

Annual Financial Report

For the Year Ended
June 30, 2016

Ector County Independent School District
Odessa, Texas

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

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ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION

CERTIFICATE OF BOARD

Ector County Independent School District
Name of School District

Ector
County

068901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one): approved _____ disapproved _____ for the year ended June 30, 2016 at a meeting of the Board of Trustees of such school district on the _____ day of November, 2016.

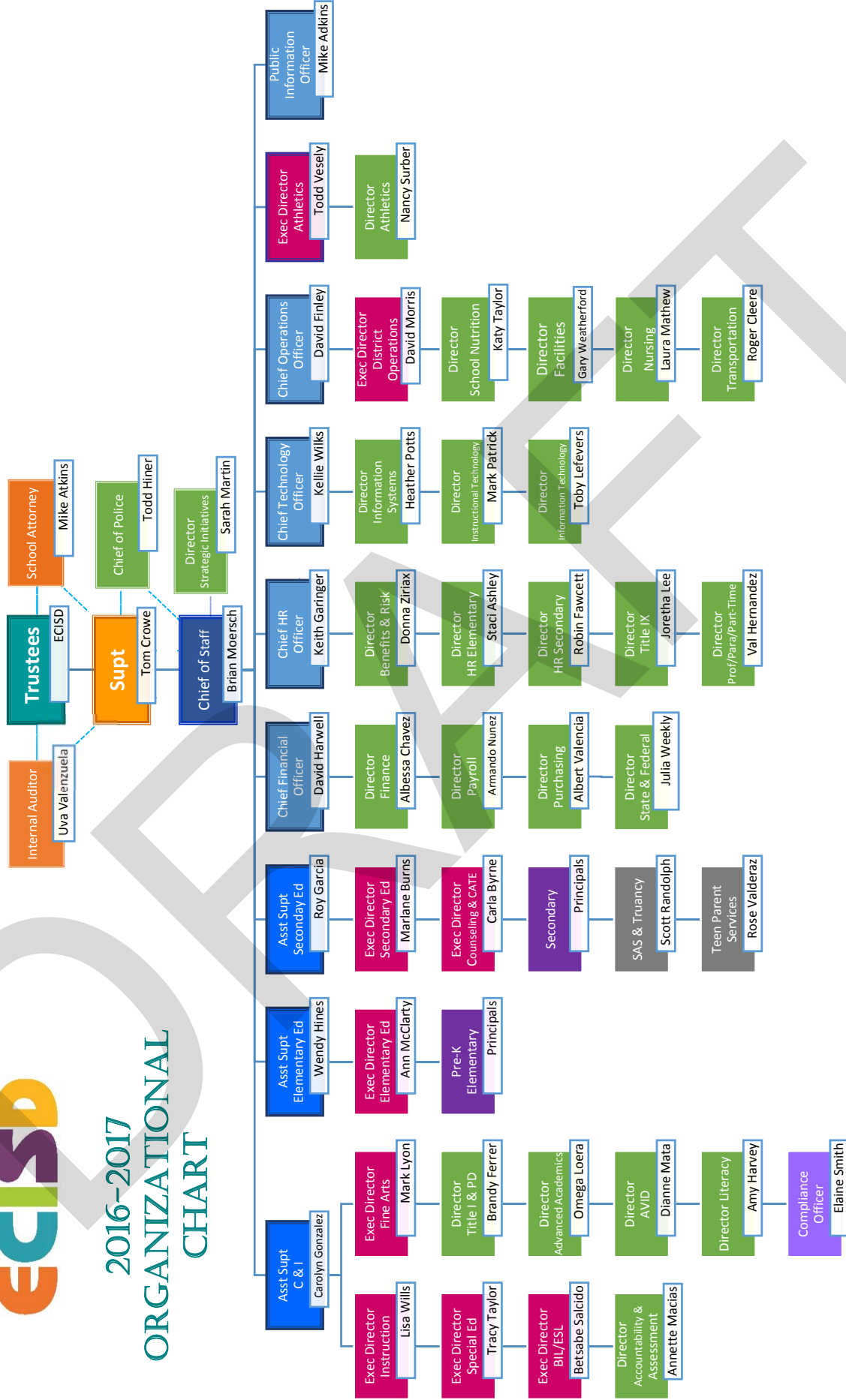
Signature of Board Secretary

Signature of Board President

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



2016-2017 ORGANIZATIONAL CHART



ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Board of Trustees and Consultants and Advisors

Board of Trustees

Teri Ervin
Steve Brown
Ray Beaty
Carol Gregg
Donna Smith
Doyle Woodall
Nelson Minyard

President
Vice President
Secretary
Member
Member
Member
Member

Consultants and Advisors

Johnson Miller & Co., CPA's PC
Atkins, Hollman, Jones, Peacock, Lewis,
and Lyon
McCall, Parkhurst & Horton, LLP
BOK Financial Securities, Inc.
Frost Bank

Independent Auditors
General Counsel

Bond Counsel
Financial Advisor
Official Depository

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Ector County Independent School District (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Auditor's Responsibility (Continued)

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of District Contributions on pages 4-13 and 60-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual

Other Matters (Continued)

Other Information (Continued)

nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated Date __, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Odessa, Texas

Date __, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Ector County Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2016. Please read it in conjunction with the independent auditors' report on page 1, and the District's Basic Financial Statements which begin on page 14.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 14 and 15-16). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

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

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

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

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

Component units-The District includes three separate legal entities in its report – ECISD Education Foundation, Permian High Band and Orchestra and Permian Football. Although legally separate, these "component units" are important because the District is financially accountable for them.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 17 and provide detailed information about the most significant funds-not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds-governmental and proprietary-use different accounting approaches.

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

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Table I

Ector County Independent School District

NET POSITION

		Governmental Activities	
		2016	2015
Current and other assets	\$	119,564,354	\$ 217,996,437
Capital assets		329,129,762	288,163,485
Total assets		448,694,116	506,159,922
Deferred charge on refunding		1,995,647	2,175,808
Deferred resource outflow for TRS		29,800,650	11,108,203
Total deferred outflows of resources		31,796,297	13,284,011
Long-term liabilities		209,871,492	220,335,225
Pension liability		60,696,210	33,571,908
Other liabilities		26,908,939	42,394,951
Total liabilities		297,476,641	296,302,084
Deferred resource inflow for TRS		4,517,655	10,269,746
Total deferred inflows of resources		4,517,655	10,269,746
Net position:			
Invested in capital assets net of related debt		87,976,845	73,795,302
Restricted		10,570,404	77,824
Unrestricted		79,948,868	138,998,977
Total net position	\$	178,496,117	\$ 212,872,103

Net position of the District's governmental activities decreased 16.1% from \$212,872,103 to \$178,496,117. Significant changes in net position from the prior year are explained as follows:

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

Capital assets increased primarily because of construction projects at new elementary and buildings additions at high schools during 2015-2016.

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

Other liabilities decreased primarily due to less obligations in accounts payable.

Please see page 19 for a detailed explanation of changes in net position.

Table II
Ector County Independent School District
CHANGES IN NET POSITION

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 7,740,466	\$ 9,365,142
Operating grants and contributions	39,344,685	40,848,077
General revenues:		
Property taxes, levied for general purposes	136,144,172	146,788,577
Property taxes, levied for debt service	14,429,029	17,079,566
State aid – formula grants	77,389,673	65,279,292
Grants and contributions not restricted	51,358	47,255
Investment earnings	646,179	98,611
Miscellaneous local and intermediate revenue	1,588,083	1,341,548
Total revenue	<u>277,333,645</u>	<u>280,848,068</u>
Expenses:		
Instruction, curriculum and media services	184,616,791	160,391,757
Instructional and school leadership	24,556,784	19,415,295
Student support services	22,953,884	19,693,127
Child nutrition	17,008,178	14,777,228
Co-curricular activities	7,216,173	6,041,530
General administration	7,347,379	6,274,920
Facilities maintenance, security and data processing	37,089,103	32,599,755
Community services	1,484,542	1,343,924
Debt service	7,809,313	8,160,310
Other Intergovernmental charges	1,627,484	2,557,833
Total expenses	<u>311,709,631</u>	<u>271,255,679</u>
Decrease in net position	(34,375,986)	9,592,389
Net position - beginning	212,872,103	242,842,208
Prior period adjust to net position	-	(39,562,494)
Net position - ending	<u>\$ 178,496,117</u>	<u>\$ 212,872,103</u>

The District's total revenues decreased by 1% – approximately \$3.5 million from prior year revenues. Significant changes in revenue from the prior year are explained as follows:

Program revenues decreased approximately \$3.1 million, due to a decrease in user charges of \$1.6 million and a decrease in operating grants and contributions of approximately \$1.5 million—primarily due to a decrease in funding for general administration.

Property tax collections decreased 8% - approximately \$13.3 million, primarily due to a decrease in taxable property value from the prior tax year of \$1.06 billion.

State Aid – Formula Grants increased by \$12.1 million during the year from GASB 68 recognition of the District's portion of the State's proportion of pension expense.

Investment Earnings increased by \$548,000 during the year due to the addition of the TCG Directed Investments to our investment portfolio at an average interest rate of 1.1% of invested funds.

Miscellaneous local revenue increased an approximate of \$247,000 primarily due to increase in athletic extracurricular activities.

The District's total expenses increased by 15% – approximately \$40.5 million from prior year expenses. Significant changes in expenses from the prior year are as follows:

- Instruction, curriculum and media services expenses increased during 2015-2016 approximately \$24.2 million. Supplies expenses decreased approximately by \$4.7 million. Payroll, services, and miscellaneous expenses increased approximately \$28.9 million due to district and student enrollment growth.
- Instructional and school leadership expenses increased approximately \$5.1 million mostly due to an increase in payroll expenses of approximately \$4.1 million. Decrease in services expense and increases in supplies expense and miscellaneous expense were approximately \$51,000, \$950,000 and \$159,000 respectively.
- Student support services expense increased approximately \$3.3 million due to increases in payroll due to district and student enrollment growth.
- Child nutrition program expenses increased approximately \$2.2 million due to increases in payroll, supply expense, miscellaneous expenses of \$1.4 million, \$598,000, and \$192,000 respectively.
- Co-curricular activities expenses increased approximately \$1.2 million. The increases were due to payroll and miscellaneous expense in the amounts of \$594,000 and \$622,000, respectively. There was an offset of a decrease in services expense of \$52,000.
- General administration expenses increased by approximately \$1.1 million from the prior year due to increases in payroll and miscellaneous expenses totaling \$1.2 million, net of small decrease in service and supply expense.
- Facilities maintenance, security and data processing expenses increased approximately \$4.5 million. Primarily increases in payroll, services, supplies, and miscellaneous expenses of \$4.07 million, \$70,000, \$330,000, \$30,000, respectively.
- Other intergovernmental charges decreased approximately \$930,000 from a decrease in recapture under Chapter 41 from new legislation and declining property value.

The District's Funds

As the District completed the year, its governmental funds (as presented in the balance sheet on page 17) reported a combined fund balance of approximately \$75 million, which is below last year's total of approximately \$159 million. The primary reasons for the decrease include (1) an increase in payroll costs primarily due to incentivized pay, and (2) capital outlay additions. Over the course of the year, the District recommended and the Board of Trustees approved revisions of the District's general fund budget for various reasons. The following is a summary of significant budget amendments made to estimated revenues:

	<u>Estimated Revenues</u>
Beginning Estimated Revenues	\$ 218,864,152
Estimated tax collections	4,365,320
Estimated discretionary revenues	328,500
Estimated investment interest	213,179
Estimated cocurricular revenue	198,000
Estimated tuition revenues	147,977
Estimated Federal revenues-JROTC, IDC, pass through Odessa College	135,036
Estimated Mega Card fundraising	(35,000)
Estimated insurance recovery	(36,622)
Estimated E4E Salary savings	(47,139)
Estimated miscellaneous revenue	(82,732)
Estimated SHARS revenue	(176,711)
Estimated E-rate	(450,302)
Estimated State funding	(4,068,191)
Final Amended Estimated Revenues	<u>\$ 219,355,467</u>

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

	<u>Appropriations</u>
Beginning Appropriations	\$ 228,829,753
Retention incentive pay	6,133,000
Increase to cover materials and services not received by June 30, 2015	1,242,710
Increase for purchase of building	3,100,000
Perfect attendance incentive pay	2,675,000
Increase in overtime pay	1,475,000
Paraprofessional retention incentive	338,000
Team building pay	326,000
Increase for Career and Technology Education program needs	300,000
Increase for Kronos software and clocks upgrade, services and web hosting	258,895
Instructional aide retention incentive	183,000
Increase for playground equipment projects not completed by June 30, 2015	157,676
Increase in other payroll - benefits, miscellaneous (net)	93,322
Increase for crossing guard services	93,000
Decrease in capital outlay	(7,594)
Decrease in supplies	(106,960)
Decrease in software	(134,312)
Decrease in services	(187,000)
Decrease in Chapter 41 recapture	(1,101,456)
Final Amended Appropriations	<u>\$ 243,668,034</u>
Beginning Other Sources (Uses)	<u>\$ 9,965,601</u>
Operating transfer out for purchase of security equipment	(300,000)
Final Amended Other Uses	<u>\$ 9,665,601</u>

Capital Asset and Debt Administration

Capital Assets

At the end of 2016, the District had approximately \$329 million invested in a broad range of capital assets, (net of accumulated depreciation and amortization) including facilities and equipment for instruction, transportation, athletics, administration, maintenance, and computer technology. This amount represents a net increase of approximately \$41 million or 12%, above last year.

