recent fiscal year.

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

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

Table I
Ector County Independent School District
Net Position

	Governmental Activities	
	2025	**2024**
Assets:		
Current and other assets	$ 512,614,209	$ 514,538,454
Capital and non-current assets	375,467,157	327,388,613
Total Assets	888,081,366	841,927,067
Deferred Outflows of Resources:		
Deferred outflows of resources	70,485,366	78,890,693
Total Deferred Outflows of Resources	70,485,366	78,890,693
Liabilities:		
Current liabilities	38,676,156	43,109,263
Long term liabilities	564,449,562	565,352,076
Total Liabilities	603,125,718	608,461,339
Deferred Inflows of Resources:		
Deferred inflows of resources	74,322,522	96,106,261
Total Deferred Inflows of Resources	74,322,522	96,106,261
Net Position:		
Net investment in capital assets	271,951,208	250,894,783
Restricted	53,890,260	27,186,535
Unrestricted	(44,722,976)	(61,831,158)
Total Net Position	$ 281,118,492	$ 216,250,160

Net position of the District's governmental activities increased approximately 30% from $216,250,160 to $281,118,492. Significant changes in net position from the prior year are explained as follows:

Total assets increased mainly due to the addition of capital assets in the current year.

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

Other current liabilities decreased due to a decrease in accounts payable and unearned revenue.

Long term liabilities decreased mainly due to the payments on bonds during the current fiscal year.

Table II
Ector County Independent School District
Changes in Net Position

	Governmental Activities	
	2025	**2024**
Program Revenues		
Charges for services	$ 8,209,515	$ 3,003,666
Operating grants and contributions	59,440,578	88,605,111
General Revenues		
Property taxes	178,109,741	180,327,366
State Aid - Formula Grants	185,646,808	177,132,222
Investment earnings	20,649,439	7,824,565
Other	7,775,093	14,001,003
Total Revenues	459,831,174	470,893,933
Expenses		
Instruction	214,195,569	220,611,655
Instructional resources and media services	2,076,629	2,234,646
Curriculum and staff development	12,600,781	14,421,976
Instructional leadership	5,023,942	5,550,138
School leadership	22,207,042	23,987,768
Guidance, counseling, and evaluation services	17,169,654	16,991,547
Social work services	1,851,979	2,273,896
Health services	3,052,443	3,196,650
Student transportation	8,884,502	9,534,015
Food service	19,639,351	21,079,986
Extracurricular activities	9,038,120	9,249,468
General administration	7,917,948	7,248,475
Facilities maintenance and operations	39,857,195	37,730,084
Security and monitoring services	6,745,796	5,316,661
Data processing services	9,392,890	10,588,299
Community services	1,631,624	1,728,774
Interest and fiscal charges for long term debt	11,534,576	4,319,286
Debt issuance costs and fees	-	1,925,680
Facilities acquisition and construction	391	1,148,001
Other governmental charges	2,142,410	2,059,562
Total Expenses	394,962,842	401,196,567
Increase in Net Position	64,868,332	69,697,366
Beginning Net Position	216,250,160	146,552,794
Ending Net Position	$ 281,118,492	$ 216,250,160

The District's total revenues decreased by -2% – approximately $11.1 million from prior year revenues. Significant changes in revenue from the prior year are explained as follows:

Program revenues decreased approximately $24.0 million, due to an decrease in grant revenues. General revenues increased by $12.9 million or 3.4% due to an increase in enrollment, average daily attendance, and special programs. Insurance recovery and investment earnings also contributed to the overall increase in revenues.

The District's total expenses decreased by 2% – approximately $6.2 million from prior year expenses. The decrease is due in large part to the cost associated with the decrease in the net pension liability plus increases in pay and other costs.

Governmental Funds Financial Analysis

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

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $445,637,757, an increase of $3,147,824 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $84,821,485, while total fund balance reached $130,362,497. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25 percent of expenditures and total fund balance represents 38 percent of the same amount. During the current fiscal year, the total fund balance of the District's general fund increased by $10,268,932.

The national school breakfast & lunch program fund balance increased by $2,926,514 due to a decrease in federal program revenues as well as planned spending on equipment to decrease excess fund balance. Fund balance at the end of the year was $12,081,161 in the child nutrition fund.

The debt service fund had a total fund balance of $40,604,971, all of which is restricted for the payment of debt service. The net increase in the debt service fund balance during the current year was $23,302,362.

The capital projects fund had a total fund balance of $250,377,517, all of which is restricted for capital acquisitions and contractual obligations. The net decrease in the capital projects fund balance during the current year was $39,652,417.

General Fund Budgetary Highlights

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

	Budget	
	Original	**Final Amended**
Total revenues and sources	$ 337,748,000	$ 344,690,070
Total expenditures and uses	349,748,000	359,945,031
Net Change in Fund Balance	$ (12,000,000)	$ (15,254,961)

Capital Asset and Debt Administration

Capital Assets

At the end of 2025, the District had approximately $375.5 million invested in a broad range of capital assets, (net of accumulated depreciation and amortization) including right to use assets, facilities and equipment for instruction, transportation, athletics, administration, maintenance, and computer technology. This amount represents a net increase of approximately $48.1 million, due to completed projects and new furniture and equipment.

	2025	2024
Land	$ 22,172,134	$ 20,677,504
Construction in progress	50,832,442	10,910,355
Buildings and land improvements	493,492,734	486,434,869
Furniture and equipment	59,132,120	44,987,209
Vehicles and other assets	33,033,510	33,350,023
Subscription based IT assets	1,403,579	357,000
Right to use assets	3,846,708	2,376,533
Total Capital Assets	663,913,227	599,093,493
Accumulated depreciation	(285,453,262)	(269,671,497)
Accumulated amortization	(2,992,808)	(2,033,383)
Net Capital Assets	$ 375,467,157	$ 327,388,613

Debt Administration

At year-end, the District's bonded debt is as follow:

	Outstanding 06/30/24	Additions	Retirements	Outstanding 06/30/25
Bonds payable	$ 345,535,000	$ -	$ (12,965,000)	$ 332,570,000
Premium on bonds	26,817,927	-	(1,844,361)	24,973,566
Accreted interest on capital appreciation bonds	102,553	29,971	-	132,524
	$ 372,455,480	$ 29,971	$ (14,809,361)	$ 357,676,090

Economic Factors and Next Year's Budgets and Rates

The District's elected and appointed officials considered many factors when preparing the fiscal year 2025 budget: (1) the need to staff and operate campuses; (2) the anticipated change of student population within the campuses.

These factors were considered when adopting the General Fund budget for fiscal year 2025. Estimated revenues and other financing sources in the General Fund are $369.7 million, and estimated appropriations and other uses total $373.7 million. Budgeted appropriations have been increased over the prior year actual expenditures by approximately $33.7 million to meet legislative requirement for teacher pay and board budget goals which include, provide staff development, retain high quality programs, provide equity weighted strategic campus staffing and funding allocations, and consider departmental resource needs for success.

The oil and gas economy continues to fluctuate, but the overall economy is relatively stable. Student enrollment has decreased from prior year, but projected to stabilize based on demographic trends.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Ector County Independent School District, 802 N. Sam Houston, Odessa, Texas.

BASIC FINANCIAL STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2025

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	$ 8,723,321
1120	Current investments	415,049,294
1225	Property taxes receivables, net	17,004,723
1240	Due from other governments	68,127,157
1267	Due from fiduciary funds	9,180
1290	Other receivables, net	597,442
1300	Inventories	2,957,140
1410	Prepaid items	145,952
	Capital assets not subject to depreciation:	
1510	Land	22,172,134
1580	Construction in Progress	50,832,442
	Capital assets net of depreciation:	
1520	Buildings and improvements, net	263,505,731
1530	Furniture and equipment, net	25,324,855
1540	Other Capital Assets, net	11,374,516
1550	Right-to-use assets, net	2,257,479
1000	**Total Assets**	888,081,366
	Deferred Outflows of Resources	
	Deferred charge on refunding	5,754,019
	Deferred outflows - pension	33,977,748
	Deferred outflows - OPEB	30,753,599
1700	**Total Deferred Outflows of Resources**	70,485,366
	Liabilities	
2110	Accounts payable	17,648,782
2140	Interest payable	2,218,865
2150	Payroll deductions and withholdings	2,282,290
2160	Accrued wages payable	14,693,683
2200	Accrued expenses	1,581,792
2300	Unearned revenue	250,744
	Noncurrent Liabilities:	
2501	Due within one year	27,842,566
2502	Due in more than one year	342,720,704
2540	Net Pension Liability	120,146,468
2545	Net Other Post-Employment Benefits (OPEB) Obligation	73,739,824
2000	**Total Liabilities**	603,125,718
	Deferred Inflows of Resources	
	Deferred inflows - pension	4,256,909
	Deferred inflows - OPEB	70,065,613
2600	**Deferred Inflows of Resources**	74,322,522
	Net Position	
3200	Net investment in capital assets	271,951,208
	Restricted for:	
3820	Child nutrition	12,081,161
3850	Debt service	41,389,621
3890	Other purposes	419,478
3900	Unrestricted	(44,722,976)
3000	**Total Net Position**	$ 281,118,492

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

Data Control Codes	Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities
	Governmental activities:				
11	Instruction	$ 214,195,569	$ 1,049,545	$ 21,648,542	$ (191,497,482)
12	Instructional resources and media services	2,076,629	171,675	43,821	(1,861,133)
13	Curriculum and staff development	12,600,781	14,306	6,009,522	(6,576,953)
21	Instructional leadership	5,023,942	-	369,758	(4,654,184)
23	School leadership	22,207,042	729,619	680,841	(20,796,582)
31	Guidance, counseling, and evaluation services	17,169,654	-	1,519,971	(15,649,683)
32	Social work services	1,851,979	-	376,048	(1,475,931)
33	Health services	3,052,443	-	333,354	(2,719,089)
34	Student transportation	8,884,502	-	33,083	(8,851,419)
35	Food service	19,639,351	715,182	21,619,413	2,695,244
36	Extracurricular activities	9,038,120	5,529,188	20,210	(3,488,722)
41	General administration	7,917,948	-	206,091	(7,711,857)
51	Facilities maintenance and operations	39,857,195	-	2,863,810	(36,993,385)
52	Security and monitoring services	6,745,796	-	2,310,177	(4,435,619)
53	Data processing services	9,392,890	-	18,665	(9,374,225)
61	Community services	1,631,624	-	171,206	(1,460,418)
72	Interest and fiscal charges for long term debt	11,534,576	-	1,215,675	(10,318,901)
81	Facilities acquisition and construction	391	-	391	-
99	Other intergovernmental charges	2,142,410	-	-	(2,142,410)
TG	**Total Governmental Activities**	$ 394,962,842	$ 8,209,515	$ 59,440,578	(327,312,749)

Data Control Codes		
	General revenues:	
	Taxes:	
MT	Property taxes, levied for general purposes	133,201,482
DT	Property taxes, levied for debt service	44,908,259
SF	State-aid formula grants	185,646,808
IE	Investment earnings	20,649,439
MI	Miscellaneous	7,775,093
TR	**Total General Revenues**	392,181,081
CN	Change in net position	64,868,332
NB	**Net Position - Beginning**	216,250,160
NE	**Net Position - Ending**	$ 281,118,492

GOVERNMENTAL FUND FINANCIAL STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

Data Control Codes		General Fund	National School Breakfast & Lunch Program Fund	Debt Service Fund	Capital Projects Fund
	Assets				
1110	Cash and cash equivalents	$ 5,716,241	$ 16,878	$ 5,395	$ -
1120	Current investments	79,110,010	10,775,872	40,319,629	261,269,197
	Receivables:				
1220	Property taxes - delinquent	22,446,252	-	4,815,131	-
1230	Allowance for uncollectible taxes (credit)	(8,445,044)	-	(1,811,616)	-
1240	Due from other governments	62,512,217	105,273	-	-
1260	Due from other funds	5,785,880	151,439	279,947	107,987
1290	Other receivables	581,015	911	-	-
1300	Inventories	1,358,834	1,598,306	-	-
1410	Prepaid items	145,952	-	-	-
1000	**Total Assets**	$ 169,211,357	$ 12,648,679	$ 43,608,486	$ 261,377,184
	Liabilities, Deferred Inflows of Resources, and Fund Balances				
	Liabilities				
2110	Accounts payable	$ 6,150,689	$ 519,143	$ -	$ 9,844,963
2150	Payroll deduction and withholdings	2,169,106	1,907	-	-
2160	Accrued wages payable	12,813,337	27,399	-	-
2170	Due to other funds	3,267,447	5,396	-	7,328
2200	Accrued expenditures	420,743	13,673	-	1,147,376
2300	Unearned revenue	26,330	-	-	-
2000	**Total Liabilities**	24,847,652	567,518	-	10,999,667
	Deferred Inflows of Resources				
	Unavailable revenues - property taxes	14,001,208	-	3,003,515	-
2600	**Total Deferred Inflows of Resources**	14,001,208	-	3,003,515	-
	Fund Balances				
	Non-Spendable:				
3410	Inventories	1,358,834	-	-	-
3430	Prepaid items	145,952	-	-	-
	Restricted:				
3450	Federal/State funds grant restrictions	-	12,081,161	-	-
3470	Capital acquisitions & contractual obligations	-	-	-	250,377,517
3480	Retirement of long-term debt	-	-	40,604,971	-
3490	Other purposes	-	-	-	-
	Committed:				
3510	Construction	851,776	-	-	-
3530	Capital expenditures for equipment	939,782	-	-	-
3540	Self Insurance	3,000,000	-	-	-
3545	Other purposes	1,192,491	-	-	-
	Assigned				
3550	Construction	5,000,000	-	-	-
3570	Capital expenditures for equipment	6,682,738	-	-	-
3590	Other purposes	26,369,439	-	-	-
3600	Unassigned	84,821,485	-	-	-
3000	**Total Fund Balances**	130,362,497	12,081,161	40,604,971	250,377,517
4000	**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**	$ 169,211,357	$ 12,648,679	$ 43,608,486	$ 261,377,184

