

# Annual Financial Report

For the Year Ended  
June 30, 2019

Ector County Independent School District  
Odessa, Texas

**ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2019**

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**PREPARED BY THE FINANCE DEPARTMENT**

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Accounting Department

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**ALBESSA CHAVEZ**  
Director of Finance

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**ARTHUR (ART) MARTIN**  
Interim Chief Financial Officer

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802 N. Sam Houston  
Odessa, Texas

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2019

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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, 2019 at a meeting of the Board of Trustees of such school district on the \_\_\_\_\_ day of November, 2019.

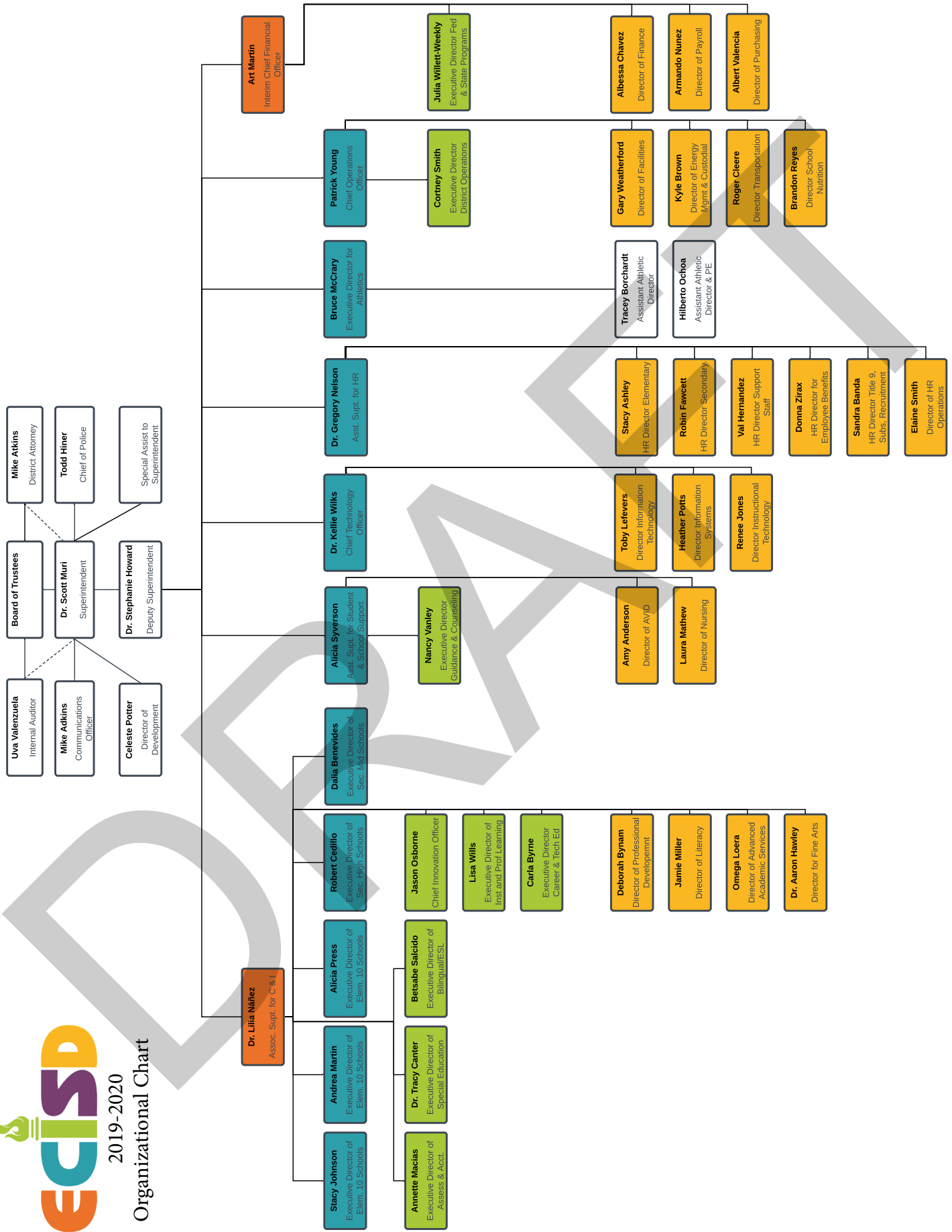
\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
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)



# 2019-2020 Organizational Chart



# ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

## Board of Trustees and Consultants and Advisors

### Board of Trustees

Donna Smith  
Delma Abalos  
Tammy Hawkins  
Steve Brown  
Carol Gregg  
Nelson Minyard  
Doyle Woodall

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



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**FINANCIAL SECTION**



**Independent Auditors' Report**

Draft - For  
Discussion  
Purposes Only

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"), which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 District's internal control. Accordingly, we express no such opinion.

**Auditors' Responsibility (continued)**

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 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, 2019, and the respective changes in its financial position and where applicable its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-14, Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund on page 63, Schedule of the District's Proportionate Share of the Net Pension Liability Teacher Retirement System of Texas on page 64, Schedule of District Contributions Teacher Retirement System of Texas on page 66, Schedule of the District's Proportionate Share of the Net OPEB Liability Teacher Retirement System of Texas (page 68), Schedule of the District's Contributions for Other Post – Employment Benefits Teacher Retirement System of Texas (page 69) and the notes to the required Supplementary Information (pages 70-71) 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.

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**Other Matters (Continued)**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and 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 accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. The Texas Education Agency requires Texas school districts to include certain information in the Annual Financial Report in conformity with laws and regulations of the state of Texas. The information is in Exhibits J-1 through J-5. These schedules are not a required part of the financial statements.

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Odessa, Texas  
November 19, 2019

## 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, 2019. Please read it in conjunction with the independent auditors' report on page 1, and the District's Basic Financial Statements which begin on page 15.

### 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 15 and 16-17). 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 18) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the services. The remaining statements and fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements (starting on page 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, deferred outflows, liabilities, and deferred inflows as of the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

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

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

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

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

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements begin on page 18 and provide detailed information about the most significant funds-not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds-governmental and proprietary-use different accounting approaches.

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

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

## The District as Trustee

### *Reporting the District's Fiduciary Responsibilities*

The District is the trustee, or fiduciary, for money raised by the student activities. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 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	
	2019	2018 Restated
Current and other assets	\$ 145,619,525	\$ 103,704,630
Capital assets	312,901,204	322,885,022
Total assets	<u>458,520,729</u>	<u>426,589,652</u>
Deferred charge on refunding	4,055,537	4,338,207
Deferred resource outflow for TRS	43,098,993	15,440,108
Deferred resource outflow for OPEB	9,715,573	1,173,311
Total deferred outflows of resources	<u>56,870,103</u>	<u>20,951,626</u>
Long-term liabilities	186,660,472	195,987,428
Net Pension liability	89,454,550	52,121,909
Net OPEB liability	122,426,875	111,292,438
Other liabilities	38,095,135	30,791,993
Total liabilities	<u>436,637,032</u>	<u>390,193,768</u>
Deferred resource inflow for TRS	8,767,818	12,444,463
Deferred resource inflow for TRS OPEB	44,605,093	46,553,837
Total deferred inflows of resources	<u>53,372,911</u>	<u>58,998,300</u>
Net position:		
Invested in capital assets net of related debt	134,121,661	136,001,166
Restricted	13,517,332	13,256,670
Unrestricted	<u>(122,258,104)</u>	<u>(150,908,626)</u>
Total net position	<u>\$ 25,380,889</u>	<u>\$ (1,650,790)</u>

Net position of the District's governmental activities increased 1,637.50% from (\$1,650,790) to \$25,380,889. Significant changes in net position from the prior year are explained as follows:

Current and other assets increased primarily because of an increase in investments.

Net capital assets decreased primarily because of equipment disposals and current year depreciation.

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

Other liabilities increased primarily from an increase in accounts payable in fiscal year 2019.

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

**Table II**  
**Ector County Independent School District**  
**CHANGES IN NET POSITION**

	Governmental Activities	
	2019	2018
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 8,795,085	\$ 7,876,826
Operating grants and contributions	65,497,437	2,896,195
General revenues:		
Property taxes, levied for general purposes	151,138,935	125,059,972
Property taxes, levied for debt service	14,169,668	13,615,128
State aid – formula grants	94,704,118	92,438,360
Grants and contributions not restricted	147,994	35,568
Investment earnings	2,063,987	679,537
Miscellaneous local and intermediate revenue	7,014,579	7,598,417
Total revenue	<u>343,531,803</u>	<u>250,200,003</u>
<b>Expenses:</b>		
Instruction, curriculum and media services	182,246,891	107,405,744
Instructional and school leadership	25,584,404	14,927,884
Student support services	23,259,135	15,629,615
Child nutrition	16,446,966	12,362,393
Co-curricular activities	7,751,539	6,226,921
General administration	7,511,516	4,951,824
Facilities maintenance, security and data processing	45,175,333	35,271,309
Community services	1,328,407	1,048,069
Debt service	5,453,184	6,000,066
Other Intergovernmental charges	1,742,749	1,544,684
Total expenses	<u>316,500,124</u>	<u>205,368,509</u>
Increase in net position	27,031,679	44,831,494
Net position - beginning	6,105,010	156,596,388
Prior period adjust to net position	(7,755,800)	(195,322,872)
Net position - ending	<u>\$ 25,380,889</u>	<u>\$ 6,105,010</u>



The District's total revenues increased by 37.3% – approximately \$93.3 million from prior year revenues. Significant changes in revenue from the prior year are explained as follows:

Program revenues increased approximately \$63.5 million, due to an increase in local revenues of \$900,000, an increase federal and state revenue of \$8.7 million and an increase in operating grants and contributions of approximately \$53.9 million as a result of GASB 68 and GASB 75 recognition of the District's portion of the State's proportion of pension expense and other post-employment benefits.