This year's major additions included:

2015-2016

Non-Bond Projects:

Killion House	3,037,629
Baseball/Softball Turf	2,951,515
Crockett Junior High Turf/Track Renovations	1,474,624
Nimitz Junior High Turf/Track Renovations	1,473,498
Ratliff Turf Renovations	921,175
Downing Elementary Gas Line	293,946
Odessa High School Science Lab Station	276,741
Odessa High School Track Renovations	235,335
Permian High School Track Renovations	221,087
Ector Junior High Track Renovations	140,195
Wilson & Young Junior High Rebranding	120,855
Odessa High School Athletic Wood Floor	104,021
Buice Elementary Gas Line	97,632
Permian High School Athletic Wood Floor	96,826
Odessa High School Weight Room Floor	96,800
West Elementary Gas Line	60,682
Bonham Junior High Paving	29,900
Dowling Elementary Paving	29,800
Nimitz Junior High ADA Sidewalk	24,876
Nimitz Junior High Doors	11,609
Gonzales Elementary Floor Renovations	10,770
Odessa High School Flasher Warning System	8,646
Bonham Junior High Access Controls	8,414
Downing Elementary Flasher Warning System	8,248
Noel Elementary Otis Monitor	6,854
Burnet Elementary Paving	5,190
Bonham Junior High Floor Renovations	4,500
Hays Elementary ADA Sidewalk	3,950
Goliad Elementary Floor Renovations	3,110
New Tech Odessa Office Renovations	2,160
Human Resources Renovations	1,782
Goliad Elementary Paving	1,500
New Tech Odessa New Name Letters	1,287

Construction in Progress

30,743,008

Furniture, Fixtures and Equipment:	
Food Service Equipment	2,951,078
Playground Equipment	1,185,619
Transportation Vehicles and Equipment	1,011,818
Air Conditioning Equipment	326,290
Furniture	281,343
Maintenance Vehicles and Equipment	188,428
Software	160,816
Other Vehicles	132,854
Technology Equipment	92,362
Riser System	87,467
Police Vehicles	86,462
Sound Systems	70,455
Other Equipment	62,806
Digital Marquee Signs	61,460
Custodial Scrubbers	43,530
Musical Instruments	22,385
Fingerprinting Identifying System	19,230
Stage Curtains	13,505
Land and Improvements	
Land purchases	2,051,046
Total Capital Additions	<u><u>51,357,119</u></u>

Debt Administration

At year-end, the District had approximately \$202 million in bonds outstanding versus approximately \$212 million last year-a decrease of \$10 million. The decrease resulted primarily from bond principal payments.

Based on information provided by the Teacher Retirement System of Texas (TRS), the District recognized its proportionate share of TRS's net pension liability of \$60,696,210.

Other obligations include accrued worker's compensation and sick leave. More detailed information about the District's long-term liabilities is presented in Notes G, I, K, L and M to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The District's elected and appointed officials considered many factors when preparing the fiscal year 2017 budget. (1) the need to staff and operate campuses; (2) the anticipated change of student population within the campuses and; (3) to provide funding for software, textbooks, and various instructional initiatives.

These factors were taken into account when adopting the General Fund budget for 2017. Estimated revenues in the General Fund are \$229.6 million, and estimated appropriations and other uses total \$229.6 million. Budgeted appropriations have been increased by approximately \$400,000 from the 2016 budget.

Contacting the District's Financial Management

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

GOVERNMENT WIDE STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

Data Control Codes		1 Primary Government	4 Component Unit
		Governmental Activities	Component Unit
ASSETS			
1110	Cash and Cash Equivalents	\$ 6,152,068	\$ 402,697
1120	Current Investments	94,008,325	2,605,541
1220	Property Taxes Receivable (Delinquent)	15,096,962	-
1230	Allowance for Uncollectible Taxes	(10,435,020)	-
1240	Due from Other Governments	13,400,459	-
1290	Other Receivables, net	10,236	33,595
1300	Inventories	1,305,213	32,127
1410	Prepayments	26,111	-
	Capital Assets:		
1510	Land	10,521,491	-
1520	Buildings, Net	168,105,541	-
1530	Furniture and Equipment, Net	14,187,666	-
1560	Library Books and Media, Net	1,471,508	-
1580	Construction in Progress	134,843,556	-
1000	Total Assets	<u>448,694,116</u>	<u>3,073,960</u>
DEFERRED OUTFLOWS OF RESOURCES			
1701	Deferred Charge for Refunding	1,995,647	-
1705	Deferred Outflow Related to TRS	29,800,650	-
1700	Total Deferred Outflows of Resources	<u>31,796,297</u>	<u>-</u>
LIABILITIES			
2110	Accounts Payable	5,048,382	183,913
2140	Interest Payable	2,660,384	-
2150	Payroll Deductions & Withholdings	2,481,343	-
2180	Due to Other Governments	116,673	-
2200	Accrued Expenses	16,133,432	-
2300	Unearned Revenue	468,725	-
	Noncurrent Liabilities		
2501	Due Within One Year	4,028,603	-
2502	Due in More Than One Year	205,842,889	-
2540	Net Pension Liability (District's Share)	60,696,210	-
2000	Total Liabilities	<u>297,476,641</u>	<u>183,913</u>
DEFERRED INFLOWS OF RESOURCES			
2605	Deferred Inflow Related to TRS	4,517,655	-
2600	Total Deferred Inflows of Resources	<u>4,517,655</u>	<u>-</u>
NET POSITION			
	Restricted for:		
3860	Restricted for Capital Projects	10,492,179	-
3870	Restricted for Campus Activities	52,981	-
3880	Restricted for Scholarships	25,244	-
3890	Restricted for Other Purposes	-	84,626
3900	Unrestricted	167,925,713	2,805,421
3000	Total Net Position	<u><u>\$ 178,496,117</u></u>	<u><u>\$ 2,890,047</u></u>

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 171,190,909	\$ 471,506	\$ 19,235,618
12 Instructional Resources and Media Services	3,599,479	-	279,591
13 Curriculum and Staff Development	9,826,403	-	4,676,915
21 Instructional Leadership	4,224,879	-	252,492
23 School Leadership	20,331,905	-	825,994
31 Guidance, Counseling and Evaluation Services	11,319,367	-	872,350
32 Social Work Services	751,263	19,082	88,231
33 Health Services	2,332,172	-	158,614
34 Student (Pupil) Transportation	8,551,082	47,706	296,141
35 Food Services	17,008,178	4,489,535	10,127,622
36 Extracurricular Activities	7,216,173	2,171	135,060
41 General Administration	7,347,379	2,542,876	555,073
51 Facilities Maintenance and Operations	26,793,641	167,590	1,281,591
52 Security and Monitoring Services	2,796,640	-	103,589
53 Data Processing Services	7,498,822	-	160,286
61 Community Services	1,484,542	-	295,518
72 Debt Service - Interest on Long Term Debt	7,801,563	-	-
73 Debt Service - Bond Issuance Cost and Fees	7,750	-	-
99 Other Intergovernmental Charges	1,627,484	-	-
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 311,709,631</u>	<u>\$ 7,740,466</u>	<u>\$ 39,344,685</u>
Component Unit:			
1C Nonmajor Component Unit	<u>\$ 1,327,823</u>	<u>\$ 1,377,380</u>	<u>\$ -</u>
[TC] TOTAL COMPONENT UNIT:	<u>\$ 1,327,823</u>	<u>\$ 1,377,380</u>	<u>\$ -</u>

Data
Control
Codes

General Revenues:

Taxes:

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

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

Net (Expense) Revenue and Changes in Net Position	
6	9
Primary Government Governmental Activities	Component Unit Component Unit
\$ (151,483,785)	\$ -
(3,319,888)	-
(5,149,488)	-
(3,972,387)	-
(19,505,911)	-
(10,447,017)	-
(643,950)	-
(2,173,558)	-
(8,207,235)	-
(2,391,021)	-
(7,078,942)	-
(4,249,430)	-
(25,344,460)	-
(2,693,051)	-
(7,338,536)	-
(1,189,024)	-
(7,801,563)	-
(7,750)	-
(1,627,484)	-
(264,624,480)	-
-	49,557
-	49,557
136,144,172	-
14,429,029	-
77,389,673	-
51,358	-
646,179	-
1,588,083	-
230,248,494	-
(34,375,986)	49,557
212,872,103	2,840,490
\$ 178,496,117	\$ 2,890,047

GOVERNMENTAL FUND FINANCIAL STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 4,976,520	\$ 5,173	\$ 1,330
1120 Investments - Current	54,065,658	13,043,875	11,047,176
1220 Property Taxes - Delinquent	13,777,666	1,319,296	-
1230 Allowance for Uncollectible Taxes (Credit)	(9,523,122)	(911,898)	-
1240 Receivables from Other Governments	11,394,389	-	-
1260 Due from Other Funds	581,651	98,839	-
1290 Other Receivables	10,236	-	-
1300 Inventories	110,856	-	-
1410 Prepayments	26,111	-	-
1000 Total Assets	<u>\$ 75,419,965</u>	<u>\$ 13,555,285</u>	<u>\$ 11,048,506</u>
LIABILITIES			
2110 Accounts Payable	\$ 1,735,367	\$ -	\$ 556,327
2150 Payroll Deductions and Withholdings Payable	2,481,343	-	-
2170 Due to Other Funds	14,095,147	-	-
2180 Due to Other Governments	114	-	-
2200 Accrued Expenditures	14,375,721	-	-
2300 Unearned Revenues	4,350,625	407,398	-
2000 Total Liabilities	<u>37,038,317</u>	<u>407,398</u>	<u>556,327</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	110,856	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	13,147,887	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3510 Construction	492,465	-	10,492,179
3540 Self Insurance	1,000,000	-	-
3545 Other Committed Fund Balance	699,505	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	4,937,921	-	-
3600 Unassigned Fund Balance	31,140,901	-	-
3000 Total Fund Balances	<u>38,381,648</u>	<u>13,147,887</u>	<u>10,492,179</u>
4000 Total Liabilities and Fund Balances	<u>\$ 75,419,965</u>	<u>\$ 13,555,285</u>	<u>\$ 11,048,506</u>

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

Other Funds	Total Governmental Funds
\$ 69,153	\$ 5,052,176
1,414,060	79,570,769
-	15,096,962
-	(10,435,020)
2,006,070	13,400,459
12,827,714	13,508,204
-	10,236
1,194,357	1,305,213
-	26,111
<u>\$ 17,511,354</u>	<u>\$ 117,535,110</u>
\$ 2,198,421	\$ 4,490,115
-	2,481,343
1,312,828	15,407,975
116,559	116,673
196,522	14,572,243
415,062	5,173,085
<u>4,239,392</u>	<u>42,241,434</u>
1,194,357	1,305,213
1,371,605	1,371,605
-	13,147,887
78,225	78,225
10,627,775	21,612,419
-	1,000,000
-	699,505
-	4,937,921
-	31,140,901
<u>13,271,962</u>	<u>75,293,676</u>
<u>\$ 17,511,354</u>	<u>\$ 117,535,110</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2016