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

Data Control Codes		Insurance Recovery	Nonmajor Governmental Funds	Total Governmental Funds
	Assets			
1110	Cash and cash equivalents	$ -	$ 1,748,474	$ 7,486,988
1120	Current investments	-	10,537,684	402,012,392
	Receivables:			
1220	Property taxes - delinquent	-	-	27,261,383
1230	Allowance for uncollectible taxes (credit)	-	-	(10,256,660)
1240	Due from other governments	-	5,509,667	68,127,157
1260	Due from other funds	-	19,857	6,345,110
1290	Other receivables	-	2,280	584,206
1300	Inventories	-	-	2,957,140
1410	Prepaid items	-	-	145,952
1000	**Total Assets**	$ -	$ 17,817,962	$ 504,663,668
	Liabilities, Deferred Inflows of Resources, and Fund Balances			
	Liabilities			
2110	Accounts payable	$ -	$ 369,853	$ 16,884,648
2150	Payroll deduction and withholdings	-	111,277	2,282,290
2160	Accrued wages payable	-	1,852,947	14,693,683
2170	Due to other funds	-	3,047,860	6,328,031
2200	Accrued expenditures	-	-	1,581,792
2300	Unearned revenue	-	224,414	250,744
2000	**Total Liabilities**	-	5,606,351	42,021,188
	Deferred Inflows of Resources			
	Unavailable revenues - property taxes	-	-	17,004,723
2600	**Total Deferred Inflows of Resources**	-	-	17,004,723
	Fund Balances			
	Non-Spendable:			
3410	Inventories	-	-	1,358,834
3430	Prepaid items	-	-	145,952
	Restricted:			
3450	Federal/State funds grant restrictions	-	-	12,081,161
3470	Capital acquisitions & contractual obligations	-	-	250,377,517
3480	Retirement of long-term debt	-	-	40,604,971
3490	Other purposes	-	419,478	419,478
	Committed:			
3510	Construction	-	-	851,776
3530	Capital expenditures for equipment	-	-	939,782
3540	Self Insurance	-	-	3,000,000
3545	Other purposes	-	11,792,133	12,984,624
	Assigned			
3550	Construction	-	-	5,000,000
3570	Capital expenditures for equipment	-	-	6,682,738
3590	Other purposes	-	-	26,369,439
3600	Unassigned	-	-	84,821,485
3000	**Total Fund Balances**	-	12,211,611	445,637,757
4000	**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**	$ -	$ 17,817,962	$ 504,663,668

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit C-1R*

RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION

June 30, 2025

Data Control Codes			
	Total Fund Balance, Governmental Funds (from C-1)	$	445,637,757
	Amounts reported for governmental activities in the statements of net position are different because:		
1	Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation and amortization, where applicable. (Excludes Internal Service Fund)		372,585,028
2	The uncollected portion of the current year property tax levy is recognized as property taxes receivable and general revenue.		17,004,723
3	Deferred charge on refunding		5,754,019
4	Deferred outflows relating to pension activities		33,977,748
5	Deferred outflows relating to other post employment benefits		30,753,599
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
6	General obligation bonds		(332,570,000)
7	Premium/Discount on issuance		(24,973,566)
8	Accumulated accretion on capital appreciation bonds		(132,524)
9	Lease and SBITA liabilities		(2,003,260)
10	Accrued compensated absences		(1,163,726)
11	Accrued interest payable		(2,218,865)
12	Arbitrage liability		(4,535,733)
13	Net pension liability		(120,146,468)
14	Net other post-employment benefit liability		(73,739,824)
15	Deferred inflows relating to pension activities		(4,256,909)
16	Deferred inflows relating to other post-employment benefits		(70,065,613)
17	Addition of Internal Service fund net position (see D-1)		11,212,106
29	**Total Net Position-Governmental Activities (See A-1)**	$	281,118,492

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

Data Control Codes		General Fund	National School Breakfast & Lunch Program	Debt Service Fund	Capital Projects Fund
	Revenues				
5700	Local and intermediate revenues	$ 143,780,470	$ 1,173,726	$ 45,350,188	$ 13,552,938
5800	State program revenues	200,556,799	477,536	1,215,675	-
5900	Federal program revenues	2,985,959	21,474,758	-	-
5020	**Total Revenues**	347,323,228	23,126,020	46,565,863	13,552,938
	Expenditures				
	Current:				
0011	Instruction	196,479,779	-	-	8,207,168
0012	Instructional resources and media services	2,082,529	-	-	-
0013	Curriculum development and instruction staff development	7,487,956	-	-	-
0021	Instructional leadership	4,929,824	-	-	-
0023	School leadership	21,083,019	-	-	-
0031	Guidance, counseling and evaluation services	16,812,975	-	-	-
0032	Social work services	1,557,711	-	-	-
0033	Health services	3,092,484	-	-	-
0034	Student transportation	9,911,280	-	-	-
0035	Food services	-	20,207,472	-	-
0036	Extracurricular activities	6,917,202	-	-	-
0041	General administration	8,256,771	-	-	-
0051	Facilities maintenance and operations	37,923,171	-	-	68,870
0052	Security and monitoring services	7,203,044	-	-	4,656,068
0053	Data processing services	9,493,198	-	-	-
0061	Community services	1,679,902	-	-	-
	Debt Service:				
0071	Principal on long-term debt	918,515	-	12,965,000	-
0072	Interest on long-term debt	75,162	-	11,899,366	-
	Capital Outlay:				
0081	Facilities acquisition and construction	1,363,836	-	-	40,273,249
	Intergovernmental:				
0099	Other intergovernmental charges	2,142,407	-	-	-
6030	**Total Expenditures**	339,410,765	20,207,472	24,864,366	53,205,355
1100	Excess (deficiency) of revenues over expenditures	7,912,463	2,918,548	21,701,497	(39,652,417)
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	186,924	7,966	-	-
7913	Proceeds from right to use leased assets	1,470,175	-	-	-
7915	Operating transfers in	-	-	-	-
7917	Prepaid interest	-	-	1,600,865	-
7949	Other resources	1,046,580	-	-	-
8911	Operating transfers out	(347,210)	-	-	-
7080	**Total Other Financing Sources (Uses)**	2,356,469	7,966	1,600,865	-
1200	Net change in fund balances	10,268,932	2,926,514	23,302,362	(39,652,417)
0100	**Fund Balance - July 1 (Beginning, as Previously Stated)**	120,093,565	9,154,647	17,302,609	290,029,934
1300	Change with financial reporting entity (major to nonmajor)	-	-	-	-
0100	**Fund Balance - July 1 (Beginning, as Adjusted)**	120,093,565	9,154,647	17,302,609	290,029,934
3000	**Fund Balance - June 30 (Ending)**	$ 130,362,497	$ 12,081,161	$ 40,604,971	$ 250,377,517

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

Data Control Codes		Insurance Recovery Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Revenues			
5700	Local and intermediate revenues	$ -	$ 8,633,019	$ 212,490,341
5800	State program revenues	-	8,131,779	210,381,789
5900	Federal program revenues	-	23,584,035	48,044,752
5020	**Total Revenues**	-	40,348,833	470,916,882
	Expenditures			
	Current:			
0011	Instruction	-	21,221,054	225,908,001
0012	Instructional resources and media services	-	173,697	2,256,226
0013	Curriculum development and instruction staff development	-	5,942,720	13,430,676
0021	Instructional leadership	-	340,838	5,270,662
0023	School leadership	-	1,505,270	22,588,289
0031	Guidance, counseling and evaluation services	-	1,401,574	18,214,549
0032	Social work services	-	367,790	1,925,501
0033	Health services	-	103,662	3,196,146
0034	Student transportation	-	2,471	9,913,751
0035	Food services	-	-	20,207,472
0036	Extracurricular activities	-	356,083	7,273,285
0041	General administration	-	67,355	8,324,126
0051	Facilities maintenance and operations	-	87,327	38,079,368
0052	Security and monitoring services	-	2,282,113	14,141,225
0053	Data processing services	-	-	9,493,198
0061	Community services	-	328,602	2,008,504
	Debt Service:			
0071	Principal on long-term debt	-	-	13,883,515
0072	Interest on long-term debt	-	-	11,974,528
	Capital Outlay:			
0081	Facilities acquisition and construction	-	213,054	41,850,139
	Intergovernmental:			
0099	Other intergovernmental charges	-	-	2,142,407
6030	**Total Expenditures**	-	34,393,610	472,081,568
1100	Excess (deficiency) of revenues over expenditures	-	5,955,223	(1,164,686)
	Other Financing Sources (Uses)			
7912	Sale of real or personal property	-	-	194,890
7913	Proceeds from right to use leased assets	-	-	1,470,175
7915	Operating transfers in	-	347,210	347,210
7949	Prepaid interest	-	-	1,600,865
7949	Other resources		-	1,046,580
8911	Operating transfers out	-	-	(347,210)
7080	**Total Other Financing Sources (Uses)**	-	347,210	4,312,510
1200	Net change in fund balances	-	6,302,433	3,147,824
0100	**Fund Balance - July 1 (Beginning, as Previously Stated)**	2,938,862	2,970,316	442,489,933
1300	Change with financial reporting entity (major to nonmajor)	(2,938,862)	2,938,862	-
0100	**Fund Balance - July 1 (Beginning, as Adjusted)**	-	5,909,178	442,489,933
3000	**Fund Balance - June 30 (Ending)**	$ -	$ 12,211,611	$ 445,637,757

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit C-2R

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

Data Control Codes		
	Net Change in Fund Balances - Total Governmental Funds (from C-2)	$ 3,147,824
	Amounts reported for *governmental activities* in the statement of activities (B-1) are different because:	
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
1	Governmental funds capital outlays	67,559,560
2	Governmental funds depreciation expense (Excludes Internal Service Fund of $87,004)	(19,215,138)
3	Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	(178,875)
4	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,441,767
5	Repayment of long-term debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	12,965,000
6	Repayment of lease and SBITA liabilities are an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	918,515
	Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities and amounts paid to refunding agents are treated as a decrease in long-term liabilities.	
7	Issuance of lease and SBITA liability	(2,516,755)
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
8	Increase in interest payable not recognized in fund statements	(134,554)
9	Net change in accrued compensated absences	2,354,021
10	Amortization of premium/discount	1,844,361
11	Increase in accumulated accretion on capital appreciation bonds	(29,971)
12	Amortization of deferred charge on refunding	(480,164)
13	Change in arbitrage liability	(4,535,733)
14	Changes in net pension liabilities and related deferred outflows and inflows of resources	(8,558,449)
15	Changes in net OPEB liabilities and related deferred outflows and inflows of resources	12,022,587
16	Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities (see D-2).	(1,735,664)
	Change in Net Position of Governmental Activities (See B-1)	$ 64,868,332

PROPRIETARY FUND FINANCIAL STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit D-1*

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Governmental Activities - Internal Service Fund
Assets	
Current Assets:	
Cash and cash equivalents	$ 1,236,333
Current investments	13,036,902
Receivables:	
Other receivables	13,236
Total Current Assets	14,286,471
Noncurrent Assets:	
Land	54,012
Building and improvements	3,663,335
Accumulated depreciation - buildings	(835,218)
Total Noncurrent assets	2,882,129
Total Assets	$ 17,168,600
Liabilities	
Current Liabilities:	
Accounts payable	$ 764,134
Claims and judgments	552,807
Due to other funds	7,899
Total Current Liabilities	1,324,840
Noncurrent Liabilities:	
Claims and judgments due in more than one year	4,631,654
Total Noncurrent Liabilities	4,631,654
Total Liabilities	$ 5,956,494
Net Position	
Net investment in capital assets	$ 2,882,129
Unrestricted net position	8,329,977
Total Net Position	$ 11,212,106

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit D-2*

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Governmental Activities - Internal Service Fund
Operating Revenues	
Rent Revenue	$ 360,818
Employee and employer premiums	29,831,612
Stop Loss Reimbursement	1,758,105
Total Operating Revenues	31,950,535
Operating Expenses	
Claims and Prescriptions	31,311,047
Professional and contracted services	1,629,770
Supplies and materials	11,989
Claims expense and other operating expenses	1,263,178
Depreciation	87,004
Total Operating Expenses	34,302,988
Operating Income (Loss)	(2,352,453)
Non-Operating Revenues (Expenses)	
Investment earnings	616,789
Total Nonoperating Revenues (Expenses)	616,789
Change in Net Position	(1,735,664)
Net Position - July 1 (Beginning)	12,947,770
Net Position - June 30 (Ending)	$ 11,212,106

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit D-3

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Governmental Activities - Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows Provided by (Used for) Operating Activities:	
Cash received from rental receipts	$ 360,818
Cash received from employees and employer	29,820,813
Cash payments for interfund services provided	(116,241)
Cash receipts for stop loss	1,758,105
Cash payments for claims	(31,615,115)
Cash payments for other operating expenses	(2,782,260)
Net Cash Used for Operating Activities	(2,573,880)
Cash Flows from Investing Activities:	
Interest on investments	616,789
Net Cash Provided by Investing Activities	616,789
Net change in Cash and Cash Equivalents	(1,957,091)
Cash and Cash Equivalents at Beginning of Year	16,230,326
Cash and Cash Equivalents at End of Year	$ 14,273,235
Reconciliation to Balance Sheet	
Cash and Cash Equivalents Per Cash Flow	$ 14,273,235
Cash and Cash Equivalents per Balance Sheet	$ 14,273,235
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Loss	$ (2,352,453)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	87,004
Change in Assets and Liabilities:	
Decrease (increase) in Receivables	(4,545)
Increase (decrease) in Accounts Payable	116,123
Increase (decrease) in Interfund Payables	(122,495)
Increase (decrease) in Claims Payable	(297,514)
Net Cash Used for Operating Activities	$ (2,573,880)

FIDUCIARY FUND FINANCIAL STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit E-1*

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2025

	Custodial Fund
Assets	
Current Assets:	
Cash and cash equivalents	$ 1,192,382
Total Assets	$ 1,192,382
Liabilities	
Current Liabilities:	
Accounts payable	$ 25
Due to other funds	9,180
Total Liabilities	$ 9,205
Net Position	
Restricted for Other Purposes	$ 1,183,177
Total Net Position	$ 1,183,177

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2025

	Custodial Fund
Additions	
Revenues from student activities	$ 336,010
Total Additions	336,010
Deductions	
Professional and Contracted Services	128,431
Supplies and Materials	15,774
Other Deductions	195,424
Total Deductions	339,629
Change in net position	(3,619)
Net Position Beginning of Year	1,186,796
Net Position - Ending	$ 1,183,177

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The Ector County Independent School District (the "District") is an independent public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by the registered voters of the District and has fiscal accountability over all activities within the jurisdiction of the District. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in the Statement of Auditing Standards of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds. If you have questions about this report or need additional financial information, contact the District's business office, at Ector County Independent School District, 802 N. Sam Houston, Odessa, Texas.