Property tax revenue increased approximately \$26.6 million due to a 7% increase in taxable property value from prior year and an increase in the property tax rate from \$1.04 to \$1.17.

State Aid – Formula Grants and Grants and contributions not restricted increased by a net of \$2.4 million due to an increase in student enrollment and donations.

Investment Earnings increased by \$1.4 million during the year primarily due to rising interest rates, from an average of 1.5324% in 2017-2018 to an average of 2.2918% in 2018-2019.

Miscellaneous local revenue decreased approximately \$600,000 primarily due to insurance recovery funds received from hail damage claims.

The District's total expenses increased by 54.1% – approximately \$111.1 million from prior year expenses. Significant changes in expenses from the prior year are as follows:

- Instruction, curriculum and media services expenses increased during 2018-2019 approximately \$74.8 million. The increase is attributed mainly from GASB 68 recognition of the District's portion of the State's proportion of pension expense and GASB 75 recognition of the District's portion of the State's proportion of other post-employment benefits. Payroll expenses increased approximately by \$59.7 million. Services expense increased approximately \$100,000, and supplies and miscellaneous expenses increased approximately \$15 million.
- Instructional and school leadership expenses increased approximately \$10.7 million mostly due to the GASB 68 recognition of the District's portion of the State's proportion of pension expense and GASB 75 recognition of the District's portion of the State's proportion of other post-employment. Payroll, services, supplies and miscellaneous expenses increased approximately \$8.7 million, \$500,000, \$600,000, \$900,000.
- Student support services expense increased approximately \$7.6 million due mainly to the GASB 68 recognition of the District's portion of the State's proportion of pension expense and GASB 75 recognition of the District's portion of the State's proportion of other post-employment. Payroll and miscellaneous expenses increased \$6.9 million and \$500,000 respectively. Services and supplies expense increased to a netted \$200,000.
- Child nutrition program expenses increased approximately \$4.1 million due mainly to the GASB 68 recognition of the District's portion of the State's proportion of pension expense and GASB 75 recognition of the District's portion of the State's proportion of other post-employment. Payroll and miscellaneous expenses increased \$2.2 million and \$1.5 million respectively. Services and supplies expense increased to a netted \$400,000.
- Co-curricular activities expenses increased approximately \$1.5 million due mainly to the GASB 68 recognition of the District's portion of the State's proportion of pension expense and GASB 75 recognition of the District's portion of the State's proportion of other post-employment. Services expense and miscellaneous expense increased by approximately \$2.3 million. Payroll and supplies expenses decreased by a total of approximately \$800,000.

- General administration expenses increased by approximately \$2.6 million from the prior year due mainly to the GASB 68 recognition of the District's portion of the State's proportion of pension expense and GASB 75 recognition of the District's portion of the State's proportion of other post-employment. Payroll and service expense netted for an increase of \$2.3 million. Supplies and miscellaneous expenses increased approximately \$100,000 and \$200,000 respectively.
- Facilities maintenance, security and data processing expenses increased approximately \$9.9 million due mainly to the GASB 68 recognition of the District's portion of the State's proportion of pension expense and GASB 75 recognition of the District's portion of the State's proportion of other post-employment. Payroll, supplies and miscellaneous expenses increased by \$3.5 million, \$3.7 million and \$3.2 million respectively. Services expenses decreased by \$500,000.
- Community services expense increased approximately \$300,000 due mainly to the GASB 68 recognition of the District's portion of the State's proportion of pension expense and GASB 75 recognition of the District's portion of the State's proportion of other post-employment. Payroll, services, supplies and miscellaneous expenses increased by a total of approximately \$300,000.
- Debt services expenses decreased by approximately \$550,000 due to payment of debt obligations.
- Other intergovernmental charges increased approximately \$200,000 from an increase in the tax appraisal fees.

In an effort to provide a better understanding of the impact the District has experienced as a result of implementing the reporting requirements of GASB 68 for the District's portion of the State's proportion of pension expense and GASB 75 for the District's portion of the State's proportion of other post-employment benefits, we have incorporated adjustments in net position (Table III). More detailed information about the District's benefits plans is presented in Notes J and K to the financial statements.

**Table III**  
**Ector County Independent School District**  
**ADJUSTMENTS TO NET POSITION**

<b>Description</b>	<b>Fund Statements</b>	<b>GASB68</b>	<b>GASB75</b>	<b>All Other GASB 34</b>	<b>Entity Wide Statement</b>
<b>Revenues:</b>					
Program revenues:					
Charges for services	\$ -	\$ -	\$ -	\$ 8,795,085	\$ 8,795,085
Operating grants and contributions	-	-	-	65,497,437	65,497,437
General revenues:					
Property taxes, levied for general purposes	151,042,782	-	-	96,153	151,138,935
Property taxes, levied for debt service	14,139,544	-	-	30,124	14,169,668
State aid – formula grants	151,908,952	5,068,355	2,892,383	(65,165,572)	94,704,118
Grants and contributions not restricted	-	-	-	147,994	147,994
Investment earnings	1,730,764	-	-	333,223	2,063,987
Miscellaneous local and intermediate revenue	17,358,607	-	-	(10,344,028)	7,014,579
Total Revenue	336,180,649	5,068,355	2,892,383	(609,584)	343,531,803
<b>Expenses:</b>					
Instruction, curriculum and media services	170,530,969	7,690,239	2,712,324	1,313,359	182,246,891
Instructional and school leadership	24,312,252	951,265	201,222	119,665	25,584,404
Student support services	22,872,012	912,440	251,097	(776,414)	23,259,135
Child nutrition	14,544,661	399,727	223,078	1,279,500	16,446,966
Co-curricular activities	5,537,221	135,079	31,915	2,047,324	7,751,539
General administration	7,349,328	225,389	37,355	(100,556)	7,511,516
Facilities maintenance, security and data processing	42,524,240	719,870	77,653	1,853,570	45,175,333
Community Services	1,271,674	31,457	1,170	24,106	1,328,407
Debt service	13,178,569	-	-	(7,725,385)	5,453,184
Facilities Acquisition and Construction	871,209	-	-	(871,209)	-
Other Intergovernmental Charges	1,742,749	-	-	-	1,742,749
Total Expenditures	304,734,884	11,065,466	3,535,814	(2,836,040)	316,500,124
Excess (Deficiency) of Revenues Over (Under)	31,445,765	(5,997,111)	(643,431)	2,226,456	27,031,679
<b>Other Sources (Uses):</b>					
Sale of Real and Personal Property	6,816	-	-	(6,816)	-
Transfers In	526,802	-	-	(526,802)	-
Transfers Out (Use)	(526,802)	-	-	526,802	-
Other (Uses)	(745,981)	-	-	745,981	-
Total Sources (Uses)	(739,165)	-	-	739,165	-
Change in Net Position	30,706,600	(5,997,111)	(643,431)	2,965,621	27,031,679
Net Position - Beginning as Previously Stated	53,559,183	(41,098,657)	(156,944,771)	150,589,255	6,105,010
Prior Period Adjustment	-	(8,027,607)	271,807	-	(7,755,800)
Net Position - Ending	\$ 84,265,783	\$ (55,123,375)	\$(157,316,395)	\$ 153,554,876	\$ 25,380,889

## The District's Funds

As the District completed the year, its governmental funds (as presented in the balance sheet on page 18) reported a combined fund balance of approximately \$84.3 million, which is above last year's total of approximately \$54 million. The primary reasons for the increase include (1) an increase in investments primarily due to increased revenues and rising interest rates, and (2) an increase of receivables due from other funds. 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	\$ 275,265,282
Estimated adjust estimated tax collections per certified property value	4,769,775
Estimated investment interest	1,010,821
Estimated E-Rate Connectivity Grant	700,589
Estimated tax collections	562,534
Estimated adjust estimated state funding per certified property value	256,483
Estimated TRS on-behalf	200,000
Estimated cocurricular activities revenue	93,000
Estimated miscellaneous revenue	90,400
Estimated gifts & bequests	90,000
Estimated rent revenue	90,000
Estimated tuition revenues	85,590
Estimated other state revenue	33,000
Estimated insurance recovery	(16,500)
Estimated federal revenues	(201,000)
Estimated SHARS revenue	(260,000)
Estimated decrease in estimated on behalf payments	(700,589)
Estimated state funding	(4,462,120)
Final Amended Estimated Revenues	<u>\$ 277,607,265</u>

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

	<u>Appropriations</u>
Beginning Appropriations	\$ 272,594,509
Increase in salaries: \$2,500 for teacher step pay, all others 3.5% of midpoint	9,826,026
Increase in roof deductibles	6,250,000
Increase for fiber optics installation, networking equipment, and Connectivity Grant	5,000,000
Increase for buses	1,500,000
Increase to purchase building for Textbooks and Records - 119 E 52nd St.	746,000
Increase for portables	348,720
Increase for controlled access	300,000
Increase for six Special Education staffing positions	267,812
Increase for fenced access	200,000
Increase for 2+1 program incentives	155,000
Increase for purchase of forklifts for Textbooks and Records Department	55,000
Decrease in discretionary revenue	(377,462)
Decrease in estimated TRS on behalf payments	(422,812)
Allocate tax rate election reserve as per priorities	(18,076,026)
Final Amended Appropriations	<u>\$ 278,366,767</u>
	<u>Other Sources (Uses)</u>
Beginning Other Sources (Uses)	\$ (2,670,773)
Operating transfer in for close of Fund 687 Crockett Flooring Project	800
Final Amended Other Uses	<u>\$ (2,669,973)</u>

## Capital Asset and Debt Administration

### Capital Assets

At the end of 2019, the District had approximately \$313 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 decrease of approximately \$10 million or 3%, below last year.