Total Fund Balances – Governmental Funds \$ 75,293,676

The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position. 11,939,577

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$458,576,352 and the accumulated depreciation was \$170,412,867. The beginning balance of deferred charge for refunding for \$2,175,809 will decrease net position. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) of \$288,163,485 and long-term debt in the governmental activities of (\$216,529,351) is to (increase) net position. 73,809,943

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2016 capital outlays of \$51,357,119 and debt principal payments of \$7,067,517, is to increase net position. 58,424,636

Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of (\$60,696,210), a Deferred Resource Inflow related to TRS in the amount of (\$4,517,655) and a Deferred Resource Outflow related to TRS in the amount of \$29,800,650. This amounted to a decrease in Net Position in the amount of (\$35,413,215). (35,413,215)

The issuance of long-term debt is not due and payable within the current period and, therefore, is not reported in the governmental funds balance sheet. Also, governmental funds report the effect of issuance costs, premiums, discounts, and deferred loss on refundings when debt is first issued, whereas these amounts are deferred and amortized in the statement of net assets. The current year effect on the statement of activities resulting from amortizing various bond related items is as follows: net bond premium \$1,466,008, deferred loss (\$180,160), and net current year accretion on CAB's \$1,982,854. 3,268,702

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unearned revenue as revenue \$737,573, sale of assets (\$48,190), recognizing current year depreciation (\$10,290,469), recognizing the current year change in sick leave payable (\$532,519), recognizing interest payable and reversing prior period interest payable \$72,197, recognizing the effect of the beginning balance for unearned revenue \$3,966,787, and interest payable (\$2,732,581). The net effect of these reclassifications and recognitions is to (decrease) net position. (8,827,202)

Net Position of Governmental Activities \$ 178,496,117

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 140,479,851	\$ 14,573,644	\$ 29,294
5800 State Program Revenues	74,774,678	244,379	-
5900 Federal Program Revenues	2,452,843	-	-
5020 Total Revenues	217,707,372	14,818,023	29,294
EXPENDITURES:			
Current:			
0011 Instruction	143,186,184	-	2,359,046
0012 Instructional Resources and Media Services	2,415,502	-	-
0013 Curriculum and Instructional Staff Development	4,975,510	-	-
0021 Instructional Leadership	3,894,156	-	-
0023 School Leadership	18,135,120	-	968,531
0031 Guidance, Counseling and Evaluation Services	10,227,898	-	-
0032 Social Work Services	649,632	-	-
0033 Health Services	2,116,581	-	10,167
0034 Student (Pupil) Transportation	8,243,582	-	-
0035 Food Services	116,348	-	171,191
0036 Extracurricular Activities	5,479,430	-	-
0041 General Administration	6,933,568	-	-
0051 Facilities Maintenance and Operations	23,012,459	-	-
0052 Security and Monitoring Services	2,524,955	-	-
0053 Data Processing Services	5,478,161	-	-
0061 Community Services	1,142,803	-	-
Debt Service:			
0071 Principal on Long Term Debt	-	7,067,517	-
0072 Interest on Long Term Debt	-	11,142,462	-
0073 Bond Issuance Cost and Fees	-	7,750	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	3,105,601	-	30,992,604
Intergovernmental:			
0099 Other Intergovernmental Charges	1,627,484	-	-
6030 Total Expenditures	243,264,974	18,217,729	34,501,539
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,557,602)	(3,399,706)	(34,472,245)
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	49,984	-	-
7915 Transfers In	10,553,019	-	-
8911 Transfers Out (Use)	(666,164)	-	-
7080 Total Other Financing Sources (Uses)	9,936,839	-	-
1200 Net Change in Fund Balances	(15,620,763)	(3,399,706)	(34,472,245)
0100 Fund Balance - July 1 (Beginning)	54,002,411	16,547,593	44,964,424
3000 Fund Balance - June 30 (Ending)	\$ 38,381,648	\$ 13,147,887	\$ 10,492,179

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

Other Funds	Total Governmental Funds
\$ 5,048,594	\$ 160,131,383
1,390,517	76,409,574
25,558,596	28,011,439
31,997,707	264,552,396
13,235,447	158,780,677
863,924	3,279,426
4,395,386	9,370,896
93,083	3,987,239
241,988	19,345,639
468,965	10,696,863
58,672	708,304
74,645	2,201,393
-	8,243,582
18,258,784	18,546,323
-	5,479,430
25,977	6,959,545
4,119,584	27,132,043
-	2,524,955
2,077,274	7,555,435
244,360	1,387,163
-	7,067,517
-	11,142,462
-	7,750
8,178,700	42,276,905
-	1,627,484
52,336,789	348,321,031
(20,339,082)	(83,768,635)
2,646	52,630
666,164	11,219,183
(10,553,019)	(11,219,183)
(9,884,209)	52,630
(30,223,291)	(83,716,005)
43,495,253	159,009,681
\$ 13,271,962	\$ 75,293,676

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances – Governmental Funds	\$	(83,716,005)
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The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net gain of internal service funds are reported with governmental activities. The net effect of this consolidation is to (increase) net position.		387,853
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Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2016 capital outlays of \$51,357,119 and debt principal payments of \$7,067,517 is to increase net position.		58,424,636
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Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(10,290,469)
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The proceeds from the issuance of bonds are reported as financial resources in the year of occurrence on the governmental fund financial statements, whereas there is no effect on the statement of activities. Also, governmental funds report on the effect of bond issuance costs, premiums, discounts, and deferred loss on refundings whereas these amounts are deferred and amortized on the statement of activities. The current year effect on the statement of activities resulting from amortizing various bond related items is as follows: net bond premium \$1,466,008; deferred loss (\$180,160), and net current year accretion on CAB's \$1,982,854.		3,268,702
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unearned revenue as revenue \$737,573, recognizing the current year change in sick leave payable (\$532,519), sale of assets (\$48,190), recognizing interest payable and reversing prior period interest payable \$72,197.		229,061
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The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 08/31/2015 caused the change in the ending net position to increase in the amount of \$6,890,988. Contributions made before the measurement date but during the 2015 FY were also de-expended and recorded as a reduction in the net pension liability for the district. This also caused an increase in the change in net position in the amount of \$1,679,537. The District recorded their proportionate share of the pension expense during the measurement period as part of the net pension liability. The amounts expensed for FY2016 were (\$6,495,077) for pension expense columns 2 – 9 from TRS data and the amounts de-expended for the net deferred resource inflow recognized by TRS in the measurement period were (\$4,755,212).		(2,679,764)
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The notes to the financial statements are an integral part of this statement.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2016

This caused a net decrease in the change in net position of (\$11,250,289). The impact of all of these is to decrease the change in net position by (\$2,679,764).

Change in Net Position of Governmental Activities

\$ (34,375,986)

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

PROPRIETARY FUND FINANCIAL STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Governmental Activities-
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,099,892
Investments - Current	14,437,556
Due from Other Funds	1,899,771
Total Current Assets	<u>17,437,219</u>
Noncurrent Assets:	
Capital Assets:	
Land	54,012
Buildings and Improvements	3,663,335
Depreciation on Buildings	<u>(52,183)</u>
Total Noncurrent Assets	<u>3,665,164</u>
Total Assets	<u>21,102,383</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	558,267
Accrued Expenses	<u>2,642,352</u>
Total Current Liabilities	<u>3,200,619</u>
Noncurrent Liabilities:	
Other Long-Term Debt - Due in More than One Year	<u>2,244,840</u>
Total Noncurrent Liabilities	<u>2,244,840</u>
Total Liabilities	<u>5,445,459</u>
NET POSITION	
Unrestricted Net Position	<u>15,656,924</u>
Total Net Position	<u>\$ 15,656,924</u>

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities-
	Total Internal Service Funds
OPERATING REVENUES:	
Employee and Employer Premiums	\$ 22,663,833
Stop Loss Reimbursement	695,275
Total Operating Revenues	23,359,108
OPERATING EXPENSES:	
Claims and Prescriptions	20,448,504
Professional and Contracted Services	173,342
Supplies and Materials	4,080
Other Operating Costs	2,325,068
Depreciation Expense	52,183
Total Operating Expenses	23,003,177
Operating Income	355,931
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	31,922
Total Nonoperating Revenues (Expenses)	31,922
Income Before Contributions	387,853
Contributed Capital	3,717,347
Change in Net Position	4,105,200
Total Net Position - July 1 (Beginning)	11,551,724
Total Net Position - June 30 (Ending)	\$ 15,656,924

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities-
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Rental Receipts	\$ 128,235
Cash Received from Employees and Employer	20,337,170
Cash Received from Stop Loss Carrier	695,275
Cash Payments for Claims	(20,667,540)
Other Payments	(2,550,139)
Net Cash Used for Operating Activities	(2,056,999)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	31,922
Net Decrease in Cash and Cash Equivalents	(2,025,077)
Cash and Cash Equivalents at Beginning of Year	17,562,525
Cash and Cash Equivalents at End of Year	\$ 15,537,448
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income:	\$ 355,931
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	52,183
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase in Due To or Due From Other Funds	(2,198,428)
Increase in Accounts Payable	4,111
Decrease in Accounts Payable	(51,760)
Increase in Accrued Expenses	103,469
Decrease in Accrued Expenses	(322,505)
Net Cash Used for Operating Activities	\$ (2,056,999)

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

FIDUCIARY FUND FINANCIAL STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Agency Fund
<hr/>	
ASSETS	
Restricted Assets	\$ 1,008,257
Total Assets	<u>\$ 1,008,257</u>
LIABILITIES	
Due to Student Groups	\$ 1,008,257
Total Liabilities	<u>\$ 1,008,257</u>

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

NOTES TO FINANCIAL STATEMENTS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ector County Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

D. FUND ACCOUNTING

The District reports the following major governmental funds:

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

Additionally, the District reports the following fund types:

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund. The District has capital projects funds to separately account for various locally funded capital projects occurring throughout the District, and to account for the 2013 bond issue transactions.
4. **Permanent Funds** – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no permanent funds.

Proprietary Funds:

5. **Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District has no enterprise funds.
6. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's internal service funds are the Medical Trust Fund, the Worker's Compensation Fund and the Chancellor-Killion Housing Fund.

Fiduciary Funds:

7. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District has no private purpose trust funds.
8. **Pension (and Other Employee Benefit) Trust Funds** – These funds are used to account for local pension and other employee benefit funds that are provided by the District in lieu of or in addition to the Teacher Retirement System of Texas. The District has no pension trust funds.
9. **Investment Trust Fund** - This fund is one in which the District holds assets in trust for other entities participating in an investment program managed by the district. The District has no investment trust funds.
10. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's agency funds are the Student Activity Funds.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District reports inventories of supplies at weighted average cost. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenses.

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

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for unpaid accumulated sick leave based upon employees who meet the criteria established in the compensation and benefits local policy. All vacation pay is accrued when incurred in the government-wide and fund financial statements.
5. Capital assets, which include land, buildings, software, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

6. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
7. Restricted net position represents restrictions that are externally imposed or restrictions imposed by law through constitutional provisions or enabling legislation.
8. The District has self-insured health and workers' compensation plans which are accounted for as proprietary funds. Claims incurred but not reported (IBNR) are accrued if it is probable that a claim will be asserted and the loss can be reasonably estimated. The accrued liabilities for IBNR in the workers' compensation fund are actuarially estimated by Turner Consulting, Inc. Consultants and Actuaries. The accrued liabilities for IBNR in the medical trust fund are based on industry standards applied by underwriters when evaluating a plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Unassigned fund balance shall include amounts available for any legal purpose. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

Unassigned fund balance shall mean the difference between the total fund balance and the total of the non-spendable fund balance, restricted fund balance, committed fund balance and assigned fund balance.

10. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
11. The District's investments are reported at cost which approximates fair value.
12. The Data Control Codes refer to the account code structure prescribed by Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with TEA in order to ensure accuracy in building a State-wide data base for policy development and funding plans.
13. The District utilizes an encumbrance accounting system which is a method of ascertaining the availability of funds and then reserving funds to cover outstanding obligations. During the budgetary period, the District can determine the remaining amount of the new commitments that can be signed by comparing the amount of appropriations to the sum of expenditures recognized and encumbrances outstanding.