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

A. Reporting Entity

The District's Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is considered an independent entity for financial reporting purposes, and is considered a primary government as defined by GASB. As the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other, type of reporting entity.

B. Government-wide and Fund Financial Statements

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and *the accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements while the agency funds have no measurement of focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Revenues from local sources consist primarily of property taxes and are recorded as revenue when received. The District considers property tax revenue available if they expect the revenue to be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. If balances have not been expended by the end of the project period, determination is made to record as unearned revenue, fund balance, or return the funds if the grantors stipulate that the District must refund all or part of the unused amount.

The District reports the following major governmental funds:

- **The General Fund** - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- **National School Breakfast & Lunch Program Fund** – The District accounts for the expenditures and related revenues related to the operation of the child nutrition program.
- **Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund. This is a budgeted fund and separate bank and investment accounts are maintained.
- **Capital Projects Fund** – This fund accounts for financial resources used for the acquisition or construction of major capital facilities and equipment purchases.

Note 1 - Summary of Significant Accounting Policies (continued)

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

The District reports the following nonmajor governmental funds:

- **Special Revenue Funds** - These funds account for resources restricted to or committed for specific purposes by a grantor, or for resources that are committed for specific purposes by the Board. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Additionally, the District reports the following fund types:

- **Internal Service Funds** - These funds are used to account for financing of goods or services provided by one department to other departments of the District on a cost-reimbursement basis. The District operates the Housing Fund, Workers' Compensation fund and the Medical Trust fund internal service funds.

- **Fiduciary Funds** - The District accounts for resources held for others in custodial funds. This fund uses the economic resources measurement focus and accrual basis. The District's Custodial Fund is the Student Activity fund.

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

D. Deposits and Investments

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

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

E. Receivables and Payables

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

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

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

F. Inventories and Prepaid Items

The District reports inventories of supplies at weighted average cost. Supplies are recorded as expenditures when they are consumed.

Inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Although commodities are received at no cost, their fair value is recorded as a revenue and expense for an equal amount. Inventory is recorded when received and an expenditure is recognized as inventory is relieved.

A portion of fund balance is classified as nonspendable to reflect minimum inventory quantities considered necessary for the District's continuing operations. If there is a constraint on how the eventual proceeds can be spent, the fund balance is classified to reflect that constraint (restricted, committed, or assigned), rather than included as part of nonspendable fund balance.

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

G. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, right to use lease assets and subscription-based IT arrangements ("SBITA") are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value at the date of donation.

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

Note 1 - Summary of Significant Accounting Policies (continued)

G. Capital Assets (continued)

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

Assets	Years
Buildings and Improvements	40
Furniture and Equipment	4-20
Vehicles	5-10
Software	5
Right to Use Lease Assets	Based on the Agreement
Subscription Based IT Assets	Subscription Term

H. Compensated Absences

Compensated absences are absences for which employees will be paid, such as local sick leave, state personal leave and vacation leave. A liability is recognized for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

The District's policy for accumulated (DEC) and vacation leave (DED) is based on the following:

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

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

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

The District used a three-year look-back period to estimate the amount of sick leave that has been earned and will be used as sick and vacation leave over the employee's service period. The District used the assumption that estimated leave earned in future periods offsets estimated leave earned in future periods. The liability for sick and vacation leave is based on this estimate which is the estimate of leave that is more likely than not to be used as time off.

Note 1 - Summary of Significant Accounting Policies (continued)

I. Long-term Obligations

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

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

J. Deferred Outflows/Inflows of Resources

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

- Deferred outflows of resources for refunding – Reported in the government-wide financial statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

- Deferred outflows of resources for post-employment benefits – Reported in the government wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on pension plan investments and 2) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to post-employment benefits resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net post-employment benefit liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period. The remaining deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

Note 1 - Summary of Significant Accounting Policies (continued)

J. Deferred Outflows/Inflows of Resources (continued)

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

- Deferred inflows of resources for unavailable revenues – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow or resources in the period that the amounts become available.

- Deferred inflows of resources for pension – reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

- Deferred inflows of resources for post-employment benefits – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

K. Pensions

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

L. Other Post-Employment Benefits (OPEB)

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

Note 1 - Summary of Significant Accounting Policies (continued)

M. Net Position

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

- Net investment in capital assets - this component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.

- Restricted for federal and state programs - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agencies.

- Restricted for Debt Service - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenants for the purpose of future debt service payments.

- Unrestricted net position - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

N. Fund Balance

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

- *Non-spendable fund balance* - Represents amounts that are not in spendable form, such as inventory and prepaids, or are required to be maintained intact. If there is a constraint on how the eventual proceeds can be spent, the fund balance is classified to reflect that constraint (restricted, committed, or assigned), rather than included as part of nonspendable fund balance.

- *Restricted fund balance* - Represents amounts constrained to specific purposes by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation.

- *Committed fund balance* - Represents amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, i.e., Board of Trustees. To be reported as committed, amounts cannot be used for any other purpose unless the District's Board of Trustees approves the changes by Board Resolution. Examples of committed fund balance include potential litigation, claims and judgements, campus activity funds, construction, capital expenditures for equipment and self-insurance.

- *Assigned fund balance* - Represents amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority.

- *Unassigned fund balance* - Represents amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Note 1 - Summary of Significant Accounting Policies (continued)

N. Fund Balance (continued)

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

When the District incurs an expense for which it may use either restricted or unrestricted resources, it uses the restricted resources first unless unrestricted resources will have to be returned because they were not used. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

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

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

O. Data Control Codes

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

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

P. Use of Estimates

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

Q. Implementation of New Accounting Standards

GASB issued Statement No. 101, *Compensated Absences,* in June 2022. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025 and the impact is reflected in the financial statements. See Note 1 Part H for more information.

Note 1 - Summary of Significant Accounting Policies (continued)

Q. Implementation of New Accounting Standards (continued)

GASB issued Statement No. 102, *Certain Risk Disclosures,* in December 2023. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025 and the impact is reflected in the financial statements. See Note 15 for more information.

Note 2 - Deposits and Investments

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

On June 30, 2025, the carrying amount of the District's cash deposits (cash and interest-bearing accounts) was $8,723,321 (plus $1,192,382 in fiduciary funds) and the bank balance was $14,835,521. The District's cash deposits on June 30, 2025, were entirely covered by FDIC Insurance or by pledged collateral held by the District's agent bank in the District's name.

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

The State Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. It requires the District to adopt, implement, and publicize an investment policy. The investment policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the United States Treasury, certain United States agencies, and obligations of the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. Management of the District believes it is in compliance with the requirements of the Act and with local policies. The District's temporary investments consist of balances held by the Texas Local Government Investment Pool (TexPool), TexStar and Lone Star Investment Pool (LSIP) and Texas CLASS.

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

Note 2 - Deposits and Investments (continued)

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

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

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

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as a local government investment pool (LGIP) pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code (PFIA). Texas CLASS is overseen by the Texas CLASS Board of Trustees, comprised of active members of the pool and elected by the Participants, guided by the Advisory Board. The Board is responsible for selecting the Administrator and Investment Advisor. The Board retains the services of Public Trust Advisors, LLC (Public Trust).

At June 30, 2025, the District's cash and investment balances, the weighted average maturity, and the credit ratings of these investments were as follows:

	Carrying Value	Weighted Average Maturity (Days)	Credit Rating
Governmental Activities			
Cash and deposits	$ 8,723,321	N/A	N/A
Investments			
Local Government Investment Pools:			
TexPool	370,941,104	41	AAAm
LoneStar	1,013,507	28	AAA
TexasClass	10,772,218	36.7	AAA
TexStar	20,728,706	36	AAA
Total Local Government Investment Pools	403,455,535		
Short Term Investments:			
Money market	11,593,759	N/A	
Total Short Term Investments	11,593,759		
Total Investments	415,049,294	40.6	
Total Governmental Activities	423,772,615		
Fiduciary Funds			
Cash and Deposits	1,192,382	N/A	N/A
Total Fiduciary Funds	1,192,382		
Total	$ 424,964,997		

Note 2 - Deposits and Investments (continued)

Due to the immediate availability of the funds, the District's temporary investments at June 30, 2025 are included in cash and cash equivalents. Local government investment pools are recorded at amortized cost which approximates fair value. Texpool, Lone Star and TexStar do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.

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

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

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, mutual bond funds, public funds investment pools to those that have received top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2025, the District's investments in Texas Pool and Lone Star were rated AAAm and AAA, respectively.

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

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

Note 3 - Receivables and Unearned Revenue

Receivables as of June 30, 2025, for the District's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	National School Breakfast & Lunch Program	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
Property Taxes	$ 22,446,252	$ -	$ 4,815,131	$ -	$ -	$ -	$ 27,261,383
Due from other governments	62,512,217	105,273	-	-	5,509,667	-	68,127,157
Other	581,015	911	-	-	2,280	13,236	597,442
Gross Receivables	85,539,484	106,184	4,815,131	-	5,511,947	13,236	95,985,982
Less allowance for doubtful accounts	(8,445,044)	-	(1,811,616)	-	-	-	(10,256,660)
Net Total Receivables	$ 77,094,440	$ 106,184	$ 3,003,515	$ -	$ 5,511,947	$ 13,236	$ 85,729,322

Note 3 - Receivables and Unearned Revenue (continued)

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the fiscal year 2025, the various components of unearned revenues reported in the governmental funds were as follows:

	Unearned
Unearned federal revenue	$ 224,414
Unearned state and local revenue	26,330
	$ 250,744

Note 4 - Interfund Receivables, Payables, and Transfers

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

The composition of interfund balances and transfers as of June 30, 2025, is as follows:

	Interfund Receivable	Interfund Payable	Net
Governmental Activities:			
General Fund	$ 5,785,880	$ 3,267,447	$ 2,518,433
National School Breakfast & Lunch Program	151,439	5,396	146,043
Debt Service Fund	279,947	-	279,947
Capital projects fund	107,987	7,328	100,659
Nonmajor Governmental Funds	19,857	3,047,860	(3,028,003)
Nonmajor Internal Service Funds	-	7,899	(7,899)
Total Governmental Activities	6,345,110	6,335,930	9,180
Fiduciary Funds	-	9,180	(9,180)
Total	$ 6,345,110	$ 6,345,110	$ -

Transfer Out	Transfer In	Amount
General Fund	Nonmajor Governmental Funds	$ 347,210
Total		$ 347,210

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

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

Governmental Activities:

	Balance July 01, 2024	Additions	Transfers	(Retirements)	Balance June 30, 2025
Governmental Capital Assets					
Capital Assets, Not Being Depreciated:					
Land	$ 20,677,504	$ 1,494,630	$ -	$ -	$ 22,172,134
Construction in progress	10,910,355	46,454,842	(6,532,755)	-	50,832,442
Total Capital Assets, Not Being Depreciated	31,587,859	47,949,472	(6,532,755)	-	73,004,576
Capital Assets, Being Depreciated:					
Buildings and improvements	486,434,869	594,175	6,463,690	-	493,492,734
Furniture and equipment	44,987,209	12,208,471	2,829,257	(892,817)	59,132,120
Vehicles	29,052,090	4,079,691	(846,550)	(1,784,072)	30,501,159
Software	4,297,932	210,996	(1,913,642)	(62,935)	2,532,351
Subscription based IT assets	357,000	1,046,580	-	-	1,403,580
Lease assets					
Equipment	2,376,533	1,470,175	-	-	3,846,708
Total Capital Assets, Being Depreciated	567,505,633	19,610,088	6,532,755	(2,739,824)	590,908,652
Less Accumulated Depreciation for:					
Buildings and improvements	(220,571,835)	(9,415,168)			(229,987,003)
Furniture and equipment	(25,538,317)	(6,655,019)	(2,477,363)	863,434	(33,807,265)
Vehicles	(19,338,162)	(2,269,611)	846,550	1,634,580	(19,126,643)
Software	(4,223,182)	(2,917)	1,630,813	62,935	(2,532,351)
Subscription based IT assets	(89,250)	(383,325)	-	-	(472,575)
Lease assets	(1,944,133)	(576,101)	-	-	(2,520,234)
Total Accumulated Depreciation	(271,704,879)	(19,302,141)	-	2,560,949	(288,446,071)
Governmental Capital Assets	$ 327,388,613	$ 48,257,419	$ -	$ (178,875)	$ 375,467,157