	2018-2019 <u>Capital Additions</u>
This year's major additions included:	
Non-Bond Projects:	
Textbook Building	800,045
Portables	383,720
Furniture, Fixtures and Equipment:	
Transportation Vehicles and Equipment	1,198,345
Police Vehicles and Equipment	251,053
Other Vehicles	163,530
Career and Tech Equipment	97,409
Maintenance Vehicles and Equipment	89,483
Library Books	84,794
Athletic Equipment	61,200
Food Service Equipment	33,036
Musical Instruments	28,130
Technology Equipment	25,899
Printers	24,076
Electronic Signs	22,085
Sound Systems	17,260
Other Equipment	16,590
Playground Equipment	11,753
Land and Improvements	
Land purchases	71,164
Donated Property	
Vehicle	25,000
Athletic Equipment	10,306
Technology Equipment	5,500
Total Capital Additions	<u><u>3,420,378</u></u>

## **Debt Administration**

At year-end, the District had approximately \$179 million in bonds outstanding versus approximately \$187 million last year for a decrease of \$8 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 other post-employment benefits liability of \$122,426,875.

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 \$89,454,550.

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, J, 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 2020 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, major maintenance, buses, and various instructional initiatives.

These factors were taken into account when adopting the General Fund budget for 2020. Estimated revenues in the General Fund are \$299.2 million, and estimated appropriations and other uses total \$299.2 million. Budgeted appropriations have been increased by approximately \$24.9 million from the 2019 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, 2019

EXHIBIT A-1

Data Control Codes	1 Primary Government	4 Component Unit
	Governmental Activities	Component Unit
<b>ASSETS</b>		
1110 Cash and Cash Equivalents	\$ 7,396,060	\$ 235,879
1120 Current Investments	109,613,813	2,421,786
1220 Property Taxes - Delinquent	16,307,505	-
1230 Allowance for Uncollectible Taxes	(9,468,180)	-
1240 Due from Other Governments	20,722,514	-
1290 Other Receivables, Net	66,707	9,221
1300 Inventories	735,702	8,257
1410 Prepayments	245,404	-
Capital Assets:		
1510 Land	10,642,701	-
1520 Buildings, Net	290,860,099	-
1530 Furniture and Equipment, Net	11,261,949	-
1560 Library Books and Media, Net	136,455	-
1000 Total Assets	<u>458,520,729</u>	<u>2,675,143</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
1701 Deferred Charge for Refunding	4,055,537	-
1705 Deferred Related to TRS Pension	43,098,993	-
1706 Deferred Related to TRS OPEB	9,715,573	-
1700 Total Deferred Outflows of Resources	<u>56,870,103</u>	<u>-</u>
<b>LIABILITIES</b>		
2110 Accounts Payable	11,635,410	24,575
2120 Short Term Debt Payable	-	57,483
2140 Interest Payable	2,077,669	-
2150 Payroll Deductions and Withholdings	2,356,525	-
2180 Due to Other Governments	10,905	-
2200 Accrued Expenses	15,599,534	-
2300 Unearned Revenue	6,415,092	-
Noncurrent Liabilities:		
2501 Due Within One Year	4,987,457	-
2502 Due in More Than One Year	181,673,015	-
2540 Net Pension Liability (District's Share)	89,454,550	-
2545 Net OPEB Liability (District's Share)	122,426,875	-
2000 Total Liabilities	<u>436,637,032</u>	<u>82,058</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2605 Deferred Inflow Related to TRS Pension	8,767,818	-
2606 Deferred Inflow Related to TRS OPEB	44,605,093	-
2600 Total Deferred Inflows of Resources	<u>53,372,911</u>	<u>-</u>
<b>NET POSITION</b>		
3200 Net Investment in Capital Assets	134,121,661	-
Restricted for:		
3860 Restricted for Capital Projects	13,485,802	-
3870 Restricted for Campus Activities	4,959	-
3880 Restricted for Scholarships	26,571	46,007
3900 Unrestricted	(122,258,104)	2,547,078
3000 Total Net Position	<u>\$ 25,380,889</u>	<u>\$ 2,593,085</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, 2019

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
11 Instruction	\$ 168,944,587	\$ 773,981	\$ 37,128,427
12 Instructional Resources and Media Services	3,003,164	-	421,061
13 Curriculum and Instructional Staff Development	10,299,140	-	4,839,141
21 Instructional Leadership	4,856,469	-	588,469
23 School Leadership	20,727,935	-	2,320,170
31 Guidance, Counseling and Evaluation Services	10,984,481	-	2,024,062
32 Social Work Services	806,603	-	146,932
33 Health Services	2,472,204	-	402,094
34 Student (Pupil) Transportation	8,995,847	32,587	739,166
35 Food Services	16,446,966	4,051,447	12,136,932
36 Extracurricular Activities	7,751,539	32,587	380,974
41 General Administration	7,511,516	3,768,548	931,337
51 Facilities Maintenance and Operations	33,873,380	135,935	2,175,601
52 Security and Monitoring Services	3,060,450	-	565,699
53 Data Processing Services	8,241,503	-	462,221
61 Community Services	1,328,407	-	235,151
72 Debt Service - Interest on Long-Term Debt	5,446,184	-	-
73 Debt Service - Bond Issuance Cost and Fees	7,000	-	-
99 Other Intergovernmental Charges	1,742,749	-	-
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 316,500,124</b>	<b>\$ 8,795,085</b>	<b>\$ 65,497,437</b>
<b>Component Unit:</b>			
1C	\$ 1,032,326	\$ 681,451	\$ 31,836
<b>[TC] TOTAL COMPONENT UNIT:</b>	<b>\$ 1,032,326</b>	<b>\$ 681,451</b>	<b>\$ 31,836</b>
Data Control Codes	<b>General Revenues:</b>		
	<b>Taxes:</b>		
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 (Restated)		
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
\$ (131,042,179)	\$ -
(2,582,103)	-
(5,459,999)	-
(4,268,000)	-
(18,407,765)	-
(8,960,419)	-
(659,671)	-
(2,070,110)	-
(8,224,094)	-
(258,587)	-
(7,337,978)	-
(2,811,631)	-
(31,561,844)	-
(2,494,751)	-
(7,779,282)	-
(1,093,256)	-
(5,446,184)	-
(7,000)	-
(1,742,749)	-
(242,207,602)	-
-	(319,039)
-	(319,039)
151,138,935	-
14,169,668	-
94,704,118	-
147,994	-
2,063,987	-
7,014,579	-
269,239,281	-
27,031,679	(319,039)
(1,650,790)	2,912,124
\$ 25,380,889	\$ 2,593,085

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

Data Control Codes	10 General Fund	40 Insurance Recovery Fund	50 Debt Service Fund
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 5,694,233	\$ -	\$ 5,340
1120 Investments - Current	71,524,461	4,755,309	13,232,206
1220 Property Taxes - Delinquent	14,894,656	-	1,412,849
1230 Allowance for Uncollectible Taxes	(8,647,876)	-	(820,304)
1240 Due from Other Governments	18,599,231	-	1,699
1260 Due from Other Funds	3,402,128	1,940,429	665,419
1290 Other Receivables	66,707	-	-
1300 Inventories	55,559	-	-
1410 Prepayments	239,161	-	-
1000 Total Assets	<u>\$ 105,828,260</u>	<u>\$ 6,695,738</u>	<u>\$ 14,497,209</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 4,022,340	\$ 550,774	\$ -
2150 Payroll Deductions and Withholdings Payable	2,356,525	-	-
2170 Due to Other Funds	12,746,240	-	-
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	13,488,029	-	-
2300 Unearned Revenue	6,314,381	6,144,964	592,545
2000 Total Liabilities	<u>38,927,515</u>	<u>6,695,738</u>	<u>592,545</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	55,559	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	-	13,904,664
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3510 Construction	13,485,802	-	-
3530 Capital Expenditures for Equipment	1,500,000	-	-
3540 Self Insurance	1,000,000	-	-
3545 Other Committed Fund Balance	860,908	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	5,198,052	-	-
3600 Unassigned Fund Balance	44,800,424	-	-
3000 Total Fund Balances	<u>66,900,745</u>	<u>-</u>	<u>13,904,664</u>
4000 Total Liabilities and Fund Balances	<u>\$ 105,828,260</u>	<u>\$ 6,695,738</u>	<u>\$ 14,497,209</u>