Encumbrance balances at June 30, 2016, consisted of the following amounts:

<u>Fund Type</u>	<u>Amount</u>
General Fund	\$ 2,686,769
Special Revenue Fund	2,032,554
Capital Projects Fund	12,937,230
Internal Service Fund	124,519
Total	<u>\$ 17,781,071</u>

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

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

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

1. Prior to June 20 the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.
4. The adopted budget must be filed with the Texas Education Agency according to the Public Education Information Management System ("PEIMS") data standards, by Thursday of the second full week of December.

Once a budget is approved and adopted, any commitment that exceeds the available balance of the appropriation on the function level requires a budget amendment before the commitment is made. As dictated by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. All budget amendments enacted at the function level during fiscal year 2016 were legally approved.

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

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

<u>Fund Type</u>	<u>Budgeted Expenditures</u>	<u>Actual Amount</u>	<u>Overage</u>
<u>General Fund</u>			
Instruction	\$ 141,621,310	\$ 143,186,184	\$ (1,564,874) a
School Leadership	17,528,001	18,135,120	(607,119) b
Food Services	112,000	116,348	(4,348) a,b
<u>Special Revenue Funds</u>			
Carl D. Perkins Basic Grant Guidance, Counseling & Evaluation Services	228,272	232,285	(4,013) c
TITLE II, PART A Teacher Training Instructional	-	20,988	(20,988) c
TITLE III, PART A Language Community Services	50,749	52,482	(1,733) c
Regional Day School for DEAF General Administration	-	8,587	(8,587) d

a: Occurred due to end-of-year payroll salary expenses being greater than appropriations

b: Occurred due to a lack of budgeted expenditures for miscellaneous operating expenses.

c: Occurred due to approved budget not being allocated to the corresponding account used within this fund.

d: Occurred due to a lack of budgeted expenditures for planned administrative overhead charge to the program.

C. DEFICIT FUND EQUITY

No deficits in fund equity occurred.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The **Texas Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

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

Policies Governing Deposits and Investments

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

- a. **Custodial Credit Risk – Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is consistent with the requirements of the Public Funds Collateral Act, it is the policy of the District to require full collateralization of all District investments and funds on deposit with a depository bank, other than investments which are obligations of the U.S. Government and its agencies and instrumentalities. As required by Government Code 2257.022 the collateralization level will be 110% of market value of principal and accrued interest on the deposits or investments less an amount insured by the FDIC or FSLIC. Securities pledged as collateral shall be held by an independent third party with whom the District has a current custodial agreement. The Director of Finance is responsible for entering into collateralization agreements with third party custodians in compliance with this policy. The agreements are to specify the acceptable investment securities for collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. Collateral shall be reviewed at least weekly to assure that the market value of the pledged securities is adequate.

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

- b. **Custodial Credit Risk – Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus, the District's positions in external investment pools are not subject to custodial credit risk.
- c. **Interest-Rate Risk – Interest-rate risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. To reduce exposure to changes in interest rates that could adversely affect the value of investments, the District shall use final and weighted-average maturity limits and diversification.
- d. **Other Credit Risk Exposure –** The District, in accordance with its investment policy, invests in external public fund investment pools, meeting the requirements of Government Code 2256.016 and 2256.019. These pools invest in U.S. Government agencies and repurchase agreements.
- e. **Concentration of Credit Risk –** Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy regarding diversity is as follows:

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

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

While all of the District's investments are available on demand, the underlying weighted average maturity of investments of the external investment pools that the District invests in are listed below as of June 30, 2016:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1	Maturity in 1-10 Years	Maturity in Over 10	Credit Rating
TDAM Municipal Portfolio Class A	\$ 17,445	0.03%	\$ 17,445	-	-	N/A
Total TDAM Municipal Portfolio Class A:	<u>17,445</u>		<u>17,445</u>	<u>-</u>	<u>-</u>	
Investment Pools:						
TexPool	51,868,906	96.83%	51,868,906	-	-	AAAm
Lone Star	1,147,094	2.14%	1,147,094	-	-	AAAm
TexStar	532,959	0.99%	532,959	-	-	AAAm
Total Investment Pools:	<u>53,548,959</u>		<u>53,548,959</u>	<u>-</u>	<u>-</u>	
Total Cash and Cash Equivalents:	<u>53,566,404</u>	100%	<u>53,566,404</u>	<u>-</u>	<u>-</u>	

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

As of June 30, 2016, the District's had the following investments subject to the fair value measurement:

	Fair Value Measurements		
	Level 1	Level 2	Level 3
TCG DIRECTED INVESTMENTS			
Fixed Income			
Agency Bonds	12,925,062	-	-
Municipal Bonds	27,469,165	-	-
Total Fixed Income:	40,394,227	-	-
Unrealizable Gain/Loss			
Unrealizable Gain/Loss	47,692	-	-
Total Unrealizable Gain/Loss	47,692	-	-
District's Total Fair Value:	40,441,919	-	-

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

- TexPool: Internet: www.texpool.com
Phone: 1-866-839-7665
Address: TexPool Participant Services
c/o Federated Investors, Inc.
1001 Texas Avenue, Suite 1400
Houston, TX 77002
- Lone Star: Internet: www.firstpublic.com
Phone: 1-800-558-8875
Address: First Public
12007 Research Boulevard
Austin, TX 78759
- TexSTAR Internet: www.texstar.org
Phone: 1-800-839-7827
Address: TexStar Participant Services
First Southwest Asset Management, Inc.
325 North St. Paul Street, Suite 800
Dallas, TX 75201
- TCG Directed Investments:
Internet: www.tdameritrade.com
Phone: 1-800-454-9272
Address: TCG Investment Advisory Services
900 S Capital of Texas Hwy
Suite 350
Austin, TX 78746

B. PROPERTY TAXES

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

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2016, consisted of the following amounts:

		Due From	Due To
		Other Funds	Other Funds
General Fund:			
	Debt Service Fund	\$ -	\$ 98,839
	Capital Projects Fund	-	11,767,430
	Internal Service Fund	-	1,899,771
	Special Revenue Fund	252,544	-
	General Fund	329,107	329,107
	Total General Fund	581,651	14,095,147
Debt Service Fund:			
	General Fund	98,839	-
	Total Debt Service Fund	98,839	-
Capital Project Fund:			
	Special Revenue Fund	-	9,169
	General Fund	11,767,430	-
	Total Capital Projects Fund	11,767,430	9,169
Special Revenue Fund:			
	Capital Projects Fund	9,169	-
	General fund	-	252,544
	Special Revenue Fund	1,051,115	1,051,115
	Total Special Revenue Fund	1,060,284	1,303,659
Internal Service Fund:			
	General Fund	1,899,771	-
	Total Internal Service Fund	1,899,771	-
	Totals	\$ 15,407,975	\$ 15,407,975

The purpose of the interfund balances as of June 30, 2016, represents amounts owed to and from other funds, payroll and related benefits, and operations that will be cleared the following month when money is received from the granting agency or when subsequent transfers/repayments are made.

Interfund transfers for the year ended June 30, 2016 consisted of the following amounts:

	Transfers Out	Transfers In
General Fund:	\$ 666,164	\$ 10,553,019
Special Revenue Fund:	-	366,164
Capital Project Fund:	10,553,019	300,000
Totals	\$ 11,219,183	\$ 11,219,183

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

- 1) To provide funding for purchase of security equipment - \$300,000.
- 2) To fund the District's portion of the Regional Day School for the Deaf Programs - \$366,164

The transfer into the general fund was from unused local funds from construction projects - \$10,553,019.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2016 were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 13,777,666	\$ 11,394,389	\$ 581,651	\$ 10,236	\$ 25,763,942
Debt Service Fund	1,319,296	-	98,839	-	1,418,135
Capital Projects Funds	-	-	-	-	-
Other Funds	-	2,006,070	12,827,714	-	14,833,784
Internal Service Funds	-	-	1,899,771	-	1,899,771
Total - Governmental Activities	\$ 15,096,962	\$ 13,400,459	\$ 15,407,975	\$ 10,236	\$ 43,915,632

Payables at June 30, 2016 were as follows:

	Accounts Payable	Other Governments	Payroll Deductions and Withholdings Payable	Due To Other Funds	Total Payables
Governmental Activities:					
General Fund	\$ 1,735,367	\$ 114	\$ 2,481,343	\$ 14,095,147	\$ 18,311,971
Debt Service Fund	-	-	-	-	-
Capital Projects Funds	556,327	-	-	-	556,327
Other Funds	2,198,421	116,559	-	1,312,828	3,627,808
Internal Service Funds	558,267	-	-	-	558,267
Total - Governmental Activities	\$ 5,048,382	\$ 116,673	\$ 2,481,343	\$ 15,407,975	\$ 23,054,373

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2016, was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Land	\$ 8,464,197	\$ 2,057,294	\$ -	\$ 10,521,491
Buildings and Improvements	302,342,970	11,758,909	-	\$ 314,101,879
Equipment	39,716,252	6,637,092	(1,431,081)	\$ 44,922,263
Software	3,952,385	160,816	-	\$ 4,113,201
Construction in Progress	104,100,548	30,743,008	-	\$ 134,843,556
Totals at Historical Costs	458,576,352	51,357,119	(1,431,081)	508,502,390
Less accumulated depreciation and amortization for:				
Buildings and Improvements	(139,670,890)	(6,325,448)	-	(145,996,338)
All Equipment	(28,763,288)	(3,354,200)	1,382,891	(30,734,597)
Software	(1,978,689)	(663,004)	-	(2,641,693)
Total accumulated depreciation for:	(170,412,867)	(10,342,652)	1,382,891	(179,372,628)
Governmental activities capital assets, net	\$ 288,163,485	\$ 41,014,467	\$ (48,190)	\$ 329,129,762

*Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 3,093,761
Instruction Resources & Media Services	159,134
Instructional Leadership	34,792
School Leadership	214,427
Guidance, Counseling & Evaluation Services	12,534
Health Services	1,755
Student Transportation	923,727
Food Service	1,072,089
Co-Curricular/Extracurricular Activities	1,575,035
General Administration	37,956
Plant Maintenance & Operations	1,540,885
Securities & Monitoring Services	224,692
Data Processing Services	1,412,428
Community Services	39,437
Total Depreciation Expense	<u>\$ 10,342,652</u>

G. BONDS PAYABLE

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

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

On February 20, 2007, the District issued \$56,380,113 of Unlimited Tax Refunding Bonds, Series 2007 (the "Bonds") maturing from August 15, 2007 through August 15, 2027. Interest rates vary from 4.00% through 4.64%. The Bonds were issued to advance refund a portion of the District's outstanding bonds to lower the District's debt service payments by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. The refunding resulted in an economic gain to the District of \$2,027,926. On June 30, 2016, \$54,405,423 of bonds considered defeased by the Series 2007 Bonds are still outstanding.

On June 20, 2012, the District issued \$4,690,000 of Unlimited Tax Refunding Bonds, Series 2012 (the "Bonds") maturing from August 15, 2012 through August 15, 2025. Interest rates vary from 2.00% to 3.00%. The Bonds were issued to advance refund a portion of the District's outstanding bonds to lower the District's debt service payments by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. The refunding resulted in an economic gain to the District of \$637,628. The net cash flow decrease from the refunding over the life of the bond issue is \$687,402. On June 30, 2016, \$2,240,000 of bonds considered defeased by the series 2012 bonds are still outstanding.