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

Function	Depreciation/ Amortization Expense
Governmental Activities:	
Instruction	$ 7,284,697
Instructional resources and media services	181,398
Curriculum and staff development	2,998
Instructional leadership	27,542
School leadership	459,326
Guidance, counseling and evaluation services	11,451
Health services	1,069
Student transportation	1,206,894
Food Services	1,700,180
Extracurricular activities	2,025,312
General administration	36,205
Plant maintenance and operations	2,980,037
Security and monitoring services	792,526
Data processing services	1,183,446
Community services	116,105
Facilities acquisition and construction	1,292,955
Total Governmental Activities	$ 19,302,141

Note 5 - Capital Assets (continued)

Net investment in capital assets for governmental activities as of June 30, 2025 is calculated as follow:

Capital Assets	$ 375,467,157
Bonds payable	(332,570,000)
Premiums	(24,973,566)
Deferred amount on refunding	5,754,019
Lease and SBITA Liabilities	(2,003,260)
Unspent Bond Proceeds	261,269,197
Capital related liabilities	(10,992,339)
Net Investment in Capital Assets	$ 271,951,208

Construction commitments at June 30, 2025 are as follow:

Project	Approved Construction Budget	Construction in Progress	Remaining Commitment
New Middle School Building	$ 120,794,897	$ 25,163,090	$ 95,631,807
CTE Center Building	93,009,981	4,652,344	88,357,637
New Transportation Facility	25,000,000	4,002,412	20,997,588
Roof Replacements	17,872,693	1,468,838	16,403,855
Technology Bond Projects	15,245,000	9,271,712	5,973,288
Permian Auditorium Renovation	12,500,000	604,339	11,895,661
New TLC Building	8,000,000	286,175	7,713,825
Ag Farm	7,500,000	311,002	7,188,998
HVAC Control & Energy Management Systems	3,486,241	3,244,444	241,797
Austin Cafeteria	2,167,563	59,267	2,108,296
Permian JROTC Renovation	1,508,563	165,282	1,343,281
Burleson Remodel	1,271,525	766,171	505,354
Travis Remodel	1,012,092	519,703	492,389
School Nutrition Generator CIP	501,315	250,657	250,658
Fire Alarm Systems	426,750	67,006	359,742
	$ 310,296,620	$ 50,832,442	$ 259,464,176

Note 6 - Long-term Liabilities

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

Changes in Long-term Liabilities

Long-term liability activities for the fiscal year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Due Within One Year
General Obligation Bonds:	$ 345,535,000	$ -	$ (12,965,000)	$ 332,570,000	$ 23,640,000
Premiums on bonds	26,817,927	-	(1,844,361)	24,973,566	-
Accumulated accretion on capital appreciation bonds	102,553	29,971	-	132,524	-
Arbitrage liability	-	4,535,733	-	4,535,733	-
Worker's compensation claims payable	2,734,037	-	(436,286)	2,297,751	552,807
Healthcare claims payable	2,747,938	138,772	-	2,886,710	2,886,710
Accrued compensated absences	3,517,747	-	(2,354,021)	1,163,726	-
SBITA liabilities	-	1,046,580	(359,222)	687,358	338,600
Lease liabilities	405,020	1,470,175	(559,293)	1,315,902	424,449
Total Governmental Long-Term Liabilities	$ 381,860,222	$ 7,221,231	$ (18,518,183)	$ 370,563,270	$ 27,842,566

Note 6 - Long-term Liabilities (continued)

General Obligation Bonds

General Obligation Bonds outstanding, at June 30, 2025, are comprised of the following:

Issue	Original Issuance Amount	Interest Rate (%)	Maturity Date	Debt Outstanding
Unlimited Tax Refunding Bonds, Series 2016	$ 49,235,000	3.00% to 5.00%	8/15/2027	$ 6,150,000
Unlimited Tax Refunding Bonds, Series 2020B	56,150,000	1.75% to 5.00%	8/15/2036	47,245,000
Unlimited Tax School Building Bonds, Series 2024-A	179,630,000	4.00% - 5.00%	8/15/2045	179,630,000
Variable Rate Unlimited Tax School Building Bonds, Series 2024-B	99,545,000	4.00%	8/15/2049	99,545,000
				$ 332,570,000

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

Year Ending June 30th	Principal	Interest	Totals
2026	$ 23,640,000	$ 14,297,997	$ 37,937,997
2027	15,070,000	14,403,247	29,473,247
2028	16,235,000	13,659,722	29,894,722
2029	17,605,000	12,719,822	30,324,822
2030	18,460,000	11,818,197	30,278,197
2030 - 2034	49,930,000	52,457,251	102,387,251
2035 - 2039	54,105,000	41,397,859	95,502,859
2040 - 2044	34,545,000	30,096,375	64,641,375
2045 - 2049	102,980,000	13,349,075	116,329,075
	$ 332,570,000	$ 204,199,545	$ 536,769,545

In the current fiscal year, the District has defeased general obligation bonds by placing the District's own resources into an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, that trust account assets and the liabilities for those defeased bonds are not included in the District's financial statements. On February 15, 2025, the District defeased $7,000,000 of Series 2020B Refunding Bonds. As of June 30, 2025, $7,000,000 defeased bonds remain outstanding.

Capital Appreciation Bonds

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

Series	Accreted Value	Original Bond Principal	Accreted Interest	Maturity Value	Maturity Dates
2020B Refunding	$ 172,524	$ 40,000	$ 132,524	$ 2,115,000	2027 and 2028

Note 6 - Long-term Liabilities (continued)

Deferred charge on refunding

The balance of deferred charge on refunding at June 30, 2025 was $5,754,019 and is presented as a deferred outflow of resources in the Statement of Net Position:

	Balance July 01, 2024	Deferred Charge on New Issues	Recognized Amortization	Balance June 30, 2025
Deferred charge on refunding	$ 6,234,183	$ -	$ (480,164)	$ 5,754,019

Right to Use Lease Liabilities and SBITAs

The District has several agreements to lease copiers and printers, postage machines and mailers and tablets for transportation vehicles. As of June 30, 2025, the values of the lease liabilities was $1,315,902. Monthly lease payments range from $215 to $28,000 and mature in fiscal year 2026 through 2029. The leases qualify as other than short-term lease as defined by Government Accounting Standards Board (GASB) Statement No. 87 ("GASB 87"). Therefore the District has recorded right-to-use lease assets and the lease liability at an amount equal to the initial measurement of the related lease liability. The liability was measured at discount rates of 3.5-5%. The rights to use assets are amortized on a straight-line basis over the life of the asset. At June 30, 2025, the right to use asset related to leases is $3,846,708 and accumulated amortization is $2,520,234.

The District recognizes a liability and corresponding right-to-use the information technology software in the government-wide and internal service fund financial statements. The District recognizes subscription liabilities with an initial, individual value of $250,000 or more and a contact term of twelve months or more. Therefore the District has recorded right-to-use SBITA assets and the SBITA liability at an amount equal to the initial measurement of the related SBITA liability. The liability was measured at a discount rates of 3.5-5%, maturing in fiscal year 2026 through 2027. As of June 30, 2025, the values of the SBITA liabilities was $687,358. The rights to use assets are amortized on a straight-line basis over the life of the asset. At June 30, 2025, the right to use asset related to SBITAs is $1,403,580 and accumulated amortization is $472,575.

Debt service requirements to maturity for the right to use lease liabilities are as follows:

Year Ending June 30th	Principal	Interest	Totals
2026	$ 424,449	$ 55,770	$ 480,219
2027	422,099	34,972	457,071
2028	435,638	13,480	449,118
2029	33,716	140	33,856
	$ 1,315,902	$ 104,362	$ 1,420,264

Debt service requirements to maturity for the right to use SBITA liabilities are as follows:

Year Ending June 30th	Principal	Interest	Totals
2026	$ 338,600	$ 20,621	$ 359,221
2027	348,758	10,463	359,221
	$ 687,358	$ 31,084	$ 718,442

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

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

	General Fund	National School Breakfast & Lunch Program	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property Taxes	$ 132,342,805	$ -	$ 44,325,169	$ -	$ -	$ 176,667,974
Insurance Recovery	72,117	-	-	-	888,442	960,559
Campus Activity	-	-	-	-	1,430,626	1,430,626
Food Service Activity	-	709,946	-	-	-	709,946
Extracurricular Activities	698,788	-	-	-	-	698,788
Tuition and Fees	963,707	-	-	-	-	963,707
Investment Income	4,692,797	458,544	1,025,019	13,552,938	920,141	20,649,439
Gifts and bequests	3,160,686	-	-	-	5,109,509	8,270,195
Rent	52,448	-	-	-	-	52,448
Other	1,797,122	5,236	-	-	284,301	2,086,659
	$ 143,780,470	$ 1,173,726	$ 45,350,188	$ 13,552,938	$ 8,633,019	$ 212,490,341

Note 8 - Defined Benefit Pension Plan

A. Plan Description

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

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

B. Pension Plan Fiduciary Net Position

Detail 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 on the internet at https://www.trs.texas.gov/learning-resources/publications, or by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

C. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

Note 8 - Defined Benefit Pension Plan (continued)

C. Benefits Provided (continued)

One-Time Stipends
Stipends, regardless of annuity amount, were paid in September 2023 to annuitants who met the qualifying age requirement on or before August 31, 2023:

- A one-time $7,500 stipend to eligible annuitants who are 75 years of age and older.
- A one-time $2,400 stipend to eligible annuitants age 70 to 74.

Cost-of-Living Adjustment
A cost-of-living adjustment (COLA) was dependent on Texas voters approving a constitutional amendment (Proposition 9) to authorize the COLA. Voters approved the amendment in the November 2023 election and the following COLA was applied to eligible annuitants' payments beginning with their January 2024 payment:

- 2% COLA for eligible retirees who retired between September 1, 2013 through August 31, 2020.
- 4% COLA for eligible retirees who retired between September 1, 2001 through August 31, 2013.
- 6% COLA for eligible retirees who retired on or before August 31, 2001.

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

D. Contributions

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

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

	Contribution Rates Plan Fiscal Year	
	September 1, 2024 to June 30, 2025	**July 1, 2024 to August 31, 2024**
Member (Employee)	8.25%	8.25%
Non-employer contributing agency (State)	8.25%	8.25%
District	8.25%	8.25%

	Current Fiscal Year Contributions
Employer (District)	$ 10,911,803
Employee (Member)	18,548,898
Non-employer Contributing Entity On-behalf Contributions (State)	11,738,575

Note 8 - Defined Benefit Pension Plan (continued)

D. Contributions (continued)

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

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

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

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

- All public schools, charter schools, and regional education service centers must contribute 1.9 percent of the member's salary beginning in fiscal year 2024, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

E. Actuarial Assumptions

The total pension liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2020	3.87%. Source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in the 20 years based on a survey of municipal bond traders.
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

Note 8 - Defined Benefit Pension Plan (continued)

E. Actuarial Assumptions (continued)

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31,2023. The actuarial methods and assumption were primarily based on a study of actual experience for the three-year ending August 31, 2017 and were adopted in July 2018. For a full description of these assumptions see the actuarial valuation report described the 2023 TRS ACFR, which includes actuarial valuation report dated November 21, 2023.

F. Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent. The projection of flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

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-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2024 are summarized below:

Asset Class[1]	Target Allocation[2]	Long-Term Expected Arithmetic Real Rate of Return[3]	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity[1]	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Absolute Return (Including Credit Sensitive Investments)[1]	0.00%	4.00%	0.00%
Stable Value Hedge Funds	5.00%	3.00%	0.20%
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources and Infrastructure	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
Risk Parity			
Risk Parity	8.00%	4.00%	0.40%
Leverage			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation	0.00%	0.00%	2.40%
Volatility Drag[4]	0.00%	0.00%	-0.70%
Expected Return	100.00%		7.90%

[1] Absolute Return includes Credit Sensitive Investments.

[2] Target allocations are based on the fiscal year 2024 policy model.

[3] Capital Market Assumptions (CMA) come from 2024 AAA Study CMA Survey (as of 12/31/2023)

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

Note 8 - Defined Benefit Pension Plan (continued)

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (7.00%) in measuring the Net pension liability:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportional share of the net pension liability	$ 191,904,354	$ 120,146,468	$ 60,689,959

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

At June 30, 2025, the District reported a liability of $120,146,468 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 120,146,468
State's proportionate share that is associated with the District	116,272,085
Total	$ 236,418,553

The net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 and the total pension lability 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, 2023 through August 31, 2024.

At August 31, 2024, the District's proportion of the collective net pension liability was 0.1967% which was an increase of 0.0061% from its proportion measured as of August 31, 2023.

Changes in Assumptions and Benefits 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 2023 Texas Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of $1.645 billion for one-time stipends and $3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

Note 8 - Defined Benefit Pension Plan (continued)

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

The amount of pension expense recognized by the District in the reporting period was $19,478,617.

For the year ended June 30, 2025, the District recognized pension expense of $19,478,617 and expense of $13,896,457 representing for support provided by the State.