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

Other Funds	Total Governmental Funds
\$ 125,455	\$ 5,825,028
997,200	90,509,176
-	16,307,505
-	(9,468,180)
2,121,584	20,722,514
8,456,440	14,464,416
-	66,707
680,143	735,702
6,243	245,404
<u>\$ 12,387,065</u>	<u>\$ 139,408,272</u>
\$ 6,782,673	\$ 11,355,787
-	2,356,525
1,237,180	13,983,420
10,905	10,905
469,333	13,957,362
426,600	13,478,490
<u>8,926,691</u>	<u>55,142,489</u>
680,143	735,702
2,738,015	2,738,015
-	13,904,664
42,216	42,216
-	13,485,802
-	1,500,000
-	1,000,000
-	860,908
-	5,198,052
-	44,800,424
<u>3,460,374</u>	<u>84,265,783</u>
<u>\$ 12,387,065</u>	<u>\$ 139,408,272</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 JUNE 30, 2019

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	84,265,783
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 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.		18,857,698
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 \$521,382,713 and the accumulated depreciation was (\$201,988,847). In addition, long-term liabilities are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The beginning balance of the deferred charge for refunding of \$4,338,207 and the beginning balance of long-term debt of (\$192,803,364) will decrease net position. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		130,928,709
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 2018 capital outlays of \$3,420,378 and debt principal payments of \$3,399,088 is to increase net position.		6,819,466
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. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$43,098,993, a Deferred Resource Inflow in the amount of (\$8,767,818) and a net pension liability in the amount of (\$89,454,550). The impact of this on net position is a decrease of (\$55,123,375).		(55,123,375)
The District implemented GASB 75 reporting requirements for the OPEB benefit plan through TRS. The District's share of the TRS plan resulted in a net OPEB liability of (\$122,426,875), a deferred outflow of \$9,715,573 and a deferred inflow of (\$44,605,093). This resulted in a difference between the ending fund balance and the ending net position of (\$157,316,395).		(157,316,395)
The issuance of long-term debt is not due and payable within the current period and, therefore, is not reported in the governmental funds balance sheet. Also, governmental funds report the effect of issuance costs, premiums, discounts, and deferred gain/loss on refunding 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 net bond premium of \$1,913,346 and accretion on CABs of \$2,362,637 increased net position.		4,275,983
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue \$126,277, sale of assets (\$392,763), recognizing the current year depreciation (\$12,924,429), recognizing the current year change in sick leave payable \$1,004,483, recognizing current year interest payable (\$2,077,669), and recognizing the effect of the beginning balance of unearned revenue \$6,937,121. The net effect of these reclassifications and recognitions is to decrease net position.		(7,326,980)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>25,380,889</b>

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 BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	10 General Fund	40 Insurance Recovery Fund	50 Debt Service Fund
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 158,495,190	\$ 6,437,884	\$ 14,524,002
5800 State Program Revenues	114,339,536	-	288,375
5900 Federal Program Revenues	3,650,613	-	-
5020 Total Revenues	<u>276,485,339</u>	<u>6,437,884</u>	<u>14,812,377</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	141,143,981	-	-
0012 Instructional Resources and Media Services	2,657,391	-	-
0013 Curriculum and Instructional Staff Development	5,794,285	-	-
0021 Instructional Leadership	4,568,352	-	-
0023 School Leadership	19,393,105	-	-
0031 Guidance, Counseling and Evaluation Services	10,944,594	-	-
0032 Social Work Services	711,964	-	-
0033 Health Services	2,285,294	-	-
0034 Student (Pupil) Transportation	8,062,582	-	-
0035 Food Services	112,366	-	-
0036 Extracurricular Activities	5,535,449	-	-
0041 General Administration	7,323,066	-	-
0051 Facilities Maintenance and Operations	24,799,249	6,437,884	-
0052 Security and Monitoring Services	2,740,019	-	-
0053 Data Processing Services	7,360,599	-	-
0061 Community Services	1,166,645	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	-	3,399,088
0072 Interest on Long-Term Debt	-	-	9,772,481
0073 Bond Issuance Cost and Fees	-	-	7,000
Capital Outlay:			
0081 Facilities Acquisition and Construction	871,209	-	-
Intergovernmental:			
0099 Other Intergovernmental Charges	1,742,749	-	-
6030 Total Expenditures	<u>247,212,899</u>	<u>6,437,884</u>	<u>13,178,569</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>29,272,440</u>	<u>-</u>	<u>1,633,808</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7912 Sale of Real and Personal Property	5,992	-	-
7915 Transfers In	880	-	-
8911 Transfers Out (Use)	(525,922)	-	-
8949 Other (Uses)	(745,981)	-	-
7080 Total Other Financing Sources (Uses)	<u>(1,265,031)</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	28,007,409	-	1,633,808
0100 Fund Balance - July 1 (Beginning)	<u>38,893,336</u>	<u>-</u>	<u>12,270,856</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 66,900,745</u>	<u>\$ -</u>	<u>\$ 13,904,664</u>

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



Other Funds	Total Governmental Funds
\$ 4,814,621	\$ 184,271,697
7,327,106	121,955,017
26,303,322	29,953,935
<u>38,445,049</u>	<u>336,180,649</u>

16,791,824	157,935,805
131,206	2,788,597
4,012,282	9,806,567
92,171	4,660,523
258,624	19,651,729
691,030	11,635,624
69,698	781,662
106,850	2,392,144
-	8,062,582
14,432,295	14,544,661
1,772	5,537,221
26,262	7,349,328
925,322	32,162,455
261,167	3,001,186
-	7,360,599
105,029	1,271,674
-	3,399,088
-	9,772,481
-	7,000
-	871,209
-	1,742,749
<u>37,905,532</u>	<u>304,734,884</u>
<u>539,517</u>	<u>31,445,765</u>
824	6,816
525,922	526,802
(880)	(526,802)
-	(745,981)
<u>525,866</u>	<u>(739,165)</u>
1,065,383	30,706,600
2,394,991	53,559,183
<u>\$ 3,460,374</u>	<u>\$ 84,265,783</u>

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, 2019

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	30,706,600
<p>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 income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.</p>		
		4,006,290
<p>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 2018 capital outlays of \$3,420,378 and debt principal payments of \$3,399,088 is to increase net position.</p>		
		6,819,466
<p>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.</p>		
		(12,924,429)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include adjusting current year revenue to show the revenue earned from the current year's tax levy \$126,277, recognizing the current year change in sick leave payable \$1,004,483, recognizing the sale of assets (\$392,763), and recognizing the change in interest payable \$50,314. The net effect of these reclassifications and recognitions is to decrease net position.</p>		
		788,311
<p>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 refunding 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 \$1,913,346 and net current year accretion on CABs \$2,362,637, thus increasing net position</p>		
		4,275,983
<p>Current year changes due to GASB 68 increased revenues in the amount of \$5,068,355 but also increased expenditures in the amount of (\$11,065,466). The net effect on the change in the ending net position was a decrease in the amount of (\$5,997,111).</p>		
		(5,997,111)
<p>The District implemented GASB 75 reporting requirements for the OPEB benefit plan through TRS. Current year changes due to GASB 75 increased revenues in the amount of \$2,892,383 but also increased expenditures in the amount of (\$3,535,814). The net effect on the change in the ending net position was a decrease in the amount of (\$643,431).</p>		
		(643,431)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>27,031,679</b>

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, 2019

	Governmental Activities -
	Total Internal Service Funds
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,571,032
Investments - Current	19,104,637
Total Current Assets	<u>20,675,669</u>
Noncurrent Assets:	
Capital Assets:	
Land	54,012
Buildings and Improvements	3,663,335
Depreciation on Buildings	<u>(313,195)</u>
Total Noncurrent Assets	<u>3,404,152</u>
Total Assets	<u>24,079,821</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	279,623
Due to Other Funds	480,996
Accrued Expenses	<u>2,486,330</u>
Total Current Liabilities	<u>3,246,949</u>
Noncurrent Liabilities:	
Other Long-Term Debt - Due in More than One Year	<u>1,975,174</u>
Total Noncurrent Liabilities	<u>1,975,174</u>
Total Liabilities	<u>5,222,123</u>
<b>NET POSITION</b>	
Unrestricted Net Position	<u>18,857,698</u>
Total Net Position	<u><u>\$ 18,857,698</u></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, 2019

	Governmental Activities -
	Total Internal Service Funds
<b>OPERATING REVENUES:</b>	
Employee and Employer Premiums	\$ 26,583,926
Rent Revenue	339,758
Stop Loss Reimbursement	138,845
Total Operating Revenues	<u>27,062,529</u>
<b>OPERATING EXPENSES:</b>	
Claims and Prescriptions	20,600,666
Professional and Contracted Services	284,194
Supplies and Materials	7,622
Other Operating Costs	2,424,818
Depreciation Expense	87,004
Capital Outlay	7,195
Total Operating Expenses	<u>23,411,499</u>
Operating Income	<u>3,651,030</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Earnings from Temporary Deposits & Investments	<u>355,260</u>
Total Nonoperating Revenues (Expenses)	<u>355,260</u>
Change in Net Position	4,006,290
Total Net Position - July 1 (Beginning)	<u>14,851,408</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 18,857,698</u></u>