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

A summary of changes in general long-term debt for the year ended June 30, 2016 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable Outstanding 7/1/2015	Issued	Retired	Payable Outstanding 6/30/2016
ECISD Unlimited Tax School Building and Refunding Bonds, Series 2001	3.55, 3.90, 4.20, 4.50, 4.68, 4.80, 4.90, 5.01, 5.13, 5.26, 5.36, 5.46, 5.56, 5.64, 5.7, 5.75%	\$ 55,868,558	\$ 2,187,483	\$ 8,387,774	\$ -	\$ 2,017,517	\$ 6,370,257
ECISD Unlimited Tax School Refunding Bonds, Series 2007	4.00, 4.16, 4.20, 4.23, 4.25, 4.29, 4.30, 4.35, 4.36, 4.50, 4.56, 4.64%	56,380,113	3,956,810	56,162,169	-	170,000	55,992,169
ECISD Unlimited Tax Refunding Bonds, Series 2012	2.00, 3.00%	4,690,000	59,550	2,110,000	-	-	2,110,000
ECISD Unlimited Tax School Building Bonds, Series 2013	3.00, 3.125 3.25, 4.00 5.00%	121,595,000	4,938,619	121,365,000	-	4,880,000	116,485,000
TOTAL		\$ 238,533,671	\$ 11,142,462	\$ 188,024,943	\$ -	\$ 7,067,517	\$ 180,957,426

Debt service requirements are as follows:

Year Ended June 30,	General Obligations		
	Principal	Interest	Total Requirements
2017	\$ 2,947,440	\$ 11,190,764	\$ 14,138,204
2018	2,850,430	11,290,174	14,140,604
2019	2,754,088	11,383,091	14,137,179
2020	4,580,468	9,513,171	14,093,639
2021	7,010,000	7,000,024	14,010,024
2022-2026	39,660,000	30,185,134	69,845,134
2027-2031	42,195,000	20,695,819	62,890,819
2032-2036	48,925,000	10,466,047	59,391,047
2037-2039	30,035,000	1,550,800	31,585,800
	<u>\$ 180,957,426</u>	<u>\$ 113,275,024</u>	<u>\$ 294,232,450</u>

H. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of June 30, 2016, are as follows:

<u>Year Ending June 30,</u>	<u>Future Rental Payments</u>
2017	720,978
2018	529,117
2019	199,208
2020	93,560
Total Minimum Rentals	<u>\$ 1,542,863</u>
Rental Expenditures in Fiscal Year 2016	<u>\$ 1,036,580</u>

I. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

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

1. Hourly position employees not working a scheduled 40-hour week are not eligible to be paid for accrued leave.
2. Sick Leave: Any employee not mentioned above who retired after completing five consecutive years or resigns after completing 20 years of service with the District shall be paid for accrued sick leave. Accrued sick leave shall be computed at one-half the daily rate at the time of retirement or resignation times the number of accrued leave days, which shall not exceed one-half the number of working days in an annual contract. In order to receive payment for unused sick leave, retirement must occur at the end of the employee's contract period, or when retirement is necessitated by a medical disability as approved by the Teacher Retirement System. Exceptions to this provision were reviewed by the Board upon recommendation of the Superintendent. No benefits shall be calculated on a salary schedule exceeding that of a regular teacher's salary schedule. Individuals who are retiring and have worked less than 85 days of the contract year shall have accrued sick leave paid based on the previous year's salary schedule.
3. Vacation Leave: Any accrued vacation leave is paid upon separation at the employee's current daily rate of pay.

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

	<u>Sick Leave</u>	<u>Vacation Leave</u>
Balance June 30, 2015	\$ 4,789,471	\$ 1,460,812
Additions/Adjustments - New Entrants and Salary Increments	2,116,189	492,245
Deductions - Payments to Participants	<u>(1,741,037)</u>	<u>(76,119)</u>
Balance June 30, 2016	<u>\$ 5,164,623</u>	<u>\$ 1,876,938</u>

J. DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2015 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2015.

Components of Liability	Amount
Total Pension Liability	\$ 163,887,375,172
Less: Plan Fiduciary Net Position	(128,538,706,212)
Net Pension Liability	<u>\$ 35,348,668,960</u>
Net Position as percentage of Total Pension Liability	78.43%

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

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the

time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates		
	2015	2016
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.7%	6.7%
Employers	6.8%	6.8%
Employer 0576 - 2015 Employer Contributions		\$5,084,325
Employer 0576 - 2015 Member Contributions		\$4,423,219
Employer 0576 - 2015 NECE On-behalf Contributions		\$7,454,194

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

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

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

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions. The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases Including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes During the year	None
Ad hoc Post Employment Benefit Changes	None

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

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

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

* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
ECISD proportionate share of the net pension liability:	\$95,099,521	\$60,696,210	\$32,040,390

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the District reported a liability of \$60,696,210 for its proportionate share of the TRS's net pension. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

ECISD's Proportionate share of the collective net pension liability	\$ 60,696,210
State's proportionate share that is associated with ECISD	<u>88,961,129</u>
Total	<u>\$ 149,657,339</u>

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 thru August 31, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was .001717072% which was an increase of .000460233% from its proportion measure as of August 31, 2014.

Changes Since the Prior Actuarial Valuation - The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

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

Mortality Assumptions

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

Other Demographic Assumptions

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

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

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

For the measurement period August 31, 2015, the District recognized pension expense of \$12,675,529, and revenue of \$12,675,529 for support provided by the State in the Government Wide Statement of Activities.

At June 30, 2016, 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 Actuarial experience	\$431,801	\$2,332,610
Changes in Actuarial Assumptions	\$1,814,873	\$2,165,375
Difference between projected and actual investment earnings	\$7,252,415	\$0
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$10,520,550	\$19,671
Contributions paid to TRS subsequent to the measurement date (calculated by employer)	\$9,781,011	\$0
Total	<u>\$29,800,650</u>	<u>\$4,517,656</u>

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

For the Year Ended August 31	Pension Expense Amount
2017	\$2,643,230
2018	\$2,643,230
2019	\$2,643,230
2020	\$5,208,467
2021	\$1,444,513
2022	\$919,314
Total:	<u>\$15,501,984</u>

K. DEFINED RETIREE HEALTH PLAN

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

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2016-2014.

Year	Contribution Rates					
	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2016	0.65%	\$1,055,885	1.0%	\$1,624,438	0.55%	\$893,441
2015	0.65%	\$978,525	1.0%	\$1,505,423	0.55%	\$827,983
2014	0.65%	\$957,776	1.0%	\$1,473,502	0.55%	\$810,426

L. RISK MANAGEMENT

Health Insurance

The District sponsors a self-funded plan to provide health care benefits to staff members and their dependents. Transactions related to the plan are accounted for in the Medical Trust Fund (the "Fund"), an internal service fund of the District. The District contributed \$335 per month per employee and each employee contributed \$60 per month, for the period of July through December 2015. Contributions increased to \$345 and \$65 for the period of January through June 2016. Employees, at their option, authorized payroll withholding to pay contributions for dependents. Third party administrators paid all claims from the fund. The plan was authorized by Section 21.922, Texas Education Code, and was documented by contractual agreement. The District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Sirius America Insurance Company, commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop loss coverage was in effect for individual claims exceeding \$300,000 annually and aggregate coverage with an attachment point of \$24,474,633. Estimates of claims payable and of claims incurred, but not reported at June 30, 2016, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

For the fiscal year 2015-2016, one claim exceeded the \$300,000 limit plus one one-time aggregating specific of \$125,000. Changes in the balances of claims liabilities during the past year are as follows:

	Year Ended June 30, 2015	Year Ended June 30, 2016
Unpaid claims, beginning of the year	\$ 1,619,929	\$ 1,954,962
Incurred claims (including IBNR's)	18,344,129	19,602,624
Claim Payments	(18,009,096)	(19,499,155)
Unpaid claims, end of fiscal year	<u>\$ 1,954,962</u>	<u>\$ 2,058,431</u>

Worker's Compensation

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

For the school year 2015-2016, no claims exceeded the \$450,000 limit. Changes in the balances of the claims liability during the past year are as follows:

	Year Ended June 30, 2015	Year Ended June 30, 2016
Unpaid claims, beginning of the year	\$ 3,373,116	\$ 3,151,267
Incurred claims (including IBNR's)	920,808	845,880
Claim Payments	(1,142,657)	(1,168,386)
Unpaid claims, end of fiscal year	<u>\$ 3,151,267</u>	<u>\$ 2,828,761</u>

M. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
School Building and Refunding Bond	\$ 188,024,943	\$ -	\$ (7,067,517)	\$ 180,957,426	\$ 2,947,440
Accumulated Accretion	13,831,070	1,729,629	(3,712,483)	11,848,216	-
Net Bond Premium	10,538,475	-	(1,466,009)	9,072,466	-
Total Bonds and Notes Payable	212,394,488	1,729,629	(12,246,009)	201,878,108	2,947,440
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Pension Liability:					
Net Pension Liability	33,571,908	41,720,968	(14,596,666)	60,696,210	-
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Other Liabilities:					
Worker's Compensation (IBNR)	3,151,267	845,880	(1,168,386)	2,828,761	583,921
Sick Leave Benefits	4,789,471	2,116,189	(1,741,037)	5,164,623	497,242
Total Other	7,940,738	2,962,069	(2,909,423)	7,993,384	1,081,163
Total Governmental Activities Long-Term Liabilities	\$ 253,907,134	\$ 46,412,666	\$ (29,752,098)	\$ 270,567,702	\$ 4,028,603

N. UNEARNED REVENUES

Unearned revenues at year end consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Net Tax Revenue	\$ 4,254,544	\$ -	\$ 407,398	\$ 4,661,942
Project Lead the Way	-	119,428	-	119,428
Jason's Project Stem	-	67,702	-	67,702
Brown Agriculture Fund	-	49,821	-	49,821
Advanced Placement Incentives	-	47,559	-	47,559
Permian Basin Child's Play, Inc.	46,299	-	-	46,299
Weldon Scholarship Fund	-	27,545	-	27,545
Odessa Regional School Clinic	-	26,617	-	26,617
Ecolab - Lyndon B. Johnson	23,919	-	-	23,919
AVID	-	22,488	-	22,488
Education Foundation Awards	-	20,682	-	20,682
Title VI, LEP Summer School (K-1)	-	11,382	-	11,382
Permian High School Robotics	10,000	-	-	10,000
Ecolab - Blackshear Elementary	-	7,831	-	7,831
State Textbook Fund	-	5,796	-	5,796
Odessa High School Weight Equipment	5,200	-	-	5,200
Permian High School Science Giants Award	-	4,933	-	4,933
Bonham Junior High Robotics	4,000	-	-	4,000
First in Family	3,300	-	-	3,300
ICA Donation	-	3,278	-	3,278
Texas Comptroller LEOSE	2,363	-	-	2,363
Zavala Elementary AVID	1,000	-	-	1,000
Total	<u>\$ 4,350,625</u>	<u>\$ 415,062</u>	<u>\$ 407,398</u>	<u>\$ 5,173,085</u>

O. DUE FROM STATE AND FEDERAL AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2016, are summarized below.

Fund Name	State Entitlements	Federal Grants	Total
General Fund	\$ 11,394,389	\$ -	\$ 11,394,389
ESEA Title I, Part A - Improving Basic Programs	-	849,275	849,275
IDEA - Part B, Formula	-	463,029	463,029
Regional Day School - Deaf	342,718	-	342,718
National School Breakfast and Lunch Program	-	97,045	97,045
ESEA Title III, Part A - English Language Acquisition	-	83,906	83,906
Career and Technical Basic Grant	-	49,019	49,019
ESEA Title II, Part A - Teacher/Principal Training	-	48,078	48,078
IDEA - Part B, Preschool	-	44,782	44,782
2015-2016 Teacher PD Partnerships	-	19,950	19,950
IDEA - Part B, Discretionary Deaf	-	4,205	4,205
IDEA - Part B, Deaf	-	3,401	3,401
IDEA - Part B, Preschool Deaf	-	662	662
Total	\$ 11,737,107	\$ 1,663,352	\$ 13,400,459

P. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the year ended June 30, 2016, revenues from local and intermediate sources consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$135,473,192	\$ -	\$ 14,362,436	\$ -	\$149,835,628
Penalties, Interest and Other Tax-Related Income	1,805,701	-	193,329	-	1,999,030
Investment Income	567,084	7,793	17,879	29,294	622,050
Food Sales	-	4,508,628	-	-	4,508,628
Co-Curricular Student Activities	666,621	-	-	-	666,621
Other	1,967,253	532,173	-	-	2,499,426
Total	\$140,479,851	\$ 5,048,594	\$ 14,573,644	\$ 29,294	\$160,131,383

Q. CONTINGENT LIABILITIES

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

In the opinion of management, the District has materially complied with all requirements. However, such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of such disallowance of claimed expenditures, the District does not expect the resulting liability to have a material adverse effect on its combined financial statements at June 30, 2016.