At June 30, 2025, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 6,622,309	$ (938,045)
Changes of assumptions	6,203,419	(831,667)
Net difference between projected and actual earnings on pension plan investments	730,329	-
Changes in proportion and differences between District contributions and proportionate share of contributions	11,379,937	(2,487,197)
District contributions subsequent to the measurement date of the net pension liability	9,041,754	-
Total	$ 33,977,748	$ (4,256,909)

The District recognized $9,041,754 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Pension Expense Amount
2026	$ 2,792,946
2027	15,802,886
2028	3,220,078
2029	(1,905,663)
2030	768,838
	$ 20,679,085

Note 9 - Defined Other Post-Employment Benefit Plans

A. Plan Description

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

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

B. OPEB Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/learning-resources/publications, or by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

C. Benefits Provided

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

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

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

TRS-Care Monthly Premium Rates

	Medicare	Non-Medicare
Retiree or Surviving Spouse	$ 135	$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

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

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

D. Contributions

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% of each active employee's pay for fiscal year 2025. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	September 1, 2024 to June 30, 2025	**July 1, 2024 to August 31, 2024**
Member	0.65%	0.65%
Non-employer contributing agency	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%

	Current Fiscal Year Contributions
Active Employee	$ 1,459,948
Non-Employer Contributing Entity (State)	4,011,515
District:	
District, Excluding Federal/Private Fundin	2,005,544
Federal/Private Funding	190,193
Total District	2,195,737
Total	$ 7,667,200

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

E. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2024. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021.

The active mortality 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.

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

E. Actuarial Assumptions (continued)

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, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, (f) Wage Inflation, and (g) Expected Payroll Growth.

Component	Result
Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death"
Election Rates	Normal Retirement: 65 percent participation rate prior to age 65 and 40 percent participation rate after age 65. Pre-65 retirees: 25 percent are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Salary Increases	2.95% to 8.95% including inflation
Healthcare Trend Rates	The initial medical trend rates were 6.75% for non-Medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those of non-Medicare retirees. The initial prescription drug trend was 7.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 11 years.
Ad Hoc Post-Employment Benefit Changes	None

F. Discount Rate

A single discount rate of 3.87% was used to measure the total OPEB liability. There was a decrease of 0.26% 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 Bond Buyer's "20-Bond GO Index" as of August 31, 2024 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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

G. Discount Rate Sensitivity Analysis

Discount Rate – The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.87%) in measuring the net OPEB Liability.

	Discount Rate		
	1% Decrease (2.87%)	Current Rate (3.87%)	1% Increase (4.87%)
District's proportionate share of the Net OPEB Liability:	$ 87,606,357	$ 73,739,824	$ 62,535,457

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

On June 30, 2025, the District reported a liability of $73,739,824 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	$ 73,739,824
State's proportionate share that is associated with the District	92,394,999
Total	$ 166,134,823

The Net OPEB Liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2023 through August 31, 2024.

At August 31, 2024, the District's proportion of the collective Net OPEB Liability was 0.2430% which was an increase of 0.0055% from its proportion measured as of August 31, 2023.

Healthcare Trend Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

	Healthcare Cost Trend		
	1% Decrease	Current	1% Increase
District's proportionate share of the Net OPEB Liability:	$ 60,050,139	$ 73,739,824	$ 91,578,848

Changes Since the Prior Actuarial Valuation

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

- The single discount rate changed from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024, accompanied by revised demographic and economic assumptions based on the TRS experience study.
- The tables used to model the impact of aging on the underlying claims were revised.

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

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

Changes of Benefit Terms Since the Prior Measurement Date

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

For the year ended June 30, 2025, the District recognized negative OPEB expense of $9,631,380. The District also recognized negative on-behalf expense and revenue of $12,009,645 for support provided by the State.

On June 30, 2025, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actuarial economic experience	$ 14,133,449	$ (36,800,170)
Changes of assumptions	9,437,826	(24,060,451)
Net difference between projected and actual earnings on OPEB plan investments	-	(206,495)
Changes in proportion and difference between the District contributions and the proportionate share of contributions	5,356,661	(8,998,497)
District contributions subsequent to the measurement date of the net OPEB liability	1,825,663	-
Total	$ 30,753,599	$ (70,065,613)

The District recognized $1,825,663 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the measurement year ended August 31, 2025. The other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Amount
2026	$ (11,550,748)
2027	(8,211,002)
2028	(8,543,400)
2029	(7,508,109)
2030	(4,575,797)
Thereafter	(748,621)
	$ (41,137,677)

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

I. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective. January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2025, 2024 and 2023, the subsidy payments received by TRS-Care on-behalf of the District are shown below. These payments are recorded as equal revenues and expenditures in the governmental funds' financial statements of the District.

Fiscal Year	Medicare Part D
June 30, 2025	$ 1,394,141
June 30, 2024	1,234,049
June 30, 2023	1,059,266

Note 10 - Risk Management

Property/Liability

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

Health Insurance

The District sponsors a self-funded plan to provide health care benefits to staff members and their dependents. Transactions related to the plan are accounted for in the Medical Trust Fund (the "Fund"), an internal service fund of the District. The District contributed $380 per month per employee for the period of July 2024 through June 2025. Each employee contributed $150 per month for the period of July 2024 through June 2025. Employees, at their option, authorized payroll withholding to pay contributions for dependents. Third party administrators paid all claims from the fund. The plan was authorized by Section 21.922, Texas Education Code, and was documented by contractual agreement. The District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Granular Insurance Company, commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop loss coverage was in effect in 2024 for individual claims exceeding $375,000 annually and aggregate coverage with an attachment point of $35,144.268. These amounts were $350,000 individual and $30,334,131 aggregate in 2023. The District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Nationwide Life Insurance Company, commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop loss coverage was in effect in 2025 for individual claims exceeding $375,000 annually and aggregate coverage with an attachment point of $35,969.112. Estimates of claims payable and of claims incurred, but not reported at June 30, 2025, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

Note 10 - Risk Management (continued)

Health Insurance (continued)

For the fiscal year July 2024-December 2024, five (5) claims exceeded the $350,000 limit plus one one-time aggregating specific of $200,000. January 2025-June 2025 two(2) claims exceeded the $375,000 limit plus one one-time aggregating specific of $200,000. Changes in the balances of claims liabilities during the past year are as follows:

Fiscal Year	Beginning of Year Unpaid Claims	Incurred Claims (IBNR)	Claims Payments	End of Year Accrual
June 30, 2025	$ 2,747,938	$ 30,499,962	$ (30,361,190)	$ 2,886,710
June 30, 2024	2,963,540	27,738,602	(27,954,204)	2,747,938
June 30, 2023	2,830,587	30,851,374	(30,718,421)	2,963,540

Workers' Compensation

The District sponsors a self-funded Worker's Compensation Fund. Claims exceeding $500,000 up to the State of Texas statutory limits per occurrence are covered by a stop loss plan through the Texas Association of School Boards, whose carrier is Alliant Insurance Services.

For the school year 2024-2025, no claims exceeded the $500,000 limit.

Estimates of claims payable and of claims incurred but not reported at June 30, 2025, are reflected as accrued expenses of the Fund. The liabilities include an amount for claims that have been incurred but were not reported until after June 30, 2025. Liability for claims is reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing the liabilities is an estimate. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

Changes in the balances of claims liabilities are as follows:

Fiscal Year	Beginning of Year Unpaid Claims	Incurred Claims (IBNR)	Claims Payments	End of Year Accrual
June 30, 2025	$ 2,734,037	$ 817,639	$ (1,253,925)	$ 2,297,751
June 30, 2024	2,755,767	1,122,659	(1,144,389)	2,734,037
June 30, 2023	2,903,690	1,112,401	(1,260,324)	2,755,767

Note 11 - Shared Service Arrangements

Workers' Compensation (continued)

The District is the fiscal agent for a Shared Service Arrangement ("SSA") that provides deaf education services to member districts. In addition to the District, other member districts are noted below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in venue Fund 315, 340, and 435 using Model 3 in the SSA section. Expenditures of the SSA are summarized below:

Ector County Independent School District	$	710,714
Midland Independent School District		150,344
Andrews Independent School District		68,338
Big Spring Independent School District		27,335
Ft. Stockton Independent School District		54,670
Reagan County Independent School District		41,003
Monahans Independent School District		13,668
Crane Independent School District		41,002
Stanton Independent School District		13,668
Forsan Independent School District		13,668
	$	1,134,410

Note 12 - Contingent Liabilities

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

In the opinion of management, the District has materially complied with all requirements. However, such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of such disallowance of claimed expenditures, the District does not expect the resulting liability to have a material adverse effect on its combined financial statements at June 30, 2025.

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

Note 13 - Arbitrage

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District has estimated that it has a liability of $4,535,733 as of June 30, 2025.

Note 14 - Tax Abatements

Value limitation agreements are part of a state program, originally created in 2001, which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) to a maximum of $30 million for a period of ten years specified in the statute. The project(s) under the Chapter 313 Agreement(s) must be consistent with the State's goal to "encourage large scale capital investments in this state." Chapter 313 of the Texas Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

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

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

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

In the event that the company or its successor-in-interest fails to comply in any material respect with the terms of the Agreement or to meet any material obligation under the Agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of the Agreement together with the payment of penalty and interest on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute. The Agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

As of June 30, 2025, the District is in full compliance with all of their obligations under law and the Agreement.

This agreement limits the taxable value of the covered property to $26,493,238 for a ten-year period beginning with fiscal year 2020. The result of this limitation in valuation is an estimated total tax reduction of M&O taxes of $1,824,608 for the ten-year period.

Supplemental payments from Oberon Solar to ECISD were as follows:

Fiscal Year	Payment Amount
2021	$261,570
2022	$576,795
2023	$288,098
2024	$188,392
2025	$163,724

Note 15 - Risk Disclosures – Concentrations and Constraints

In accordance with GASB Statement No. 102, *Certain Risk Disclosures*, the District evaluates whether it has vulnerabilities due to concentrations or constraints that could make it susceptible to a substantial impact. A concentration is defined as a lack of diversity related to an aspect of a significant inflow or outflow of resources, such as reliance on a single revenue source or vendor. A constraint is a limitation imposed by an external party or by formal action of the government's highest level of decision-making authority, such as statutory spending caps or debt limits.

The District assesses whether the concentration or constraint is known prior to issuance of the financial statements, whether it makes the District vulnerable to a substantial impact, and whether an event associated with the concentration or constraint has occurred, begun to occur, or is more likely than not to occur within 12 months of the issuance date. If all three criteria are met, the District discloses in the notes the nature of the concentration or constraint, the event or events that could cause a substantial impact, and the actions taken to mitigate the risk prior to issuance. If mitigating actions eliminate these conditions before issuance, disclosure is not required.

Note 16 – Subsequent Event

In August 2025, the District issued $120,400,000 in Unlimited Tax School Building Bonds, Series 2025 with an interest rate ranging between 5.00% and 5.25%. The proceeds are to be used for the construction, renovation, acquisition and equipment of school buildings as well as purchase of new school buses. The bonds were issued at a premium in the amount of $8,637,867 and mature in fiscal year 2044.

REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY COMPARISON SCHEDULES

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended June 30, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, GAAP Basis	Variance with Final Budget
	Revenues				
5700	Local revenues	$ 147,226,062	$ 143,914,279	$ 143,780,470	$ (133,809)
5800	State program revenues	186,521,938	197,375,791	200,556,799	3,181,008
5900	Federal program revenues	3,500,000	2,900,000	2,985,959	85,959
5020	**Total Revenues**	337,248,000	344,190,070	347,323,228	3,133,158
	Expenditures				
	Current:				
0011	Instruction	200,591,101	201,609,891	196,479,779	5,130,112
0012	Instruction resources and media services	2,080,846	2,639,424	2,082,529	556,895
0013	Curriculum and instructional staff development	9,812,543	8,807,543	7,487,956	1,319,587
0021	Instructional leadership	5,236,712	5,291,712	4,929,824	361,888
0023	School leadership	19,788,203	22,028,482	21,083,019	945,463
0031	Guidance, counseling and evaluation services	16,622,717	17,552,717	16,812,975	739,742
0032	Social work services	1,898,930	1,753,930	1,557,711	196,219
0033	Health services	3,206,566	3,216,566	3,092,484	124,082
0034	Student transportation	10,848,013	11,290,543	9,911,280	1,379,263
0036	Extracurricular activities	8,062,579	7,968,823	6,917,202	1,051,621
0041	General administration	8,517,284	9,283,284	8,256,771	1,026,513
0051	Facilities maintenance and operations	36,845,955	41,955,435	37,923,171	4,032,264
0052	Security and monitoring services	8,225,177	7,726,312	7,203,044	523,268
0053	Data processing services	9,325,521	9,909,507	9,493,198	416,309
0061	Community services	1,511,998	1,965,508	1,679,902	285,606
	Debt Service:				
0071	Principal on long-term debt	1,312,838	1,301,838	918,515	383,323
0072	Interest on long-term debt	75,162	75,162	75,162	-
	Capital Outlay:				
0081	Facilities acquisition and construction	3,000,000	2,782,499	1,363,836	1,418,663
	Intergovernmental:				
0099	Other Intergovernmental Charges	2,260,855	2,260,855	2,142,407	118,448
6030	**Total Expenditures**	349,223,000	359,420,031	339,410,765	20,009,266
1100	Excess (deficiency) of revenues over expenditures	(11,975,000)	(15,229,961)	7,912,463	23,142,424
	Other Financing Sources (Uses)				
7912	Sale of property	500,000	500,000	186,924	(313,076)
7913	Issuance of debt - leases	-	-	1,470,175	1,470,175
7949	Issuance of debt - SBITAs	-	-	1,046,580	1,046,580
8911	Transfers Out	(525,000)	(525,000)	(347,210)	177,790
7080	**Total Other Financing Sources (Uses)**	(25,000)	(25,000)	2,356,469	2,381,469
1200	Net change in fund balances	(12,000,000)	(15,254,961)	10,268,932	25,523,893
0100	**Fund Balances - Beginning**	120,093,565	120,093,565	120,093,565	-
3000	**Fund Balances - Ending**	$ 108,093,565	$ 104,838,604	$ 130,362,497	$ 25,523,893