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, 2019

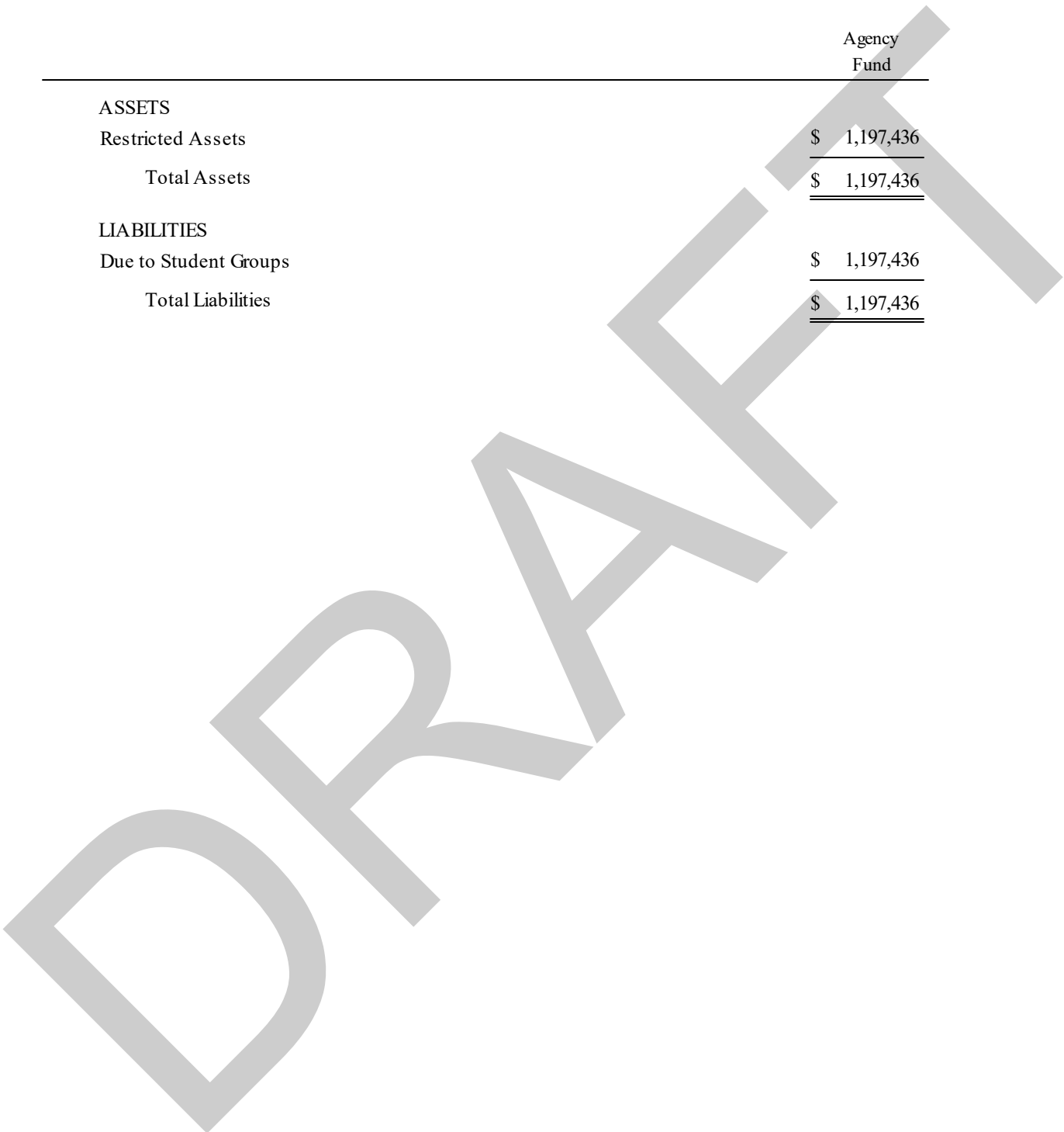
	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Rental Receipts	\$ 318,916
Cash Received from Employees and Employer	26,354,426
Cash Received from Stop Loss Carrier	138,845
Cash Payments for Claims	(21,400,408)
Other Payments	(2,565,963)
Net Cash Provided by Operating Activities	<u>2,845,816</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	<u>355,260</u>
Net Increase in Cash and Cash Equivalents	3,201,076
Cash and Cash Equivalents at Beginning of Year	<u>17,474,593</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 20,675,669</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 3,651,030
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	87,004
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase in Accounts Payable	157,866
Decrease in Accrued Expenses	(799,742)
Decrease in Due to Other Funds	(250,342)
Net Cash Provided by Operating Activities	<u><u>\$ 2,845,816</u></u>

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, 2019

	Agency Fund
<b>ASSETS</b>	
Restricted Assets	\$ 1,197,436
Total Assets	<u>\$ 1,197,436</u>
<b>LIABILITIES</b>	
Due to Student Groups	\$ 1,197,436
Total Liabilities	<u>\$ 1,197,436</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, 2019

**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 and Permian High School Band and Orchestra Booster Club are 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.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

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.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

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.

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

#### **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.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

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.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

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:

<u>Assets</u>	<u>Years</u>
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.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

8. The District has self-insured health and worker'S 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.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

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, 2019, consisted of the following amounts:

Fund Type	Amount
General Fund	\$ 8,952,544
Special Revenue Fund	8,520,794
Internal Service Fund	151,234
Total	\$ 17,624,572



ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**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<sup>th</sup> the District prepares a budget for the next succeeding fiscal year beginning July 1<sup>st</sup>. 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<sup>st</sup>, 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 2019 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.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

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

Fund Type	Budgeted Expenditures	Actual Amount	Overage
<u>Special Revenue Funds</u>			
TITLE I, PART A Improving Basic Programs			
General Administration	-	9,725	(9,725) a

a: Occurred as a result of change in job duties requiring reallocation of salary expense.

**C. DEFICIT FUND EQUITY**

No deficits in fund equity occurred.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**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.

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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, 2019:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1 year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
NexBank Money Market Savings	\$ 10,044,181	10.04%	\$ 10,044,181			N/A
Total Money Markets and FDIC Insured Accounts:	<u>10,044,181</u>		<u>10,044,181</u>	<u>-</u>	<u>-</u>	
Investment Pools:						
TexPool	48,228,650	48.20%	48,228,650	-	-	AAAm
TexPool Prime	30,420,490	30.40%	30,420,490	-	-	AAAm
Lone Star	677,550	0.68%	677,550	-	-	AAAm
TexStar	10,680,853	10.68%	10,680,853	-	-	AAAm
Total Investment Pools:	<u>90,007,543</u>		<u>90,007,543</u>	<u>-</u>	<u>-</u>	
Total Cash and Cash Equivalents:	\$ <u>100,051,724</u>	100%	\$ <u>100,051,724</u>	<u>-</u>	<u>-</u>	

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

In this discussion and in the table below, investments are defined according to GASB 72 as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. An asset initially reported as a capital asset and later held for sale would not subsequently be reclassified as an investment.

As of June 30, 2019, the District's had the following investments subject to the fair value measurement:

	Balance at June 30, 2019	Fair Value Measurements		
		Level 1	Level 2	Level 3
<b>TCG DIRECTED INVESTMENTS</b>				
Fixed Income				
Municipal Bonds	\$ 9,562,089	9,562,089	-	-
Total Fixed Income:	<u>9,562,089</u>	<u>9,562,089</u>	<u>-</u>	<u>-</u>
Total Investments at Fair Value: \$	<u>9,562,089</u>	<u>9,562,089</u>	<u>-</u>	<u>-</u>

The TCG Directed Investments at June 30, 2019 classified in Level 1 are valued using prices quoted in active markets for those securities.

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

TexPool: Internet: [www.texpool.com](http://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](http://www.firstpublic.com)  
Phone: 1-800-558-8875  
Address: First Public  
12007 Research Boulevard  
Austin, TX 78759

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

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

NexBank Money Market Savings:  
Internet: <https://www.nexbank.com/>  
Phone: 1-800-827-4818  
Address: NexBank  
2515 McKinney Avenue, Suite 1100  
Dallas, TX 75201

## **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.

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**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, 2019, consisted of the following amounts:

	Due From Other Funds	Due To Other Funds
General Fund:		
Debt Service Fund	\$ -	\$ 665,419
Special Revenue Fund	1,237,180	10,396,869
Internal Service Fund	480,996	-
General Fund	1,683,952	1,683,952
Total General Fund	3,402,128	12,746,240
Debt Service Fund:		
General Fund	665,419	-
Total Debt Service Fund	665,419	-
Special Revenue Fund:		
General Fund	10,396,869	1,237,180
Total Special Revenue Fund	10,396,869	1,237,180
Internal Service Fund:		
General Fund	-	480,996
Total Internal Service Fund	-	480,996
Totals	\$ 14,464,416	\$ 14,464,416

The purpose of the interfund balances as of June 30, 2019, 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.

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Interfund transfers for the year ended June 30, 2019 consisted of the following amounts:

Interfund transfers

	<u>Transfers Out</u>	<u>Transfers In</u>	
General Fund:	\$ 525,922	\$ 880	
Special Revenue Fund:	-	525,922	
Capital Project Fund:	880	-	
Totals	<u>\$ 526,802</u>	<u>\$ 526,802</u>	

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

- 1) To fund the District's portion of the Regional Day School for the DEAF Program - \$368,922
- 2) To provide funding for Ector Success Academy Network - \$197,000

The transfer into the general fund was from unused local funds from construction projects - \$880.