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

R. SHARED SERVICE ARRANGEMENTS

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

Ector County Independent School District	\$	803,158
Midland Independent School District		58,768
Andrews Independent School District		97,946
Big Spring Independent School District		19,589
Kermit Independent School District		19,589
McCamey Independent School District		19,589
Ft. Stockton Independent School District		39,178
Total	\$	<u>1,057,817</u>

S. CONSTRUCTION COMMITMENT

The District had the following construction commitments as of June 30, 2016:

<u>Name of Project</u>	<u>Contractor</u>	<u>Contract Amount</u>
Odessa High School	Lee Lewis	\$ 29,447,669
Permian High School	Lee Lewis	\$ 29,239,091
Odessa High School Addition	JSA Architects	\$ 2,611,394
Permian High School Addition	Parkhill Smith & Cooper, Inc.	\$ 2,239,091

T. PAYROLL TAX DEPOSIT

The District transitioned to a new bank institution during July 2015. During this transition, a payroll tax deposit was attempted using an incorrect account number. The deposit was denied and resulted in a late resubmission of the payroll tax deposit. The Internal Revenue Service (IRS) and the District resolved the issue and the assessed penalty was abated by the IRS based on the rules and regulations of the IRS.

U. SUBSEQUENT EVENT

On September 20th, 2016, the Trustees authorized the issuance of \$55,677,169 of Unlimited Tax Refunding Bonds Series 2016 maturing from August 15, 2018 through August 15, 2027, to refund a portion of the District's existing Unlimited Tax Refunding Bonds, Series 2007.

On October 18th, 2016, the Trustees authorized the issuance of up to \$20,000,000 of Tax and Revenue Anticipation Note, Taxable Series 2016, as a source of money to help cover operating costs in the coming months.

The District has evaluated events subsequent to June 30, 2016 through November __, 2016, the date the financial statements were available to be issued and concluded there are no other events requiring disclosure in the notes or recognition in the financial statements.

BUDGETARY COMPARISON REPORTING

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 136,535,145	\$ 141,136,326	\$ 140,479,851	\$ (656,475)
5800 State Program Revenues	79,488,179	75,419,988	74,774,678	(645,310)
5900 Federal Program Revenues	2,840,828	2,799,153	2,452,843	(346,310)
5020 Total Revenues	218,864,152	219,355,467	217,707,372	(1,648,095)
EXPENDITURES:				
Current:				
0011 Instruction	132,473,987	141,621,310	143,186,184	(1,564,874)
0012 Instructional Resources and Media Services	2,855,662	2,484,498	2,415,502	68,996
0013 Curriculum and Instructional Staff Development	5,143,412	5,664,988	4,975,510	689,478
0021 Instructional Leadership	3,620,920	4,035,737	3,894,156	141,581
0023 School Leadership	17,488,652	17,528,001	18,135,120	(607,119)
0031 Guidance, Counseling and Evaluation Services	9,973,305	10,414,821	10,227,898	186,923
0032 Social Work Services	564,673	664,673	649,632	15,041
0033 Health Services	2,519,609	2,186,729	2,116,581	70,148
0034 Student (Pupil) Transportation	8,155,501	8,460,492	8,243,582	216,910
0035 Food Services	12,000	112,000	116,348	(4,348)
0036 Extracurricular Activities	5,548,401	5,510,082	5,479,430	30,652
0041 General Administration	7,412,133	7,306,178	6,933,568	372,610
0051 Facilities Maintenance and Operations	20,947,453	23,129,915	23,012,459	117,456
0052 Security and Monitoring Services	2,535,669	2,702,196	2,524,955	177,241
0053 Data Processing Services	5,532,002	5,902,637	5,478,161	424,476
0061 Community Services	1,208,383	1,204,293	1,142,803	61,490
Capital Outlay:				
0081 Facilities Acquisition and Construction	12,000	3,112,000	3,105,601	6,399
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	1,101,456	-	-	-
0099 Other Intergovernmental Charges	1,724,535	1,627,484	1,627,484	-
6030 Total Expenditures	228,829,753	243,668,034	243,264,974	403,060
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,965,601)	(24,312,567)	(25,557,602)	(1,245,035)
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	65,000	65,000	49,984	(15,016)
7915 Transfers In	10,363,019	10,363,019	10,553,019	190,000
8911 Transfers Out (Use)	(462,418)	(762,418)	(666,164)	96,254
7080 Total Other Financing Sources (Uses)	9,965,601	9,665,601	9,936,839	271,238
1200 Net Change in Fund Balances	-	(14,646,966)	(15,620,763)	(973,797)
0100 Fund Balance - July 1 (Beginning)	54,002,411	54,002,411	54,002,411	-
3000 Fund Balance - June 30 (Ending)	\$ 54,002,411	\$ 39,355,445	\$ 38,381,648	\$ (973,797)

REQUIRED SUPPLEMENTARY INFORMATION

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT G-2

	2016	2015
District's Proportion of the Net Pension Liability (Asset)	0.001717072%	0.001256839%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 60,696,210	33,571,908
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	88,961,129	75,916,290
Total	<u>\$ 149,657,339</u>	<u>109,488,198</u>
District's Covered-Employee Payroll	\$ 150,542,332	147,350,185
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-Employee Payroll	40.32%	22.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	77.30%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2016

EXHIBIT G-3

	2016	2015
Contractually Required Contribution	\$ 11,460,548	\$ 9,932,172
Contribution in Relation to the Contractually Required Contribution	(11,460,548)	(9,932,172)
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered-Employee Payroll	\$ 160,914,812	\$ 149,308,655
Contributions as a Percentage of Covered-Employee Payroll	7.12%	6.65%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31, 2014 for Fiscal Year 2015 and August 31, 2015 for Fiscal Year 2016.

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

Changes of benefit terms

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

Changes of assumptions

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

Economic Assumptions

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

Mortality Assumptions

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

Other Demographic Assumptions

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

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

Actuarial Methods and Policies

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

COMBINING SCHEDULES

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 34,777
1120	Investments - Current	-	-	-	1,225,380
1240	Receivables from Other Governments	849,275	463,029	44,782	97,045
1260	Due from Other Funds	-	-	-	726,957
1300	Inventories	-	-	-	1,194,357
1000	Total Assets	<u>\$ 849,275</u>	<u>\$ 463,029</u>	<u>\$ 44,782</u>	<u>\$ 3,278,516</u>
LIABILITIES					
2110	Accounts Payable	\$ 320,895	\$ 8,819	\$ -	\$ 645,023
2170	Due to Other Funds	401,232	454,103	44,782	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	127,148	107	-	67,531
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>849,275</u>	<u>463,029</u>	<u>44,782</u>	<u>712,554</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	1,194,357
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	1,371,605
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3510	Construction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,565,962</u>
4000	Total Liabilities and Fund Balances	<u>\$ 849,275</u>	<u>\$ 463,029</u>	<u>\$ 44,782</u>	<u>\$ 3,278,516</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang Acquisition	272 Medicaid Admin. Claim MAC	273 Mathematics & Science Partnerships	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf
\$ -	\$ -	\$ -	\$ 5,636	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
49,019	48,078	83,906	-	19,950	-	4,205	3,401
-	-	-	-	-	11,382	-	-
-	-	-	-	-	-	-	-
<u>\$ 49,019</u>	<u>\$ 48,078</u>	<u>\$ 83,906</u>	<u>\$ 5,636</u>	<u>\$ 19,950</u>	<u>\$ 11,382</u>	<u>\$ 4,205</u>	<u>\$ 3,401</u>
\$ 5,096	\$ -	\$ 43,710	\$ -	\$ 13,744	\$ -	\$ 2,175	\$ -
43,923	48,078	40,196	5,636	6,206	-	2,030	3,401
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	11,382	-	-
<u>49,019</u>	<u>48,078</u>	<u>83,906</u>	<u>5,636</u>	<u>19,950</u>	<u>11,382</u>	<u>4,205</u>	<u>3,401</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 49,019</u>	<u>\$ 48,078</u>	<u>\$ 83,906</u>	<u>\$ 5,636</u>	<u>\$ 19,950</u>	<u>\$ 11,382</u>	<u>\$ 4,205</u>	<u>\$ 3,401</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

Data Control Codes		317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives	410 State Textbook Fund
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1240	Receivables from Other Governments	662	-	-	-
1260	Due from Other Funds	-	-	47,559	5,796
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 662</u>	<u>\$ -</u>	<u>\$ 47,559</u>	<u>\$ 5,796</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2170	Due to Other Funds	662	-	-	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenues	-	-	47,559	5,796
2000	Total Liabilities	<u>662</u>	<u>-</u>	<u>47,559</u>	<u>5,796</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3510	Construction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 662</u>	<u>\$ -</u>	<u>\$ 47,559</u>	<u>\$ 5,796</u>

435 SSA Regional Day School - Deaf	481 Meadows Foundation Award	482 Education Foundation Awards	483 Citi Foundation Awards	486 Blackshear Ecolab	489 Brown Agriculture Award	490 Barbara Jordan Trust	491 OHS Scholarship Fund
\$ -	\$ -	\$ -	\$ -	\$ 7,831	\$ -	\$ -	\$ -
-	-	-	-	-	75,208	52,833	32,244
342,718	-	-	-	-	-	-	-
-	-	20,682	22,488	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 342,718</u>	<u>\$ -</u>	<u>\$ 20,682</u>	<u>\$ 22,488</u>	<u>\$ 7,831</u>	<u>\$ 75,208</u>	<u>\$ 52,833</u>	<u>\$ 32,244</u>
\$ 4,102	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
220,321	-	-	-	-	25,239	-	7,250
116,559	-	-	-	-	-	-	-
1,736	-	-	-	-	-	-	-
-	-	20,682	22,488	7,831	49,821	-	-
<u>342,718</u>	<u>-</u>	<u>20,682</u>	<u>22,488</u>	<u>7,831</u>	<u>75,060</u>	<u>-</u>	<u>7,250</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	148	52,833	24,994
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148</u>	<u>52,833</u>	<u>24,994</u>
<u>\$ 342,718</u>	<u>\$ -</u>	<u>\$ 20,682</u>	<u>\$ 22,488</u>	<u>\$ 7,831</u>	<u>\$ 75,208</u>	<u>\$ 52,833</u>	<u>\$ 32,244</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

Data Control Codes		492 Jason's Project STEM	493 ICA Donation Fund	494 Chevron Project Lead The Way	496 School Clinic
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1240	Receivables from Other Governments	-	-	-	-
1260	Due from Other Funds	67,964	3,278	122,628	26,617
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 67,964</u>	<u>\$ 3,278</u>	<u>\$ 122,628</u>	<u>\$ 26,617</u>
LIABILITIES					
2110	Accounts Payable	\$ 262	\$ -	\$ 3,200	\$ -
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenues	67,702	3,278	119,428	26,617
2000	Total Liabilities	<u>67,964</u>	<u>3,278</u>	<u>122,628</u>	<u>26,617</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3510	Construction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 67,964</u>	<u>\$ 3,278</u>	<u>\$ 122,628</u>	<u>\$ 26,617</u>

497 Weldon Scholarship Fund	498 PHS Science Giant Award	Total Nonmajor Special Revenue Funds	671 Security Infra- Structure	674 Maintenance Projects	675 OHS Science Labs	676 Sewer Plant Expansion	678 New Elementary Fund
\$ -	\$ -	\$ 48,244	\$ 11,740	\$ -	\$ 9,169	\$ -	\$ -
28,395	-	1,414,060	-	-	-	-	-
-	-	2,006,070	-	-	-	-	-
-	4,933	1,060,284	612,034	-	-	-	-
-	-	1,194,357	-	-	-	-	-
<u>\$ 28,395</u>	<u>\$ 4,933</u>	<u>\$ 5,723,015</u>	<u>\$ 623,774</u>	<u>\$ -</u>	<u>\$ 9,169</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 1,047,026	\$ 9,744	\$ -	\$ -	\$ -	\$ -
600	-	1,303,659	-	-	9,169	-	-
-	-	116,559	-	-	-	-	-
-	-	196,522	-	-	-	-	-
27,545	4,933	415,062	-	-	-	-	-
<u>28,145</u>	<u>4,933</u>	<u>3,078,828</u>	<u>9,744</u>	<u>-</u>	<u>9,169</u>	<u>-</u>	<u>-</u>
-	-	1,194,357	-	-	-	-	-
-	-	1,371,605	-	-	-	-	-
250	-	78,225	-	-	-	-	-
-	-	-	614,030	-	-	-	-
<u>250</u>	<u>-</u>	<u>2,644,187</u>	<u>614,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 28,395</u>	<u>\$ 4,933</u>	<u>\$ 5,723,015</u>	<u>\$ 623,774</u>	<u>\$ -</u>	<u>\$ 9,169</u>	<u>\$ -</u>	<u>\$ -</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