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit G-2*

BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
For The Year Ended June 30, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
	Revenues				
5700	Local revenues	$ 702,700	$ 702,700	$ 1,173,726	$ 471,026
5800	State program revenues	434,000	434,000	477,536	43,536
5900	Federal program revenues	19,140,615	21,371,345	21,474,758	103,413
5020	**Total Revenues**	20,277,315	22,508,045	23,126,020	617,975
	Expenditures				
	Current:				
0035	Food services	20,327,315	24,018,655	20,207,472	3,811,183
6030	**Total Expenditures**	20,327,315	24,018,655	20,207,472	3,811,183
1100	Excess (deficiency) of revenues over expenditures	(50,000)	(1,510,610)	2,918,548	4,429,158
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	50,000	50,000	7,966	(42,034)
7080	**Total Other Financing Sources (Uses)**	50,000	50,000	7,966	(42,034)
1200	Net change in fund balances	-	(1,460,610)	2,926,514	4,387,124
0100	**Fund Balances - Beginning**	9,154,647	9,154,647	9,154,647	-
3000	**Fund Balances - Ending**	$ 9,154,647	$ 7,694,037	$ 12,081,161	$ 4,387,124

REQUIRED SUPPLEMENTARY INFORMATION – PENSION AND OTHER POST-EMPLOYMENT INFORMATION

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit G-3

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

TEACHER RETIREMENT SYSTEM OF TEXAS

For the Last Ten Measurement Years

	2024	2023	2022	2021	2020
District's proportion of the net pension liability	0.19670%	0.19060%	0.17920%	0.18300%	0.15255%
District's proportionate share of the net pension liability	$ 120,146,468	$ 130,911,861	$ 106,403,268	$ 46,597,268	$ 81,703,061
State's proportionate share of the net pension liability associated with the District	116,272,085	140,653,940	132,833,188	59,774,871	133,153,469
Total	$ 236,418,553	$ 271,565,801	$ 239,236,456	$ 106,372,139	$ 214,856,530
District's covered payroll (for Measurement Year)	$ 223,795,828	$ 214,103,085	$ 202,521,314	$ 194,543,132	$ 178,615,584
District's proportionate share of the net pension liability as a percentage of its covered payroll	53.69%	61.14%	52.54%	23.95%	45.74%
Plan fiduciary net position as a percentage of the total pension liability *	77.51%	73.15%	75.65%	88.79%	75.74%

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.17173%	0.16252%	0.16301%	0.17793%	0.17171%
District's proportionate share of the net pension liability	$ 89,271,128	$ 89,454,550	$ 52,121,909	$ 67,236,631	$ 60,696,210
State's proportionate share of the net pension liability associated with the District	115,099,303	130,227,666	81,929,372	96,003,500	88,961,129
Total	$ 204,370,431	$ 219,682,216	$ 134,051,281	$ 163,240,131	$ 149,657,339
District's covered payroll (for Measurement Year)	$ 166,363,097	$ 162,321,705	$ 164,691,543	$ 162,443,801	$ 150,542,332
District's proportionate share of the net pension liability as a percentage of its covered payroll	53.66%	55.11%	31.65%	41.39%	40.32%
Plan fiduciary net position as a percentage of the total pension liability *	75.24%	73.74%	82.17%	78.00%	78.43%

* Per Teacher Retirement System of Texas' comprehensive annual financial report.

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit G-4

SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Ten Fiscal Years

	2025	2024	2023	2022	2021
Contractually required contributions	$ 10,911,803	$ 11,167,086	$ 9,456,993	$ 8,329,288	$ 4,356,619
Contributions in relation to the contractual required contributions	(10,911,803)	(11,167,086)	(9,456,993)	(8,329,288)	(4,356,619)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 224,605,378	$ 223,317,484	$ 212,093,436	$ 200,889,873	$ 192,050,226
Contributions as a percentage of covered payroll	4.86%	5.00%	4.46%	4.15%	2.27%

	2020	2019	2018	2017	2016
Contractually required contributions	$ 3,233,829	$ 3,339,028	$ 2,951,106	$ 2,792,264	$ 3,086,526
Contributions in relation to the contractual required contributions	(3,233,829)	(3,339,028)	(2,951,106)	(2,792,264)	(3,086,526)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 175,704,924	$ 164,417,160	$ 162,515,095	$ 164,788,323	$ 160,914,812
Contributions as a percentage of covered payroll	1.84%	2.03%	1.82%	1.69%	1.92%

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit G-5

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

TEACHER RETIREMENT SYSTEM OF TEXAS

For the Last Eight Measurement Years

	2024	2023	2022	2021
District's proportion of the net OPEB liability	0.24295%	0.23750%	0.23650%	0.25520%
District's proportionate share of the net OPEB liability	$ 73,739,824	$ 52,579,993	$ 56,639,261	$ 98,426,461
State's proportionate share of the net OPEB liability associated with the District	92,394,999	63,445,843	69,091,000	131,869,523
Total	$ 166,134,823	$ 116,025,836	$ 125,730,261	$ 230,295,984
District's covered payroll (for Measurement Year)	$ 223,795,828	$ 214,103,085	$ 202,521,314	$ 194,543,132
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	32.9%	24.6%	28.0%	50.6%
Plan fiduciary net position as a percentage of the total OPEB liability	13.70%	14.94%	11.52%	6.18%

Notes:

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

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

	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.25238%	0.25253%	0.24519%	0.25593%
District's proportionate share of the net OPEB liability	$ 95,940,818	$ 119,423,267	$ 122,426,875	$ 111,292,438
State's proportionate share of the net OPEB liability associated with the District	128,921,462	158,686,808	135,999,016	126,511,621
Total	$ 224,862,280	$ 278,110,075	$ 258,425,891	$ 237,804,059
District's covered payroll (for Measurement Year)	$ 178,615,584	$ 166,363,097	$ 162,321,705	$ 164,691,543
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	53.7%	71.8%	75.4%	67.6%
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%	1.57%	91.00%

Notes:

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

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit G-6

SCHEDULE OF THE DISTRICT OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Eight Fiscal Years

	2025	2024	2023	2022
Contractually required contributions	$ 2,195,737	$ 1,978,516	$ 1,924,320	$ 2,044,316
Contributions in relation to the contractual required contributions	(2,195,737)	(1,978,516)	(1,924,320)	(2,044,316)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 224,605,378	$ 223,317,484	$ 212,093,436	$ 200,889,873
Contributions as a percentage of covered payroll	0.98%	0.89%	0.91%	1.02%

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

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

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

Note 1 - Budgetary Information

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

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

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

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

Note 2 - TRS Pension

Changes of Assumptions

Measurement Year 2018: The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

Measurement Year 2020: The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.

Measurement Year 2021: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

Measurement Year 2022: The discount rate changed from 7.25% to 7.00%.

Measurement Year 2023: None.

Measurement Year 2024: None.

Note 3 - TRS OPEB Plan

Changes of Assumptions

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

Measurement Year 2018: The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018, updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.

Measurement Year 2019: The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, lowered the participation rates and updated the health care trend rate assumption.

Measurement Year 2020: The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020, lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

Measurement Year 2021: The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.

Measurement Year 2022: The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lowered the participation rates, and updated the healthcare trend rate assumption.

Measurement Year 2023: 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.

Measurement Year 2024: The discount rate changed from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024, the table used to model the impact of aging on the underlying claims were revised.

OTHER SUPPLEMENTARY INFORMATION

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit H-1*

COMBINING BALANCE SHEET

June 30, 2025

Data Control Codes		206 McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B	211 ESEA Title I	224 IDEA-Part B, Formula	225 IDEA-Part B, Preschool
	Assets				
1110	Cash and cash equivalents	$ -	$ -	$ -	$ -
1120	Current investments	-	-	-	-
	Receivables:				
1240	Due from other governments	15,874	2,545,297	1,263,412	14,036
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	137	-	-
1000	**Total Assets**	$ 15,874	$ 2,545,434	$ 1,263,412	$ 14,036
	Liabilities and Fund Balances				
	Liabilities				
2110	Accounts payable	$ 48	$ 202,207	$ -	$ -
2150	Payroll deduction and withholdings	-	49,009	46,642	515
2160	Accrued wages payable	-	1,250,782	456,568	5,554
2170	Due to other funds	15,826	819,022	760,202	7,967
2300	Unearned revenue	-	224,414	-	-
2000	**Total Liabilities**	15,874	2,545,434	1,263,412	14,036
	Fund Balances				
	Restricted:				
3490	Other purposes	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Liabilities and Fund Balances**	$ 15,874	$ 2,545,434	$ 1,263,412	$ 14,036

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit H-1*

COMBINING BALANCE SHEET

June 30, 2025

Data Control Codes		244 Career and Technical - Basic Grant	255 ESEA Title II, Part A	263 Title III, Part A	272 Medicaid Administrative Claim Program (MAC)
	Assets				
1110	Cash and cash equivalents	$ -	$ -	$ -	$ 23,812
1120	Current investments	-	-	-	-
	Receivables:				
1240	Due from other governments	35,902	186,446	150,112	18,547
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	29	-	-
1000	**Total Assets**	$ 35,902	$ 186,475	$ 150,112	$ 42,359
	Liabilities and Fund Balances				
	Liabilities				
2110	Accounts payable	$ 3,810	$ 5,282	$ 18,145	$ -
2150	Payroll deduction and withholdings	557	3,114	1,494	-
2160	Accrued wages payable	7,551	35,307	14,571	-
2170	Due to other funds	23,984	142,772	115,902	42,359
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	35,902	186,475	150,112	42,359
	Fund Balances				
	Restricted:				
3490	Other purposes	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Liabilities and Fund Balances**	$ 35,902	$ 186,475	$ 150,112	$ 42,359

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit H-1*

COMBINING BALANCE SHEET

June 30, 2025

Data Control Codes		278 American Rescue Plan (ESSER)	289 Federally Funded SRF	315 SSA - IDEA - Part B - Discretionary
	Assets			
1110	Cash and cash equivalents	$ -	$ -	$ -
1120	Current investments	-	-	-
	Receivables:			
1240	Due from other governments	-	982,097	9,192
1260	Due from other funds	-	-	-
1290	Other receivables	-	10	-
1000	**Total Assets**	$ -	$ 982,107	$ 9,192
	Liabilities and Fund Balances			
	Liabilities			
2110	Accounts payable	$ -	$ 9,223	$ 552
2150	Payroll deduction and withholdings	-	-	450
2160	Accrued wages payable	-	-	2,932
2170	Due to other funds	-	972,884	5,258
2300	Unearned revenue	-	-	-
2000	**Total Liabilities**	-	982,107	9,192
	Fund Balances			
	Restricted:			
3490	Other purposes	-	-	-
	Committed:			
3545	Other purposes	-	-	-
3000	**Total Fund Balances**	-	-	-
4000	**Liabilities and Fund Balances**	$ -	$ 982,107	$ 9,192

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit H-1*

COMBINING BALANCE SHEET

June 30, 2025

Data Control Codes		340 SSA - IDEA, Part C, ECI	397 Advanced Placement Incentives	410 Instructional Materials Allotment	429 State Funded Special Revenues
	Assets				
1110	Cash and cash equivalents	$ -	$ -	$ -	$ -
1120	Current investments	-	-	-	-
	Receivables:				
1240	Due from other governments	-	-	-	225,212
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	**Total Assets**	$ -	$ -	$ -	$ 225,212
	Liabilities and Fund Balances				
	Liabilities				
2110	Accounts payable	$ -	$ -	$ -	$ 84,606
2150	Payroll deduction and withholdings	-	-	-	1,830
2160	Accrued wages payable	-	-	-	13,305
2170	Due to other funds	-	-	-	125,471
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	-	-	-	225,212
	Fund Balances				
	Restricted:	-			
3490	Other purposes	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Liabilities and Fund Balances**	$ -	$ -	$ -	$ 225,212

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit H-1*

COMBINING BALANCE SHEET

June 30, 2025

Data Control Codes		435 SSA - State Deaf	459 SSA - State Educational Programs - Innovative Services	461 Campus Activity Funds	462 Memorial Scholarship Fund
	Assets				
1110	Cash and cash equivalents	$ -	$ -	$ 1,271,681	$ -
1120	Current investments	-	-	-	6,841
	Receivables:				
1240	Due from other governments	63,540	-	-	-
1260	Due from other funds	19,455	-	229	-
1290	Other receivables	-	-	50	-
1000	**Total Assets**	$ 82,995	$ -	$ 1,271,960	$ 6,841
	Liabilities and Fund Balances				
	Liabilities				
2110	Accounts payable	$ 8,596	$ -	$ 35,931	$ -
2150	Payroll deduction and withholdings	7,666	-	-	-
2160	Accrued wages payable	66,377	-	-	-
2170	Due to other funds	356	-	-	-
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	82,995	-	35,931	-
	Fund Balances				
	Restricted:				
3490	Other purposes	-	-	-	6,841
	Committed:				
3545	Other purposes	-	-	1,236,029	-
3000	**Total Fund Balances**	-	-	1,236,029	6,841
4000	**Liabilities and Fund Balances**	$ 82,995	$ -	$ 1,271,960	$ 6,841