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at June 30, 2019 were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	\$ 14,894,656	\$ 18,599,231	\$ 3,402,128	\$ 66,707	\$ 36,962,722
Debt Service Fund	1,412,849	1,699	665,419	-	2,079,967
Other Funds	-	2,121,584	10,396,869	-	12,518,453
Internal Service Funds	-	-	-	-	-
Total - Governmental Activities	<u>\$ 16,307,505</u>	<u>\$ 20,722,514</u>	<u>\$ 14,464,416</u>	<u>\$ 66,707</u>	<u>\$ 51,561,142</u>

Payables at June 30, 2019 were as follows:

	<u>Accounts Payable</u>	<u>Other Governments</u>	<u>Payroll Deductions and Withholdings Payable</u>	<u>Due To Other Funds</u>	<u>Total Payables</u>
Governmental Activities:					
General Fund	\$ 4,022,340	\$ -	\$ 2,356,525	\$ 12,746,240	\$ 19,125,105
Debt Service Fund	-	-	-	-	-
Other Funds	7,333,447	10,905	-	1,237,180	8,581,532
Internal Service Funds	279,623	-	-	480,996	760,619
Total - Governmental Activities	<u>\$ 11,635,410</u>	<u>\$ 10,905</u>	<u>\$ 2,356,525</u>	<u>\$ 14,464,416</u>	<u>\$ 28,467,256</u>



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**F. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended June 30, 2019, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements	
Governmental activities:				
Land	\$ 10,961,837	\$ 71,164	\$ (390,300)	\$ 10,642,701
Buildings and Improvements	461,992,041	1,183,765	-	\$ 463,175,806
Equipment	47,888,745	2,165,449	(593,361)	\$ 49,460,833
Software	4,257,437	-	(13,346)	\$ 4,244,091
Construction in Progress	-	-	-	\$ -
Totals at Historical Costs	<u>525,100,060</u>	<u>3,420,378</u>	<u>(997,007)</u>	<u>527,523,431</u>
Less accumulated depreciation and amortization for:				
Buildings and Improvements	(162,540,188)	(9,775,519)	-	(172,315,707)
All Equipment	(35,700,440)	(3,102,688)	604,244	(38,198,884)
Software	(3,974,410)	(133,226)	-	(4,107,636)
Total accumulated depreciation for:	<u>(202,215,038)</u>	<u>(13,011,433)</u>	<u>604,244</u>	<u>(214,622,227)</u>
Governmental activities capital assets, net	<u>\$ 322,885,022</u>	<u>\$ (9,591,055)</u>	<u>\$ (392,763)</u>	<u>\$ 312,901,204</u>

\*Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 4,740,364
Instruction Resources & Media Services	159,328
Curriculum & Staff Development	-
Instructional Leadership	28,366
School Leadership	486,516
Guidance, Counseling & Evaluation Services	13,489
Health Services	1,541
Student Transportation	774,183
Food Service	1,468,233
Co-Curricular/Extracurricular Activities	2,152,997
General Administration	43,610
Plant Maintenance & Operations	2,042,193
Securities & Monitoring Services	254,520
Data Processing Services	806,656
Community Services	39,437
Total Depreciation Expense	<u>\$ 13,011,433</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
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**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 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, 2019, \$2,240,000 of bonds considered defeased by the series 2012 bonds are still outstanding.

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

On November 22, 2016, the District issued \$49,235,000 of Unlimited Tax Refunding Bonds, Series 2016 (the "Bonds") maturing from August 15, 2017 through August 15, 2027. Interest rates vary from 2.00% to 5.00%. The Bonds were issued to advance refund a portion of the District's outstanding bonds to lower the District's debt service payments by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the District's financial statements. The refunding resulted in an economic gain to the District of \$9,588,712. The net cash flow decrease from the refunding over the life of the bond issue is \$8,469,818. On June 30, 2019, \$55,532,169 of bonds considered defeased by the series 2016 are still outstanding.

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A summary of changes in general long-term debt for the year ended June 30, 2019 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable Outstanding 7/1/2018	Issued	Retired	Payable Outstanding 6/30/2019
ECISD Unlimited Tax Scho 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	\$ 2,550,912	\$ 2,727,387	\$ -	\$ 1,649,088	\$ 1,078,299
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	4,785,819	114,645,000	-	960,000	113,685,000
ECISD Unlimited Tax Refunding Bonds, Series 2016	2.00, 4.00, 5.00%	49,235,000	2,376,200	48,555,000	-	790,000	47,765,000
<b>TOTAL</b>		<b>\$231,388,558</b>	<b>\$ 9,772,481</b>	<b>\$168,037,387</b>	<b>\$ -</b>	<b>\$ 3,399,088</b>	<b>\$164,638,299</b>

Debt service requirements are as follows:

Year Ended June 30,	General Obligations		
	Principal	Interest	Total Requirements
2020	4,143,299	8,990,570	13,133,869
2021	6,115,000	6,934,994	13,049,994
2022	6,400,000	6,639,769	13,039,769
2023	6,710,000	6,331,819	13,041,819
2024	7,020,000	6,008,894	13,028,894
2025-2029	38,640,000	24,587,294	63,227,294
2030-2034	44,885,000	14,429,047	59,314,047
2035-2039	50,725,000	4,656,687	55,381,687
	<u>\$ 164,638,299</u>	<u>\$ 78,579,074</u>	<u>\$ 243,217,373</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
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**H. COMMITMENTS UNDER OPERATING LEASES**

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Future Rental Payments</u>
2020	735,947
2021	414,795
2022	179,635
Total Minimum Rentals	<u>\$ 1,330,377</u>
Rental Expenditures in Fiscal Year 2019	<u>\$ 880,055</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, 2018	\$ 6,368,004	\$ 1,350,049
Additions/Adjustments - New Entrants and Salary Increments	463,689	495,523
Deductions - Payments to Participants	<u>(1,426,322)</u>	<u>(213,469)</u>
Balance June 30, 2019	<u>\$ 5,405,371</u>	<u>\$ 1,632,103</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
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**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 <https://www.trs.texas.gov>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**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 benefits are based on statutory provisions of the plan effective for fiscal year 2018. The annual standard annuity is based on the average of the five highest annual creditable salaries multiplied by the years of credited service multiplied by 2.3 percent. For members who are grandfathered, the three highest annual salaries are used in the benefit formula. 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 the 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 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same. Contribution Rates can be found in the TRS 2018 CAFR, Note 11, on page 76.

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Contribution Rates		
	2018	2019
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Employer 0576 - 2019 Employer Contributions		\$3,339,028
Employer 0576 - 2019 Member Contributions		\$12,660,301
Reporting Year 2019 NECE On-behalf Contributions		\$12,889,068

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.

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**Actuarial Assumptions.**

**Roll Forward** – A change was made measurement date of the total pension liability for the 2018 measurement year. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total pension liability to August 31, 2018. This is the first year using the roll forward procedures.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The active mortality rates were based on 90 percent of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables.

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-Term Expected Rate	7.25%
Municipal Bond Rate as of August, 2018	3.69%. Source for the rate is the Fixed Income Market Data/Yield/Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
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, 2017 and adopted on July, 2018.

**Discount Rate.** The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. 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 these assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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 arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 (see page 52 of the TRS CAFR) are summarized as follows:

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Asset Class	Target Allocation**	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
<b>Global Equity</b>			
U.S.	18.00 %	5.70 %	1.04 %
Non-U.S. Developed	13.00	6.90	0.90
Emerging Markets	9.00	8.95	0.80
Directional Hedge Funds	4.00	3.53	0.14
Private Equity	13.00	10.18	1.32
<b>Stable Value</b>			
U.S. Treasuries	11.00	1.11	0.12
Absolute Return	0.00	0.00	0.00
Hedge Funds (Stable Value)	4.00	3.09	0.12
Cash	1.00	(0.30)	0.00
<b>Real Return</b>			
Global Inflation Linked Bonds	3.00	0.70	0.02
Real Assets	14.00	5.21	0.73
Energy and Natural Resources	5.00	7.48	0.37
Commodities	0.00	0.00	0.00
<b>Risk Parity</b>			
Risk Parity	5.00	3.70	0.18
Inflation Expectations			2.30
Volatility Drag***			(0.79)
<b>Total</b>	<b>100 %</b>		<b>7.25 %</b>

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

\*\* Capital market assumptions some from Aon Hewitt (2017 Q4)

\*\*\* The Expected Contribution to Long-Term Portfolio 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 Net Pension Liability. The discount rate can be found in the 2018 TRS CAFR, Note 11, page 78.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
ECISD proportionate share of the net pension liability:	\$135,008,366	\$89,454,550	\$52,576,034



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***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** At June 30, 2019, the District reported a liability of \$89,454,550 for its proportionate share of the TRS’s net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

ECISD’s Proportionate share of the collective net pension liability	\$ 89,454,550
State’s proportionate share that is associated with ECISD	130,227,666
Total	\$ 219,682,216

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31, 2018. 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, 2017 thru August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net pension liability was .1625192686% which was a decrease of 0.3012208 % from its proportion measure as of August 31, 2017.

**Changes Since the Prior Actuarial Valuation** – Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.
- The discount rate changed from 8.0% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

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

For the year ended June 30, 2019, the District recognized pension expense of \$12,889,068 and revenue of \$7,965,328 for support provided by the State in the Government Wide Statement of Activities.