Data Control Codes		681 2013 Maint Projects Fund	682 Student Info Software Fund	684 2014 Turf Installation Fund	685 2014 Sewer Infra- Structure
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1240	Receivables from Other Governments	-	-	-	-
1260	Due from Other Funds	122,939	-	48,485	276,118
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 122,939</u>	<u>\$ -</u>	<u>\$ 48,485</u>	<u>\$ 276,118</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3510	Construction	122,939	-	48,485	276,118
3000	Total Fund Balances	<u>122,939</u>	<u>-</u>	<u>48,485</u>	<u>276,118</u>
4000	Total Liabilities and Fund Balances	<u>\$ 122,939</u>	<u>\$ -</u>	<u>\$ 48,485</u>	<u>\$ 276,118</u>

686 2015 Capital Projects	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ 20,909	\$ 69,153
-	-	1,414,060
-	-	2,006,070
10,707,854	11,767,430	12,827,714
-	-	1,194,357
<u>\$ 10,707,854</u>	<u>\$ 11,788,339</u>	<u>\$ 17,511,354</u>
\$ 1,141,651	\$ 1,151,395	\$ 2,198,421
-	9,169	1,312,828
-	-	116,559
-	-	196,522
-	-	415,062
<u>1,141,651</u>	<u>1,160,564</u>	<u>4,239,392</u>
-	-	1,194,357
-	-	1,371,605
-	-	78,225
9,566,203	10,627,775	10,627,775
<u>9,566,203</u>	<u>10,627,775</u>	<u>13,271,962</u>
<u>\$ 10,707,854</u>	<u>\$ 11,788,339</u>	<u>\$ 17,511,354</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 4,535,597
5800	State Program Revenues	-	-	-	351,718
5900	Federal Program Revenues	6,997,736	5,734,485	135,585	10,429,367
5020	Total Revenues	6,997,736	5,734,485	135,585	15,316,682
EXPENDITURES:					
Current:					
0011	Instruction	3,606,810	5,550,572	135,585	-
0012	Instructional Resources and Media Services	190,624	-	-	-
0013	Curriculum and Instructional Staff Development	2,848,057	63,027	-	-
0021	Instructional Leadership	6,839	2,000	-	-
0023	School Leadership	25,700	-	-	-
0031	Guidance, Counseling and Evaluation Services	71,656	118,886	-	-
0032	Social Work Services	58,672	-	-	-
0033	Health Services	-	-	-	-
0035	Food Services	-	-	-	18,258,784
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	1,225,441
0053	Data Processing Services	-	-	-	-
0061	Community Services	189,378	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	6,997,736	5,734,485	135,585	19,484,225
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(4,167,543)
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	-	2,646
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	2,646
1200	Net Change in Fund Balance	-	-	-	(4,164,897)
0100	Fund Balance - July 1 (Beginning)	-	-	-	6,730,859
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ 2,565,962

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	273 Mathematics & Science Partnerships	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
314,769	1,146,345	571,170	61,396	72,850	25,326	21,626	42,127
314,769	1,146,345	571,170	61,396	72,850	25,326	21,626	42,127
82,484	20,988	231,719	-	-	25,326	17,767	42,127
-	-	-	-	-	-	-	-
-	1,125,357	202,725	-	72,850	-	3,859	-
-	-	84,244	-	-	-	-	-
-	-	-	-	-	-	-	-
232,285	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	61,396	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	52,482	-	-	-	-	-
-	-	-	-	-	-	-	-
314,769	1,146,345	571,170	61,396	72,850	25,326	21,626	42,127
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes		317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives	410 State Textbook Fund
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	627,690
5900	Federal Program Revenues	4,842	972	-	-
5020	Total Revenues	4,842	972	-	627,690
EXPENDITURES:					
Current:					
0011	Instruction	2,840	972	-	627,690
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	2,002	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0035	Food Services	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	4,842	972	-	627,690
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	-	-
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

435 SSA Regional Day School - Deaf	481 Meadows Foundation Award	482 Education Foundation Awards	483 Citi Foundation Awards	486 Blackshear Ecolab	489 Brown Agriculture Award	490 Barbara Jordan Trust	491 OHS Scholarship Fund
\$ 210,752	\$ 500	\$ 42,842	\$ 6,070	\$ 11,657	\$ 148	\$ 133	\$ 2,068
411,109	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
621,861	500	42,842	6,070	11,657	148	133	2,068
846,687	500	32,842	-	11,657	-	-	-
-	-	-	-	-	-	-	-
24,864	-	10,000	5,525	-	-	-	-
-	-	-	-	-	-	-	-
62,992	-	-	-	-	-	-	-
44,895	-	-	45	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,587	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	500	-	-	-	2,000
-	-	-	-	-	-	-	-
988,025	500	42,842	6,070	11,657	-	-	2,000
(366,164)	-	-	-	-	148	133	68
-	-	-	-	-	-	-	-
366,164	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
366,164	-	-	-	-	-	-	-
-	-	-	-	-	148	133	68
-	-	-	-	-	-	52,700	24,926
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148	\$ 52,833	\$ 24,994

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes		492 Jason's Project STEM	493 ICA Donation Fund	494 Chevron Project Lead The Way	496 School Clinic
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 131,631	\$ 72,966	\$ 30,572	\$ 3,606
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>131,631</u>	<u>72,966</u>	<u>30,572</u>	<u>3,606</u>
EXPENDITURES:					
Current:					
0011	Instruction	104,903	55,576	19,468	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	26,728	-	10,392	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	712	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	3,606
0035	Food Services	-	-	-	-
0041	General Administration	-	17,390	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>131,631</u>	<u>72,966</u>	<u>30,572</u>	<u>3,606</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	-	-
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

497 Weldon Scholarship Fund	498 PHS Science Giant Award	Total Nonmajor Special Revenue Funds	671 Security Infra- Structure	674 Maintenance Projects	675 OHS Science Labs	676 Sewer Plant Expansion	678 New Elementary Fund
\$ 52	\$ -	\$ 5,048,594	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,390,517	-	-	-	-	-
-	-	25,558,596	-	-	-	-	-
52	-	31,997,707	-	-	-	-	-
-	-	11,416,513	-	-	-	-	-
-	-	190,624	-	-	-	-	-
-	-	4,395,386	-	-	-	-	-
-	-	93,083	-	-	-	-	-
-	-	89,404	-	-	-	-	-
-	-	467,767	-	-	-	-	-
-	-	58,672	-	-	-	-	-
-	-	65,002	-	-	-	-	-
-	-	18,258,784	-	-	-	-	-
-	-	25,977	-	-	-	-	-
-	-	1,225,441	-	-	-	-	-
-	-	-	206,583	-	-	-	-
-	-	244,360	-	-	-	-	-
-	-	-	2,362,667	-	-	-	-
-	-	36,531,013	2,569,250	-	-	-	-
52	-	(4,533,306)	(2,569,250)	-	-	-	-
-	-	2,646	-	-	-	-	-
-	-	366,164	300,000	-	-	-	-
-	-	-	-	-	-	(190,000)	(9,283,019)
-	-	368,810	300,000	-	-	(190,000)	(9,283,019)
52	-	(4,164,496)	(2,269,250)	-	-	(190,000)	(9,283,019)
198	-	6,808,683	2,883,280	-	-	190,000	9,283,019
\$ 250	\$ -	\$ 2,644,187	\$ 614,030	\$ -	\$ -	\$ -	\$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes		681 2013 Maint Projects Fund	682 Student Info Software Fund	684 2014 Turf Installation Fund	685 2014 Sewer Infra- Structure
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	-	-	-	-
EXPENDITURES:					
Current:					
0011	Instruction	-	-	-	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0035	Food Services	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	79,209	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	5,900	784,637
6030	Total Expenditures	79,209	-	5,900	784,637
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(79,209)	-	(5,900)	(784,637)
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	-	-
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	(1,080,000)	-	-
7080	Total Other Financing Sources (Uses)	-	(1,080,000)	-	-
1200	Net Change in Fund Balance	(79,209)	(1,080,000)	(5,900)	(784,637)
0100	Fund Balance - July 1 (Beginning)	202,148	1,080,000	54,385	1,060,755
3000	Fund Balance - June 30 (Ending)	\$ 122,939	\$ -	\$ 48,485	\$ 276,118

686 2015 Capital Projects	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 5,048,594
-	-	1,390,517
-	-	25,558,596
-	-	31,997,707
1,818,934	1,818,934	13,235,447
673,300	673,300	863,924
-	-	4,395,386
-	-	93,083
152,584	152,584	241,988
1,198	1,198	468,965
-	-	58,672
9,643	9,643	74,645
-	-	18,258,784
-	-	25,977
2,814,934	2,894,143	4,119,584
1,870,691	2,077,274	2,077,274
-	-	244,360
5,025,496	8,178,700	8,178,700
12,366,780	15,805,776	52,336,789
(12,366,780)	(15,805,776)	(20,339,082)
-	-	2,646
-	300,000	666,164
-	(10,553,019)	(10,553,019)
-	(10,253,019)	(9,884,209)
(12,366,780)	(26,058,795)	(30,223,291)
21,932,983	36,686,570	43,495,253
\$ 9,566,203	\$ 10,627,775	\$ 13,271,962

COMBINING SCHEDULES – INTERNAL SERVICE FUNDS

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016

	715 Chancellor Killion Housing	771 Worker's Compensation Fund	772 Medical Trust Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 73,490	\$ 9,554	\$ 1,016,848	\$ 1,099,892
Investments - Current	-	7,014,030	7,423,526	14,437,556
Due from Other Funds	1,500	97,725	1,800,546	1,899,771
Total Current Assets	<u>74,990</u>	<u>7,121,309</u>	<u>10,240,920</u>	<u>17,437,219</u>
Noncurrent Assets:				
Capital Assets:				
Land	54,012	-	-	54,012
Buildings and Improvements	3,663,335	-	-	3,663,335
Depreciation on Buildings	(52,183)	-	-	(52,183)
Total Noncurrent Assets	<u>3,665,164</u>	<u>-</u>	<u>-</u>	<u>3,665,164</u>
Total Assets	<u>3,740,154</u>	<u>7,121,309</u>	<u>10,240,920</u>	<u>21,102,383</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	4,111	-	554,156	558,267
Accrued Expenses	-	583,921	2,058,431	2,642,352
Total Current Liabilities	<u>4,111</u>	<u>583,921</u>	<u>2,612,587</u>	<u>3,200,619</u>
NonCurrent Liabilities:				
Other Long-Term Debt - Due in More than One Year	-	2,244,840	-	2,244,840
Total Noncurrent Liabilities	<u>-</u>	<u>2,244,840</u>	<u>-</u>	<u>2,244,840</u>
Total Liabilities	<u>4,111</u>	<u>2,828,761</u>	<u>2,612,587</u>	<u>5,445,459</u>
NET POSITION				
Unrestricted Net Position	<u>3,736,043</u>	<u>4,292,548</u>	<u>7,628,333</u>	<u>15,656,924</u>
Total Net Position	<u>\$ 3,736,043</u>	<u>\$ 4,292,548</u>	<u>\$ 7,628,333</u>	<u>\$ 15,656,924</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	715 Chancellor Killion Housing	771 Worker's Compensation Fund	772 Medical Trust Fund	Total Internal Service Funds
OPERATING REVENUES:				
Employee and Employer Premiums	\$ 129,735	\$ 1,040,087	\$ 21,494,011	\$ 22,663,833
Stop Loss Reimbursement	-	41,777	653,498	695,275
Total Operating Revenues	129,735	1,081,864	22,147,509	23,359,108
OPERATING EXPENSES:				
Claims and Prescriptions	-	845,880	19,602,624	20,448,504
Professional and Contracted Services	54,776	85,566	33,000	173,342
Supplies and Materials	4,080	-	-	4,080
Other Operating Costs	-	-	2,325,068	2,325,068
Depreciation Expense	52,183	-	-	52,183
Total Operating Expenses	111,039	931,446	21,960,692	23,003,177
Operating Income	18,696	150,418	186,817	355,931
NONOPERATING REVENUES (EXPENSES):				
Earnings from Temporary Deposits & Investments	-	14,827	17,095	31,922
Total Nonoperating Revenues (Expenses)	-	14,827	17,095	31,922
Income Before Contributions	18,696	165,245	203,912	387,853
Contributed Capital	3,717,347	-	-	3,717,347
Change in Net Position	3,736,043	165,245	203,912	4,105,200
Total Net Position - July 1 (Beginning)	-	4,127,303	7,424,421	11,551,724
Total Net Position June 30 (Ending)	\$ 3,736,043	\$ 4,292,548	\$ 7,628,333	\$ 15,656,924