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit H-1*

COMBINING BALANCE SHEET

June 30, 2025

Data Control Codes		463 Raising Blended Learners	464 Susan Powell Memorial Scholarship	466 Trademark Scholarship	467 Principal Incentive Grant
	Assets				
1110	Cash and cash equivalents	$ 22,581	$ -	$ -	$ 12,325
1120	Current investments	-	32,483	124,214	-
	Receivables:				
1240	Due from other governments	-	-	-	-
1260	Due from other funds	173	-	-	-
1290	Other receivables	-	-	2,054	-
1000	**Total Assets**	$ 22,754	$ 32,483	$ 126,268	$ 12,325
	Liabilities and Fund Balances				
	Liabilities				
2110	Accounts payable	$ -	$ -	$ -	$ -
2150	Payroll deduction and withholdings	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	12	-	-	-
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	12	-	-	-
	Fund Balances				
	Restricted:				
3490	Other purposes	22,742	32,483	-	12,325
	Committed:				
3545	Other purposes	-	-	126,268	-
3000	**Total Fund Balances**	22,742	32,483	126,268	12,325
4000	**Liabilities and Fund Balances**	$ 22,754	$ 32,483	$ 126,268	$ 12,325

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit H-1*

COMBINING BALANCE SHEET

June 30, 2025

Data Control Codes		468 CTE Center Grant	469 Miscellaneous Scholarships	475 Insurance Recovery	476 Principal Intern Grant
	Assets				
1110	Cash and cash equivalents	$ -	$ -	$ 182,208	$ 40,245
1120	Current investments	5,058,005	4,621	3,432,042	-
	Receivables:				
1240	Due from other governments	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	**Total Assets**	$ 5,058,005	$ 4,621	$ 3,614,250	$ 40,245
	Liabilities and Fund Balances				
	Liabilities				
2110	Accounts payable	$ -	$ -	$ -	$ -
2150	Payroll deduction and withholdings	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	740
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	-	-	-	740
	Fund Balances				
	Restricted:				
3490	Other purposes	-	4,621	-	39,505
	Committed:				
3545	Other purposes	5,058,005	-	3,614,250	-
3000	**Total Fund Balances**	5,058,005	4,621	3,614,250	39,505
4000	**Liabilities and Fund Balances**	$ 5,058,005	$ 4,621	$ 3,614,250	$ 40,245

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit H-1*

COMBINING BALANCE SHEET

June 30, 2025

Data Control Codes		477 Chapter 313	482 Education Foundation Awards	483 Citi Foundation Award - AVID	488 Summer Learning Grant
	Assets				
1110	Cash and cash equivalents	$ -	$ 72,349	$ 9,871	$ 20,010
1120	Current investments	1,757,581	-	-	-
	Receivables:				
1240	Due from other governments	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	**Total Assets**	$ 1,757,581	$ 72,349	$ 9,871	$ 20,010
	Liabilities and Fund Balances				
	Liabilities				
2110	Accounts payable	$ -	$ 1,453	$ -	$ -
2150	Payroll deduction and withholdings	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	2,980	-	-
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	-	4,433	-	-
	Fund Balances				
	Restricted:				
3490	Other purposes	-	67,916	9,871	20,010
	Committed:				
3545	Other purposes	1,757,581	-	-	-
3000	**Total Fund Balances**	1,757,581	67,916	9,871	20,010
4000	**Liabilities and Fund Balances**	$ 1,757,581	$ 72,349	$ 9,871	$ 20,010

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit H-1*

COMBINING BALANCE SHEET

June 30, 2025

Data Control Codes		489 Brown Agriculture Fund	490 Barbara Jordan Elem Trust	491 OHS Scholarship Fund	494 Chevron Project Lead the Way
	Assets				
1110	Cash and cash equivalents	$ -	$ -	$ -	$ 76,255
1120	Current investments	55,065	4,108	29,829	-
	Receivables:				
1240	Due from other governments	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	**Total Assets**	$ 55,065	$ 4,108	$ 29,829	$ 76,255
	Liabilities and Fund Balances				
	Liabilities				
2110	Accounts payable	$ -	$ -	$ -	$ -
2150	Payroll deduction and withholdings	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	12,125
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	-	-	-	12,125
	Fund Balances				
	Restricted:				
3490	Other purposes	55,065	4,108	29,829	64,130
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	55,065	4,108	29,829	64,130
4000	**Liabilities and Fund Balances**	$ 55,065	$ 4,108	$ 29,829	$ 76,255

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit H-1*

COMBINING BALANCE SHEET

June 30, 2025

Data Control Codes		496 Odessa Regional School Clinic	497 Weldon Scholarship Fund	Total Nonmajor Governmental Funds
	Assets			
1110	Cash and cash equivalents	$ 17,137	$ -	$ 1,748,474
1120	Current investments	-	32,895	10,537,684
	Receivables:			
1240	Due from other governments	-	-	5,509,667
1260	Due from other funds	-	-	19,857
1290	Other receivables	-	-	2,280
1000	**Total Assets**	$ 17,137	$ 32,895	$ 17,817,962
	Liabilities and Fund Balances			
	Liabilities			
2110	Accounts payable	$ -	$ -	$ 369,853
2150	Payroll deduction and withholdings	-	-	111,277
2160	Accrued wages payable	-	-	1,852,947
2170	Due to other funds	-	-	3,047,860
2300	Unearned revenue	-	-	224,414
2000	**Total Liabilities**	-	-	5,606,351
	Fund Balance			
	Restricted:			
3490	Other purposes	17,137	32,895	419,478
	Committed:			
3545	Other purposes	-	-	11,792,133
3000	**Total Fund Balances**	17,137	32,895	12,211,611
4000	**Liabilities and Fund Balances**	$ 17,137	$ 32,895	$ 17,817,962

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

Data Control Codes		206 McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B	211 ESEA Title I	224 IDEA-Part B, Formula	225 IDEA-Part B, Preschool
	Revenues				
5700	Local and intermediate revenues	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	97,863	10,307,199	6,689,083	79,755
5020	**Total Revenues**	97,863	10,307,199	6,689,083	79,755
	Expenditures				
	Current:				
0011	Instruction	-	6,363,667	5,172,479	79,755
0012	Instructional resources and media services	-	31,554	-	-
0013	Curriculum development and instruction staff development	-	3,273,929	99,345	-
0021	Instructional leadership	-	122,712	214,307	-
0023	School leadership	-	159,382	-	-
0031	Guidance, counseling and evaluation services	-	91,666	1,200,481	-
0032	Social work services	97,863	84,010	-	-
0033	Health services	-	18,147	-	-
0034	Student transportation	-	-	2,471	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	162,132	-	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	**Total Expenditures**	97,863	10,307,199	6,689,083	79,755
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7915	Operating transfers in	-	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	**Fund Balance - July 1 (Beginning, as Previously Stated)**	-	-	-	-
1300	Change with financial reporting entity (nonmajor to major)	-	-	-	-
0100	**Fund Balance - July 1 (Beginning, as Adjusted)**	-	-	-	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ -	$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

Data Control Codes		244 Career and Technical - Basic Grant	255 ESEA Title II, Part A	263 Title III, Part A	272 Medicaid Administrative Claim Program (MAC)
	Revenues				
5700	Local and intermediate revenues	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	474,048	1,545,151	830,695	85,515
5020	**Total Revenues**	474,048	1,545,151	830,695	85,515
	Expenditures				
	Current:				
0011	Instruction	255,000	33,690	240,732	-
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum development and instruction staff development	-	1,437,731	589,963	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	112,775	58,930	-	-
0031	Guidance, counseling and evaluation services	106,273	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	85,515
0034	Student transportation	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	14,800	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	**Total Expenditures**	474,048	1,545,151	830,695	85,515
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7915	Operating transfers in	-	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	**Fund Balance - July 1 (Beginning, as Previously Stated)**	-	-	-	-
1300	Change with financial reporting entity (nonmajor to major)	-	-	-	-
0100	**Fund Balance - July 1 (Beginning, as Adjusted)**	-	-	-	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ -	$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

Data Control Codes		278 American Rescue Plan (ESSER)	289 Federally Funded SRF	315 SSA - IDEA - Part B - Discretionary
	Revenues			
5700	Local and intermediate revenues	$ -	$ -	$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	5,728	3,414,336	54,649
5020	**Total Revenues**	5,728	3,414,336	54,649
	Expenditures			
	Current:			
0011	Instruction	-	1,907,561	53,614
0012	Instructional resources and media services	-	-	-
0013	Curriculum development and instruction staff development	-	45,543	639
0021	Instructional leadership	-	1,183	396
0023	School leadership	-	194,765	-
0031	Guidance, counseling and evaluation services	-	-	-
0032	Social work services	5,728	66,843	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	52,555	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	1,145,886	-
0061	Community services	-	-	-
	Capital Outlay:			
0081	Facilities acquisition and construction	-	-	-
6030	**Total Expenditures**	5,728	3,414,336	54,649
1100	Excess (deficiency) of revenues over expenditures	-	-	-
	Other Financing Sources (Uses)			
7915	Operating transfers in	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-
1200	Net change in fund balances	-	-	-
0100	**Fund Balance - July 1 (Beginning, as Previously Stated)**	-	-	-
1300	Change with financial reporting entity (nonmajor to major)	-	-	-
0100	**Fund Balance - July 1 (Beginning, as Adjusted)**	-	-	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

		340	397	410	429
Data Control Codes		**SSA - IDEA, Part C, ECI**	**Advanced Placement Incentives**	**Instructional Materials Allotment**	**State Funded Special Revenues**
	Revenues				
5700	Local and intermediate revenues	$ -	$ -	$ -	$ -
5800	State program revenues	-	2,840	5,872,044	1,925,266
5900	Federal program revenues	13	-	-	-
5020	**Total Revenues**	13	2,840	5,872,044	1,925,266
	Expenditures				
	Current:				
0011	Instruction	13	-	5,872,044	121,784
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum development and instruction staff development	-	-	-	466,582
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	2,840	-	-
0032	Social work services	-	-	-	113,346
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	87,327
0052	Security and monitoring services	-	-	-	1,136,227
0061	Community services	-	-	-	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	**Total Expenditures**	13	2,840	5,872,044	1,925,266
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7915	Operating transfers in	-	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	**Fund Balance - July 1 (Beginning, as Previously Stated)**	-	-	-	-
1300	Change with financial reporting entity (nonmajor to major)	-	-	-	-
0100	**Fund Balance - July 1 (Beginning, as Adjusted)**	-	-	-	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ -	$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

Data Control Codes		435 SSA - State Deaf	459 SSA - State Educational Programs - Innovative Services	461 Campus Activity Funds	462 Memorial Scholarship Fund
	Revenues				
5700	Local and intermediate revenues	$ 402,183	$ -	$ 1,434,893	$ 340
5800	State program revenues	330,356	1,273	-	-
5900	Federal program revenues	-	-	-	-
5020	**Total Revenues**	732,539	1,273	1,434,893	340
	Expenditures				
	Current:				
0011	Instruction	953,222	1,272	63,821	-
0012	Instructional resources and media services	-	-	142,143	-
0013	Curriculum development and instruction staff development	6,351	-	661	-
0021	Instructional leadership	2,239	1	-	-
0023	School leadership	116,948	-	586,800	-
0031	Guidance, counseling and evaluation services	314	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0036	Extracurricular activities	-	-	348,122	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	675	-	-	2,100
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	**Total Expenditures**	1,079,749	1,273	1,141,547	2,100
1100	Excess (deficiency) of revenues over expenditures	(347,210)	-	293,346	(1,760)
	Other Financing Sources (Uses)				
7915	Operating transfers in	347,210	-	-	-
7080	**Total Other Financing Sources (Uses)**	347,210	-	-	-
1200	Net change in fund balances	-	-	293,346	(1,760)
0100	**Fund Balance - July 1 (Beginning, as Previously Stated)**	-	-	942,683	8,601
1300	Change with financial reporting entity (nonmajor to major)	-	-	-	-
0100	**Fund Balance - July 1 (Beginning, as Adjusted)**	-	-	942,683	8,601
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ 1,236,029	$ 6,841

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

Data Control Codes		463 Raising Blended Learners	464 Susan Powell Memorial Scholarship	466 Trademark Scholarship	467 Principal Incentive Grant
	Revenues				
5700	Local and intermediate revenues	$ -	$ 1,479	$ 14,167	$ 100,000
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	**Total Revenues**	-	1,479	14,167	100,000
	Expenditures				
	Current:				
0011	Instruction	-	-	-	-
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum development and instruction staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	87,675
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	3,001	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	**Total Expenditures**	-	-	3,001	87,675
1100	Excess (deficiency) of revenues over expenditures	-	1,479	11,166	12,325
	Other Financing Sources (Uses)				
7915	Operating transfers in	-	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-	-
1200	Net change in fund balances	-	1,479	11,166	12,325
0100	**Fund Balance - July 1 (Beginning, as Previously Stated)**	22,742	31,004	115,102	-
1300	Change with financial reporting entity (nonmajor to major)	-	-	-	-
0100	**Fund Balance - July 1 (Beginning, as Adjusted)**	22,742	31,004	115,102	-
3000	**Fund Balance - June 30 (Ending)**	$ 22,742	$ 32,483	$ 126,268	$ 12,325

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

Data Control Codes		468 CTE Center Grant	469 Miscellaneous Scholarships	475 Insurance Recovery	476 Principal Intern Grant
	Revenues				
5700	Local and intermediate revenues	$ 5,058,005	$ 4,621	$ 888,442	$ 225,000
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	**Total Revenues**	5,058,005	4,621	888,442	225,000
	Expenditures				
	Current:				
0011	Instruction	-	-	-	-
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum development and instruction staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	185,495
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	213,054	-
6030	**Total Expenditures**	-	-	213,054	185,495
1100	Excess (deficiency) of revenues over expenditures	5,058,005	4,621	675,388	39,505
	Other Financing Sources (Uses)				
7915	Operating transfers in	-	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-	-
1200	Net change in fund balances	5,058,005	4,621	675,388	39,505
0100	**Fund Balance - July 1 (Beginning, as Previously Stated)**	-	-	-	-
1300	Change with financial reporting entity (nonmajor to major)	-	-	2,938,862	-
0100	**Fund Balance - July 1 (Beginning, as Adjusted)**	-	-	2,938,862	-
3000	**Fund Balance - June 30 (Ending)**	$ 5,058,005	$ 4,621	$ 3,614,250	$ 39,505