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At June 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Actuarial experience	\$557,586	\$2,194,861
Changes in Actuarial Assumptions	\$32,252,674	\$1,007,897
Difference between projected and actual investment earnings		\$1,697,336
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$7,467,826	\$3,867,724
Contributions paid to TRS subsequent to the measurement date (calculated by employer)	\$2,820,907	\$0
Total	\$43,098,993	\$8,767,818

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 June 30	Pension Expense Amount
2020	\$8,722,963
2021	\$5,151,056
2022	\$4,190,717
2023	\$5,190,814
2024	\$4,736,512
Thereafter	\$3,518,205

**K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

**Plan Description.** The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

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

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Components of the net OPEB liability of the TRS-Care plan as of August 31, 2018 are as follows:

<u>NET OPEB Liability</u>	<u>Amount</u>
Total OPEB Liability	\$ 50,729,490,103
Less: Plan Fiduciary Net Position	<u>798,574,633</u>
Net OPEB Liability	<u>\$ 49,930,915,470</u>
 Net Position as percentage of Total OPEB Liability	 1.57%

**Benefits Provided.** TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. Eligible Medicare retirees and their dependents may pay premiums to participate in the Medicare Advantage health plans. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes, including automatic COLAs.

The 85th Legislature, Regular Session, passed the following statutory changes in HB 3976 which became effective on September 1, 2017. These are described below under the section "Changes in Benefit Terms".

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with and without Medicare coverage. These new premium rates for retirees with Medicare Part A and Part B became effective January 1, 2018 (See the TRS CAFR page 70 for plan rates effective from September 1, 2016 - December 31, 2017).

<u>TRS-Care Monthly Premium rates</u> <u>Effective January 1, 2018 – December 31, 2018</u>			
		<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$	135	\$ 200
Retiree and Spouse		529	689
Retiree or Surviving Spouse and Children		468	408
Retiree and Family		1,020	999

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

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Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2018. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2018	2019
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Employer 0576 - 2019 Employer Contributions	\$	1,373,728
Employer 0576 - 2019 Member Contributions	\$	1,068,502
Reporting Year 2019 NECE On-behalf Contributions	\$	4,946,828

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

With Senate Bill 1, 85th Legislature, Regular Session, TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018. House Bill 30 of the 85th Legislature provided an additional \$212 million in a one-time supplemental funding for the FY 2018-2019 biennium. One-time supplemental contributions during fiscal 2018 totaled \$394.6 million.

**Actuarial Assumptions.** The total OPEB liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

- |                               |                         |
|-------------------------------|-------------------------|
| Rates of Mortality            | General Inflation       |
| Rates of Retirement           | Wage Inflation          |
| Rates of Termination          | Expected Payroll Growth |
| Rates of Disability Incidence |                         |

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Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017 Rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.69% Sourced from fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018.
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% after age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

In this valuation, the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

**Discount Rate.** A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of .27 percent in the discount rate since the previous year. The Discount Rate can be found in the 2018 TRS CAFR on page 71. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Net OPEB Liability:**

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.69%)	Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
ECISD proportionate share of the net pension liability:	\$145,730,044	\$122,426,875	\$103,992,566

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**Healthcare Cost Trend Rates Sensitivity Analysis** - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
ECISD proportionate share of the net pension liability:	\$101,677,513	\$122,426,875	\$149,754,233

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At June 30, 2019, the District reported a liability of \$122,426,875 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

ECISD's Proportionate share of the collective net OPEB liability	\$ 122,426,875
State's proportionate share that is associated with ECISD	135,999,016
Total	\$ 258,425,891

The Net OPEB Liability was measured as of August 31, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018 the employer's proportion of the collective Net OPEB Liability was 0.2451925302% compared to 0.2559255898% as of August 31, 2017. This is a decrease of 4.1938204024%

**Changes in Actuarial Assumptions Since the Prior Actuarial Valuation** – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.

**Changes in Benefit Terms:** The 85th Legislature, Regular Session passed the following statutory changes which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.

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- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

For the year ended June 30, 2019, the District recognized OPEB expenses of \$4,946,828 and revenue of \$1,876,316 for support provided by the State.

At June 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Actuarial experience	\$6,496,739	\$1,932,076
Changes in Actuarial Assumptions	\$2,042,973	\$36,782,251
Net Difference between projected and actual investment earnings	\$21,411	\$0
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$447	\$5,890,766
Contributions paid to TRS subsequent to the measurement date (calculated by employer)	\$1,154,003	\$0
Total	\$9,715,573	\$44,605,093

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

For the Year Ended June 30	Pension Expense Amount
2020	\$ (5,551,168)
2021	(5,551,168)
2022	(5,551,168)
2023	(5,555,217)
2024	(5,557,533)
Thereafter	(8,277,271)

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**Medicare Part D.** The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended 2019, 2018, and 2017 the subsidy payments received by TRS-Care on-behalf of the District were \$628,315, \$515,292 and \$495,348 respectively. The information for the year ended June 30, 2019 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

**L. RISK MANAGEMENT**

Health Insurance

The District sponsors a self-funded plan to provide health care benefits to staff members and their dependents. Transactions related to the plan are accounted for in the Medical Trust Fund (the “Fund”), an internal service fund of the District. The District contributed \$380 per month per employee, for the period of July 2018 through June 2019. Each employee contributed \$115 per month for the period of July 2018 through June 2019. Employees, at their option, authorized payroll withholding to pay contributions for dependents. Third party administrators paid all claims from the fund. The plan was authorized by Section 21.922, Texas Education Code, and was documented by contractual agreement. The District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Sirius America Insurance Company, commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop loss coverage was in effect in 2018 for individual claims exceeding \$350,000 annually and aggregate coverage with an attachment point of \$28,993,731. These amounts were \$350,000 individual and \$29,006,903 aggregate in 2019. Estimates of claims payable and of claims incurred, but not reported at June 30, 2019, 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 2018-2019, two claims exceeded the \$350,000 limit plus one one-time aggregating specific of \$200,000 in 2018. Changes in the balances of claims liabilities during the past year are as follows:

	Year Ended June 30, 2018	Year Ended June 30, 2019
Unpaid claims, beginning of the year	\$ 2,311,220	\$ 2,242,651
Incurred claims (including IBNR's)	21,986,139	20,366,921
Claim Payments	(22,054,708)	(20,760,081)
Unpaid claims, end of fiscal year	\$ 2,242,651	\$ 1,849,491



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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 2018-2019, 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, 2018	Year Ended June 30, 2019
Unpaid claims, beginning of the year	\$ 2,927,290	\$ 3,018,595
Incurred claims (including IBNR's)	970,782	233,745
Claim Payments	(879,477)	(640,327)
Unpaid claims, end of fiscal year	\$ 3,018,595	\$ 2,612,013

**M. CHANGES IN LONG-TERM LIABILITIES**

Long-term activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
School Building and Refunding Bonds	\$ 168,037,387	\$ -	\$ (3,399,088)	\$ 164,638,299	\$ 4,143,299
Accumulated Accretion	4,194,194	188,275	(2,550,912)	1,831,557	-
Net Bond Premium	14,369,248	-	(2,196,016)	12,173,232	-
Total Bonds and Notes Payable	186,600,829	188,275	(8,146,016)	178,643,088	4,143,299
Other Liabilities:					
Net Pension Liability	52,121,909	42,966,181	(5,633,540)	89,454,550	-
Net Other Post Employment Benefits (OPEB) Liability	111,292,438	17,732,536	(6,598,099)	122,426,875	-
Worker's Compensation (IBNR)	3,018,595	233,745	(640,327)	2,612,013	636,839
Sick Leave Benefits	6,368,004	463,689	(1,426,322)	5,405,371	207,319
Total Other Liabilities	172,800,946	61,396,151	(14,298,288)	219,898,809	844,158
Total Governmental Activities Long-Term Liabilities	\$ 359,401,775	\$ 61,584,426	\$ (22,444,304)	\$ 398,541,897	\$ 4,987,457

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**N. UNEARNED REVENUES**

Unearned revenues at year end consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Net Tax Revenue	\$ 6,246,780		\$ 592,545	\$ 6,839,325
Insurance Recovery		6,144,964		6,144,964
State Textbook Fund		150,825		150,825
Education Foundation Awards		62,088		62,088
Brown Agriculture Fund		45,611		45,611
Advanced Placement Incentives		40,870		40,870
Project Lead the Way		30,970		30,970
Evaluation Capacity Grant	30,000			30,000
Weldon Scholarship Fund		27,544		27,544
Odessa Regional School Clinic		25,081		25,081
Odessa High School Baseball Scoreboard Donation	20,000			20,000
Advanced Via Individual Determination		16,853		16,853
Restitution	12,780			12,780
Ecolab - Lyndon B. Johnson Elementary		10,792		10,792
ICA Donation		6,284		6,284
Permian High School Giants Award		4,933		4,933
Texas Comptroller LEOSE	4,821			4,821
Jason's Project Stem		2,586		2,586
PICK Education		1,038		1,038
Mathematics Achievement Academy		749		749
Ecolab - Blackshear Elementary School		376		376
Total	<u>\$ 6,314,381</u>	<u>\$ 6,571,564</u>	<u>\$ 592,545</u>	<u>\$ 13,478,490</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, 2019, are summarized below.