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	715 Chancellor Killion Housing	771 Worker's Compensation Fund	772 Medical Trust Fund	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Rental Receipts	\$ 128,235	\$ -	\$ -	\$ 128,235
Cash Received from Employees and Employer	-	643,705	19,693,465	20,337,170
Cash Received from Stop Loss Carrier	-	41,777	653,498	695,275
Cash Payments for Claims	-	(1,168,385)	(19,499,155)	(20,667,540)
Other Payments	(54,745)	(85,566)	(2,409,828)	(2,550,139)
Net Cash Provided by (Used for) Operating Activities	73,490	(568,469)	(1,562,020)	(2,056,999)
<u>Cash Flows from Investing Activities:</u>				
Interest and Dividends on Investments	-	14,827	17,095	31,922
Net Increase (Decrease) in Cash and Cash Equivalents	73,490	(553,642)	(1,544,925)	(2,025,077)
Cash and Cash Equivalents at Beginning of Year	-	7,577,226	9,985,299	17,562,525
Cash and Cash Equivalents at End of Year	<u>\$ 73,490</u>	<u>\$ 7,023,584</u>	<u>\$ 8,440,374</u>	<u>\$ 15,537,448</u>
<u>Reconciliation of Operating Income to Net Cash</u>				
<u>Provided by (Used for) Operating Activities:</u>				
Operating Income:	\$ 18,696	\$ 150,418	\$ 186,817	\$ 355,931
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:				
Depreciation	52,183	-	-	52,183
Effect of Increases and Decreases in Current Assets and Liabilities:				
Increase in Due To Other Funds	(1,500)	(396,382)	(1,800,546)	(2,198,428)
Increase in Accounts Payable	4,111	-	-	4,111
Decrease in Accounts Payable	-	-	(51,760)	(51,760)
Increase in Accrued Expenses	-	-	103,469	103,469
Decrease in Accrued Expenses	-	(322,505)	-	(322,505)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 73,490</u>	<u>\$ (568,469)</u>	<u>\$ (1,562,020)</u>	<u>\$ (2,056,999)</u>

REQUIRED TEA SCHEDULES

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2016

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2007 and prior years	\$ 1.400000	\$ 0.072500	\$ 6,569,269,000
2008	1.280000	0.080000	7,597,165,000
2009	1.030000	0.082000	9,273,311,000
2010	1.040000	0.088600	9,000,890,000
2011	1.040000	0.095000	9,565,177,000
2012	1.040000	0.095000	10,232,624,000
2013	1.040000	0.079500	11,598,844,880
2014	1.040000	0.121000	13,401,694,166
2015	1.040000	0.121000	14,256,078,650
2016 (School year under audit)	1.040000	0.110000	13,190,683,066
1000 TOTALS			

(10) Beginning Balance 7/1/2015	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2016
\$ 2,317,818	\$ -	\$ 82,334	\$ 4,264	\$ (97,754)	\$ 2,133,466
280,456	-	14,613	913	(3,848)	261,082
505,881	-	40,300	3,208	(4,034)	458,339
490,601	-	54,370	4,632	(5,074)	426,525
565,504	-	75,867	6,930	1,718	484,425
981,002	-	217,387	25,287	4,312	742,640
1,035,205	-	219,887	44,189	7,417	778,546
1,826,805	-	401,409	46,692	(18,240)	1,360,464
4,842,542	-	1,852,683	215,505	(195,197)	2,579,157
-	151,692,852	130,057,565	15,128,375	(634,594)	5,872,318
<u>\$ 12,845,814</u>	<u>\$ 151,692,852</u>	<u>\$ 133,016,415</u>	<u>\$ 15,479,995</u>	<u>\$ (945,294)</u>	<u>\$ 15,096,962</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 6,742,000	\$ 6,742,000	\$ 4,535,597	\$ (2,206,403)
5800	State Program Revenues	370,000	370,000	351,718	(18,282)
5900	Federal Program Revenues	9,898,516	9,898,516	10,429,367	530,851
5020	Total Revenues	17,010,516	17,010,516	15,316,682	(1,693,834)
EXPENDITURES:					
0035	Food Services	15,799,131	20,776,008	18,035,592	2,740,416
0051	Facilities Maintenance and Operations	1,211,385	1,236,749	1,225,441	11,308
6030	Total Expenditures	17,010,516	22,012,757	19,261,033	2,751,724
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(5,002,241)	(3,944,351)	1,057,890
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	2,646	2,646
1200	Net Change in Fund Balances	-	(5,002,241)	(3,941,705)	1,060,536
0100	Fund Balance - July 1 (Beginning)	6,730,859	6,730,859	6,730,859	-
3000	Fund Balance - June 30 (Ending)	\$ 6,730,859	\$ 1,728,618	\$ 2,789,154	\$ 1,060,536

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 15,377,326	\$ 14,642,791	\$ 14,573,644	\$ (69,147)
5800 State Program Revenues	-	244,379	244,379	-
5020 Total Revenues	15,377,326	14,887,170	14,818,023	(69,147)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	7,067,517	7,067,517	7,067,517	-
0072 Interest on Long Term Debt	11,142,461	11,142,461	11,142,462	(1)
0073 Bond Issuance Cost and Fees	9,800	9,800	7,750	2,050
6030 Total Expenditures	18,219,778	18,219,778	18,217,729	2,049
1200 Net Change in Fund Balances	(2,842,452)	(3,332,608)	(3,399,706)	(67,098)
0100 Fund Balance - July 1 (Beginning)	16,547,593	16,547,593	16,547,593	-
3000 Fund Balance - June 30 (Ending)	\$ 13,705,141	\$ 13,214,985	\$ 13,147,887	\$ (67,098)

FEDERAL AWARDS SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Ector County Independent School District (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated **Date_, 2016**.

Internal Control over Financial Reporting

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

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

Internal Control over Financial Reporting (Continued)

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

Compliance and Other Matters

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

We performed tests designed to verify the District's compliance with the requirements of the Texas Public Funds Investment Act. During the year ended June 30, 2016, no instances of noncompliance were found.

Purpose of this Report

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

Odessa, Texas

Date_, 2016

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

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

Report on Compliance for Each Major Federal Program

We have audited the Ector County Independent School District (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

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

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

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

Odessa, Texas

Date_, 2016

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

Section I – Summary of the Auditor’s Results:

Type of Auditor’s Report Issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be Material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be Material weaknesses?	No
Type of Auditor’s Report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No

Identification of Major Programs:
CFDA Numbers

	<u>Program Name</u>
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children

Dollar threshold used to distinguish between Type A and Type B programs:	\$782,719
Auditee qualified as a low-risk auditee?	Yes

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

Section II – Financial Statement Findings

No matters were reported.

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

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

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

Section II – Financial Statement Findings

Significant Deficiency in Internal Control over Financial Reporting

Finding 2015-001

Resolved, the finding was not repeated in fiscal 2016.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
Junior Reserve Officer's Training Corp	12.000	068901	\$ 86,205
Total Direct Programs			\$ 86,205
TOTAL U.S. DEPARTMENT OF DEFENSE			\$ 86,205
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Odessa College</u>			
Career and Technical Education - Basic Grants	84.048	14420206	\$ 117,545
Total Passed Through Odessa College			\$ 117,545
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	15610101068901	\$ 1,335,224
ESEA, Title I, Part A - Improving Basic Programs	84.010A	16610101068901	4,009,561
ESEA Title I, Part D, Subpart 2-Delin.Programs	84.010A	15610103068901	7,843
ESEA Title I, Part D, Subpart 2-Delin.Programs	84.010A	16610103068901	66,574
TTL I 1003(A) Priority And Focus School Grant	84.010A	15610112068901101	41,728
TTL I 1003(A) Priority And Focus School Grant	84.010A	15610112068901102	11,855
TTL I 1003(A) Priority And Focus School Grant	84.010A	15610112068901103	47,495
TTL I 1003(A) Priority And Focus School Grant	84.010A	15610112068901105	24,185
TTL I 1003(A) Priority And Focus School Grant	84.010A	15610112068901107	3,028
TTL I 1003(A) Priority And Focus School Grant	84.010A	15610112068901110	47,059
TTL I 1003(A) Priority And Focus School Grant	84.010A	15610112068901113	612
TTL I 1003(A) Priority And Focus School Grant	84.010A	15610112068901117	17,678
TTL I 1003(A) Priority And Focus School Grant	84.010A	15610112068901119	17,232
TTL I 1003(A) Priority And Focus School Grant	84.010A	15610112068901121	73,508
TTL I 1003(A) Priority And Focus School Grant	84.010A	15610112068901122	12,449
TTL I 1003(A) Priority And Focus School Grant	84.010A	15610112068901123	51,719
TTL I 1003(A) Priority And Focus School Grant	84.010A	15610112068901124	82,918
TTL I 1003(A) Priority And Focus School Grant	84.010A	15610112068901126	67,521
TTL I 1003(A) Priority And Focus School Grant	84.010A	15610112068901127	6,068
TTL I 1003(A) Priority And Focus School Grant	84.010A	16610112068901000	1,350,922
Total CFDA Number 84.010A			7,275,179
IDEA - Part B, Formula	84.027	156600010689016600	723,275
IDEA - Part B, Formula	84.027	166600010689016600	5,011,210
IDEA - Part B, Discretionary Deaf	84.027	166600110689016673	21,626
IDEA - Part B, Discretionary Deaf Formula	84.027	156600010689016601	7,785
IDEA - Part B, Discretionary Deaf Formula	84.027	166600010689016601	34,343
Total CFDA Number 84.027			5,798,239
IDEA - Part B, Preschool	84.173	156610010689016610	12,439
IDEA - Part B, Preschool	84.173	166610010689016610	123,146
IDEA - Part B, Preschool Deaf	84.173	156610010689016611	1,372
IDEA - Part B, Preschool Deaf	84.173	166610010689016611	3,695
Total CFDA Number 84.173			140,652
Total Special Education Cluster (IDEA)			5,938,891
Carl D. Perkins Basic Formula	84.048	15420006068901	7,324
Carl D. Perkins Basic Formula	84.048	16420006068901	314,769
Total CFDA Number 84.048			322,093
IDEA, Part C - Early Intervention	84.181A	163911010689013911	972
2015-2016 Teacher PD Partnerships	84.336B	156944187110004	72,850
Title III, Part A - LEP	84.365A	15671001068901	23,996
Title III, Part A - LEP	84.365A	16671001068901	507,843

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Title III, Part A-Immigrant	84.365A	15671003068901	39,331
Total CFDA Number 84.365A			571,170
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	15694501068901	145,321
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	16694501068901	1,034,332
Total CFDA Number 84.367A			1,179,653
LEP Summer School	84.369A	69551502	25,326
Total Passed Through State Department of Education			\$ 15,386,134
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 15,503,679
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	068901	\$ 61,396
Federal Child Care Tuition	93.556	09030C02FY16	10,000
Total Passed Through Texas Dept of Human Services			\$ 71,396
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 71,396
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program	10.553	71401601	\$ 3,303,279
National School Lunch Program - Cash Assistance	10.555	71301601	6,143,896
National School Lunch Prog. - Non-Cash Assistance	10.555	068901	783,750
Total CFDA Number 10.555			6,927,646
Summer Feeding Program - Cash Assistance	10.559	068901	198,442
Total Child Nutrition Cluster			10,429,367
Total Passed Through the State Department of Agriculture			\$ 10,429,367
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 10,429,367
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 26,090,647

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

1) General

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

2) Basis of Accounting

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

Indirect costs shown on the Schedule of Expenditures of Federal Awards are properly credited as revenues to the General Fund. These indirect cost revenues were determined by applying approved indirect cost rates to actual applicable expenditures of the projects.

3) Relationship to General Purpose Financial Statements

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

100-199	General Fund	2,452,843
200-499	Special Revenue Funds	25,558,596
		<hr/> 28,011,439
Less:	SHARS revenue	(1,920,792)
	Schedule of Federal Awards	<hr/> <hr/> 26,090,647

4) Relationship to Federal Financial Reports

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