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

Data Control Codes		477 Chapter 313	482 Education Foundation Awards	483 Citi Foundation Award - AVID	488 Summer Learning Grant
	Revenues				
5700	Local and intermediate revenues	$ 238,215	$ 239,395	$ -	$ 20,010
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	**Total Revenues**	238,215	239,395	-	20,010
	Expenditures				
	Current:				
0011	Instruction	-	65,876	-	-
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum development and instruction staff development	-	2,017	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	2,500	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0036	Extracurricular activities	-	7,961	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	159,944	750	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	**Total Expenditures**	-	238,298	750	-
1100	Excess (deficiency) of revenues over expenditures	238,215	1,097	(750)	20,010
	Other Financing Sources (Uses)				
7915	Operating transfers in	-	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-	-
1200	Net change in fund balances	238,215	1,097	(750)	20,010
0100	**Fund Balance - July 1 (Beginning, as Previously Stated)**	1,519,366	66,819	10,621	-
1300	Change with financial reporting entity (nonmajor to major)	-	-	-	-
0100	**Fund Balance - July 1 (Beginning, as Adjusted)**	1,519,366	66,819	10,621	-
3000	**Fund Balance - June 30 (Ending)**	$ 1,757,581	$ 67,916	$ 9,871	$ 20,010

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

Data Control Codes		489 Brown Agriculture Fund	490 Barbara Jordan Elem Trust	491 OHS Scholarship Fund	494 Chevron Project Lead the Way
	Revenues				
5700	Local and intermediate revenues	$ 2,507	$ 187	$ 2,077	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	**Total Revenues**	2,507	187	2,077	-
	Expenditures				
	Current:				
0011	Instruction	-	-	-	36,524
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum development and instruction staff development	-	-	-	19,959
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	**Total Expenditures**	-	-	-	56,483
1100	Excess (deficiency) of revenues over expenditures	2,507	187	2,077	(56,483)
	Other Financing Sources (Uses)				
7915	Operating transfers in	-	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-	-
1200	Net change in fund balances	2,507	187	2,077	(56,483)
0100	**Fund Balance - July 1 (Beginning, as Previously Stated)**	52,558	3,921	27,752	120,613
1300	Change with financial reporting entity (nonmajor to major)	-	-	-	-
0100	**Fund Balance - July 1 (Beginning, as Adjusted)**	52,558	3,921	27,752	120,613
3000	**Fund Balance - June 30 (Ending)**	$ 55,065	$ 4,108	$ 29,829	$ 64,130

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

Data Control Codes		496 Odessa Regional School Clinic	497 Weldon Scholarship Fund	Total Nonmajor Governmental Funds
	Revenues			
5700	Local and intermediate revenues	$ -	$ 1,498	$ 8,633,019
5800	State program revenues	-	-	8,131,779
5900	Federal program revenues	-	-	23,584,035
5020	**Total Revenues**	-	1,498	40,348,833
	Expenditures			
	Current:			
0011	Instruction	-	-	21,221,054
0012	Instructional resources and media services	-	-	173,697
0013	Curriculum development and instruction staff development	-	-	5,942,720
0021	Instructional leadership	-	-	340,838
0023	School leadership	-	-	1,505,270
0031	Guidance, counseling and evaluation services	-	-	1,401,574
0032	Social work services	-	-	367,790
0033	Health services	-	-	103,662
0034	Student transportation	-	-	2,471
0036	Extracurricular activities	-	-	356,083
0041	General administration	-	-	67,355
0051	Facilities maintenance and operations	-	-	87,327
0052	Security and monitoring services	-	-	2,282,113
0061	Community services	-	-	328,602
	Capital Outlay:			
0081	Facilities acquisition and construction	-	-	213,054
6030	**Total Expenditures**	-	-	34,393,610
1100	Excess (deficiency) of revenues over expenditures	-	1,498	5,955,223
	Other Financing Sources (Uses)			
7915	Operating transfers in	-	-	347,210
7080	**Total Other Financing Sources (Uses)**	-	-	347,210
1200	Net change in fund balances	-	1,498	6,302,433
0100	**Fund Balance - July 1 (Beginning, as Previously Stated)**	17,137	31,397	2,970,316
1300	Change with financial reporting entity (nonmajor to major)	-	-	2,938,862
0100	**Fund Balance - July 1 (Beginning, as Adjusted)**	17,137	31,397	5,909,178
3000	**Fund Balance - June 30 (Ending)**	$ 17,137	$ 32,895	$ 12,211,611

INTERNAL SERVICE FUNDS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit H-3*

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2025

	715	771	772	
	Housing Fund	Worker's Comp	Medical Trust	Total Internal Service Funds
Assets				
Current Assets:				
Cash and cash equivalents	$ 165,057	$ -	$ 1,071,276	$ 1,236,333
Current investments	-	8,358,713	4,678,189	13,036,902
Receivables:				
Other receivables	-	-	13,236	13,236
Total Current Assets	165,057	8,358,713	5,762,701	14,286,471
Noncurrent Assets:				
Capital Assets:				
Land	54,012	-	-	54,012
Buildings	3,663,335	-	-	3,663,335
Accumulated depreciation - Buildings	(835,218)	-	-	(835,218)
Total Noncurrent Assets	2,882,129	-	-	2,882,129
Total Assets	3,047,186	8,358,713	5,762,701	17,168,600
Liabilities				
Current Liabilities:				
Accounts payable	35,777	-	728,357	764,134
Claims and judgments	-	552,807	-	552,807
Due to other funds	7,899	-	-	7,899
Total Liabilities	43,676	552,807	728,357	1,324,840
Non-Current Liabilities:				
Claims and judgments due in more than one year	-	1,744,944	2,886,710	4,631,654
Total Non-Current Liabilities	-	1,744,944	2,886,710	4,631,654
Total Liabilities	43,676	2,297,751	3,615,067	5,956,494
Net Position				
Net investment in capital assets	2,882,129	-	-	2,882,129
Unrestricted net position	121,381	6,060,962	2,147,634	8,329,977
Total Net Position	$ 3,003,510	$ 6,060,962	$ 2,147,634	$ 11,212,106

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit H-4

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2025

	715	771	772	
	Housing Fund	Worker's Comp	Medical Trust	Total Internal Service Funds
Operating Revenues				
Rent revenue	$ 360,818	$ -	$ -	$ 360,818
Employee and Employer Insurance premiums	-	1,152,310	28,679,302	29,831,612
Stop loss reimbursement	-	-	1,758,105	1,758,105
Total Operating Revenues	360,818	1,152,310	30,437,407	31,950,535
Operating Expenses				
Claims and prescriptions	-	727,114	30,583,933	31,311,047
Professional and contracted services	221,154	90,525	1,318,091	1,629,770
Supplies and materials	11,989	-	-	11,989
Claims expense and other operating expenses	3,968	-	1,259,210	1,263,178
Depreciation	87,004	-	-	87,004
Total Operating Expenses	324,115	817,639	33,161,234	34,302,988
Operating Income (Loss)	36,703	334,671	(2,723,827)	(2,352,453)
Non-Operating Revenues (Expenses)				
Investment earnings	-	394,221	222,568	616,789
Total Nonoperating Revenues (Expenses)	-	394,221	222,568	616,789
Change in Net Position	36,703	728,892	(2,501,259)	(1,735,664)
Net Position - Beginning	2,966,807	5,332,070	4,648,893	12,947,770
Net Position - Ending	$ 3,003,510	$ 6,060,962	$ 2,147,634	$ 11,212,106

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit H-5

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2025

	715 Housing Fund	771 Worker's Comp	772 Medical Trust	Total Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities:				
Cash received from rental receipts	$ 360,818	$ -	$ -	$ 360,818
Cash received from employees and employer	-	1,152,262	28,668,551	29,820,813
Cash receipts (payments) for interfund services provided	(116,241)	-	-	(116,241)
Cash receipts for stop loss	-	-	1,758,105	1,758,105
Cash payments for claims	-	(1,253,925)	(30,361,190)	(31,615,115)
Cash payments for other operating expenses	(204,959)	-	(2,577,301)	(2,782,260)
Net Cash Provided by (Used for) Operating Activities	39,618	(101,663)	(2,511,835)	(2,573,880)
Cash Flows from Investing Activities:				
Interest on investments	-	394,221	222,568	616,789
Net Cash Provided by Investing Activities	-	394,221	222,568	616,789
Net change in Cash and Cash Equivalents	39,618	292,558	(2,289,267)	(1,957,091)
Cash and Cash Equivalents at Beginning of Year	125,439	8,066,155	8,038,732	16,230,326
Cash and Cash Equivalents at End of Year	$ 165,057	$ 8,358,713	$ 5,749,465	$ 14,273,235
Reconciliation to Balance Sheet				
Cash and Cash Equivalents Per Cash Flow	$ 165,057	$ 8,358,713	$ 5,749,465	$ 14,273,235
Cash and Cash Equivalents per Balance Sheet	$ 165,057	$ 8,358,713	$ 5,749,465	$ 14,273,235
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	$ 36,703	$ 334,671	$ (2,723,827)	$ (2,352,453)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	87,004	-	-	87,004
Change in Assets and Liabilities:				
Decrease (increase) in Receivables	-	-	(4,545)	(4,545)
Increase (decrease) in Accounts Payable	32,152	-	83,971	116,123
Increase (decrease) in Interfund Payables	(116,241)	(48)	(6,206)	(122,495)
Increase (decrease) in Claims Payable	-	(436,286)	138,772	(297,514)
Net Cash Provided by (Used for) Operating Activities	$ 39,618	$ (101,663)	$ (2,511,835)	$ (2,573,880)

REQUIRED TEA SCHEDULES

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit J-1*

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

For the Year Ended June 30, 2025

	1	2	3	10	20
Last Ten Fiscal Years	Tax Rates		Net Assessed/Appraised Value For School Tax Purposes	Beginning Balance 7/1/2024	Current Year's Total Levy
	Maintenance	Debt Service			
2016 and prior	Various	Various	Various	$ 5,029,378	$ -
2017	$ 1.040000	$ 0.110000	$ 13,190,683,066	862,518	-
2018	1.040000	0.109600	11,855,872,243	799,822	-
2019	1.170000	0.109600	12,190,897,339	962,384	-
2020	1.068350	0.109570	15,070,399,797	1,277,173	-
2021	1.054700	0.123220	14,780,081,913	1,516,279	-
2022	1.051700	0.126220	14,448,009,937	1,902,603	-
2023	0.981000	0.196920	16,073,593,331	3,848,446	-
2024	0.759600	0.254400	17,673,791,159	7,921,932	-
2025	0.759600	0.254400	17,623,029,191		178,697,516
1000 Totals				$ 24,120,535	$ 178,697,516

8000 Taxes Refunded

9000 Tax Increment

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit J-1*

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

For the Year Ended June 30, 2025

Last Ten Fiscal Years	31 Maintenance Total Collections	32 Debt Service Total Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/2025	99 Total Taxes Refunded Under Section 26.1115(c)
2016 and prior	$ 78,710	$ 13,169	$ (118,534)	$ 4,818,965	
2017	34,239	3,622	-	824,657	
2018	61,149	6,444	(88)	732,141	
2019	79,696	7,465	-	875,223	
2020	135,221	13,868	(6,368)	1,121,716	
2021	248,303	29,009	(17,570)	1,221,397	
2022	376,468	45,182	(38,836)	1,442,117	
2023	644,493	129,372	(111,052)	2,963,529	
2024	1,557,890	521,758	(822,781)	5,019,503	
2025	127,188,189	42,596,993	(670,199)	8,242,135	
1000 Totals	$ 130,404,358	$ 43,366,882	$ (1,785,428)	$ 27,261,383	
8000 Taxes Refunded					$ 128,314
9000 Tax Increment	$ -				

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT *Exhibit J-2*

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended June 30, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
	Revenues				
5700	Local and intermediate sources	$ 46,249,195	$ 45,049,195	$ 45,350,188	$ 300,993
5800	State program revenues	-	1,215,675	1,215,675	-
5020	**Total Revenues**	46,249,195	46,264,870	46,565,863	300,993
	Expenditures				
	Debt Service:				
0071	Principal on long-term debt	4,949,829	12,975,554	12,965,000	10,554
0072	Interest on long-term debt	11,899,366	11,899,366	11,899,366	-
6030	**Total Expenditures**	16,849,195	24,874,920	24,864,366	10,554
1100	Excess (deficiency) of revenues over expenditures	29,400,000	21,389,950	21,701,497	311,547
	Other Financing Sources (Uses)				
7917	Other resources	-	1,600,865	1,600,865	-
7080	**Total Other Financing Sources (Uses)**	-	1,600,865	1,600,865	-
1200	Net change in fund balances	29,400,000	22,990,815	23,302,362	311,547
0100	**Fund Balances - Beginning**	17,302,609	17,302,609	17,302,609	-
3000	**Fund Balances - Ending**	$ 46,702,609	$ 40,293,424	$ 40,604,971	$ 311,547

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Exhibit J-4

COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES

For the Year Ended June 30, 2025

Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	$ 39,147,848
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	$ 22,203,675
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 6,124,553
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	$ 3,392,767

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered **to not have made** timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	$ 132,524

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

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

To the Board of Trustees
Ector County Independent School District

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 Ector County Independent School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated November 18, 2025.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

To the Board of Trustees
Ector County Independent School District

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whitley Penn LLP

Odessa, Texas
November 18, 2025

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2025

I. Summary of Auditors' Results

Financial Statements

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

II. Financial Statement Findings

No current findings were noted.


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