Fund Name	State Entitlements	Federal Grants	Total
General Fund	\$ 18,599,231		\$ 18,599,231
ESEA Title I, Part A - Improving Basic Programs		1,408,507	1,408,507
IDEA - Part B, Formula		259,048	259,048
Title IV, Part A Subpart A		153,901	153,901
Instructional Material Allotment	96,180		96,180
National School Breakfast and Lunch Program		68,638	68,638
ESEA Title III, Part A - English Language Acquisition		50,602	50,602
IDEA - Part B, Preschool		34,237	34,237
Regional Day School - DEAF	27,291		27,291
Career and Technical Basic Grant		20,264	20,264
IDEA - Part B, Discretionary DEAF		2,575	2,575
Debt Service Fund	1,699		1,699
IDEA - Part C, Early Intervention (DEAF)		341	341
Total	<u>\$ 18,724,401</u>	<u>\$ 1,998,113</u>	<u>\$ 20,722,514</u>

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**P. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

During the year ended June 30, 2019, revenues from local and intermediate sources consisted of the following:

	General Fund	Insurance Recovery Fund	Special Revenue Fund	Debt Service Fund	Total
Property Taxes	\$151,042,782	\$ -	\$ -	\$ 14,139,544	\$165,182,326
Penalties, Interest and Other					
Tax-Related Income	2,358,356	-	-	220,758	2,579,114
Investment Income	1,459,489	85,538	22,037	163,700	1,730,764
Food Sales			4,107,430	-	4,107,430
Co-Curricular Student Activities	544,763		-	-	544,763
Insurance Recovery	47,574	6,352,346			6,399,920
Other	3,042,226	-	685,154	-	3,727,380
<b>Total</b>	<u>\$158,495,190</u>	<u>\$ 6,437,884</u>	<u>\$ 4,814,621</u>	<u>\$ 14,524,002</u>	<u>\$184,271,697</u>

**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, 2019.

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.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**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, Big Spring, Andrews, Monahans, McCamey, Ft. Stockton, Pecos, Reagan County, and Coahoma. 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, 340 and 435 using Model 3 in the SSA section. Expenditures of the SSA are summarized below:

Ector County Independent School District	\$	628,052
Midland Independent School District		144,935
Big Spring Independent School District		64,415
Andrews Independent School District		48,312
Monahans Independent School District		48,312
McCamey Independent School District		16,104
Ft. Stockton Independent School District		32,208
Pecos Independent School District		16,104
Reagan County Independent School District		64,416
Coahoma Independent School District		16,104
Total	\$	1,078,962

**S. CONSTRUCTION COMMITMENT**

No construction commitments at year ending June 30, 2019.

**T. PRIOR PERIOD ADJUSTMENT**

Net position—beginning in Exhibit B-1 and contributions in Exhibits G-3 and G-5 have been restated. The restatement of \$7,755,800 was necessary to correct prior year employer contributions reported as deferred outflows of resources related to TRS pension and OPEB.

**U. SUBSEQUENT EVENT**

On March 5, 2019 the Trustees approved the lease/purchase agreements for 30 new school buses. Funding was provided by the Tax Ratification Election proposal approved by voters on November 6, 2018. The 30 bus leases will be reported as capital leases on the District’s financial records beginning in fiscal year 2019-2020. The fair value of the buses at September 30, 2019 is approximately \$3,060,000 with an estimated life of ten years.

The District has evaluated events subsequent to June 30, 2019 through November 19, 2019, 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 153,822,872	\$ 160,598,492	\$ 158,495,190	\$ (2,103,302)
5800 State Program Revenues	118,501,581	114,528,944	114,339,536	(189,408)
5900 Federal Program Revenues	2,940,829	2,479,829	3,650,613	1,170,784
5020 Total Revenues	275,265,282	277,607,265	276,485,339	(1,121,926)
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	152,276,827	152,707,021	141,143,981	11,563,040
0012 Instructional Resources and Media Services	2,746,530	3,000,432	2,657,391	343,041
0013 Curriculum and Instructional Staff Development	6,452,971	7,146,250	5,794,285	1,351,965
0021 Instructional Leadership	4,196,438	4,894,599	4,568,352	326,247
0023 School Leadership	18,467,691	20,594,778	19,393,105	1,201,673
0031 Guidance, Counseling and Evaluation Services	11,165,492	12,001,687	10,944,594	1,057,093
0032 Social Work Services	721,989	797,921	711,964	85,957
0033 Health Services	2,180,853	2,473,419	2,285,294	188,125
0034 Student (Pupil) Transportation	8,487,217	9,636,529	8,062,582	1,573,947
0035 Food Services	101,300	130,924	112,366	18,558
0036 Extracurricular Activities	5,494,511	5,896,126	5,535,449	360,677
0041 General Administration	25,028,138	8,204,457	7,323,066	881,391
0051 Facilities Maintenance and Operations	23,482,281	32,298,479	24,799,249	7,499,230
0052 Security and Monitoring Services	2,699,929	2,848,625	2,740,019	108,606
0053 Data Processing Services	5,871,790	11,091,225	7,360,599	3,730,626
0061 Community Services	1,261,264	1,303,011	1,166,645	136,366
Debt Service:				
0071 Principal on Long-Term Debt	-	400,000	-	400,000
0072 Interest on Long-Term Debt	225,000	317,496	-	317,496
Capital Outlay:				
0081 Facilities Acquisition and Construction	15,000	881,000	871,209	9,791
Intergovernmental:				
0099 Other Intergovernmental Charges	1,719,288	1,742,788	1,742,749	39
6030 Total Expenditures	272,594,509	278,366,767	247,212,899	31,153,868
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	2,670,773	(759,502)	29,272,440	30,031,942
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	65,418	65,418	5,992	(59,426)
7915 Transfers In	-	800	880	80
8911 Transfers Out (Use)	(462,418)	(462,418)	(525,922)	(63,504)
8949 Other (Uses)	(2,273,773)	(2,273,773)	(745,981)	1,527,792
7080 Total Other Financing Sources (Uses)	(2,670,773)	(2,669,973)	(1,265,031)	1,404,942
1200 Net Change in Fund Balances	-	(3,429,475)	28,007,409	31,436,884
0100 Fund Balance - July 1 (Beginning)	38,893,336	38,893,336	38,893,336	-
3000 Fund Balance - June 30 (Ending)	\$ 38,893,336	\$ 35,463,861	\$ 66,900,745	\$ 31,436,884

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, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016
District's Proportion of the Net Pension Liability (Asset)	0.162519269%	0.163010289%	0.1779288%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 89,454,550	\$ 52,121,909	\$ 67,236,631
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	130,227,666	81,929,372	96,003,500
Total	<u>\$ 219,682,216</u>	<u>\$ 134,051,281</u>	<u>\$ 163,240,131</u>
District's Covered Payroll	\$ 162,321,705	\$ 164,691,543	\$ 162,443,801
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	55.11%	31.64%	41.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	78.00%

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, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

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

<u>FY 2016</u>		<u>FY 2015</u>	
<u>Plan Year 2015</u>		<u>Plan Year 2014</u>	
	0.1717072%		0.1256839%
\$	60,696,210	\$	33,571,908
	88,961,129		75,916,290
<u>\$ 149,657,339</u>		<u>\$ 109,488,198</u>	
\$	150,542,332	\$	147,350,185
	40.32%		22.78%
	78.43%		83.25%

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ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2019

	2019	2018	2017
Contractually Required Contribution	\$ 3,339,028	\$ 2,951,106	\$ 2,792,264
Contribution in Relation to the Contractually Required Contribution	(3,339,028)	(2,951,106)	(2,792,264)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 164,417,160	\$ 162,515,095	\$ 164,788,323
Contributions as a Percentage of Covered Payroll	2.03%	1.82%	1.69%

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 of the preceding years.

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

2016	2015
\$ 3,086,526	\$ 2,819,306
(3,086,526)	(2,819,306)
<u>\$ -</u>	<u>\$ -</u>
\$ 160,914,812	\$ 149,308,655
1.92%	1.89%

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ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED JUNE 30, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.24519253%	0.25592559%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 122,426,875	\$ 111,292,438
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	135,999,016	126,511,621
Total	<u>\$ 258,425,891</u>	<u>\$ 237,804,059</u>
District's Covered Payroll	\$ 162,321,705	\$ 164,691,543
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	75.42%	67.58%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2019 are for the measurement date August 31, 2018 and the amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR FISCAL YEAR 2019

	2019	2018
Contractually Required Contribution	\$ 1,373,728	\$ 1,322,075
Contribution in Relation to the Contractually Required Contribution	(1,373,728)	(1,322,075)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered Payroll	\$ 164,417,160	\$ 162,515,095
Contributions as a Percentage of Covered Payroll	0.84%	0.81%

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

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2019

A. Notes to Schedules for the TRS Pension

*Changes of Benefit terms.*

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

*Changes of Assumptions.*

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

B. Notes to Schedules for the TRS OPEB Plan

*Changes in Benefit.*

The 85th Legislature, Regular Session passed the following statutory changes which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the net enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2019

*Changes in Assumptions.*

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

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.

In this valuation, the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

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**COMBINING SCHEDULES**

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2019

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	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 20,218	\$ -	\$ -	\$ 94,551
1120	Investments - Current	-	-	-	890,008
1240	Due from Other Governments	1,408,507	259,048	34,237	68,638
1260	Due from Other Funds	-	-	-	2,185,759
1300	Inventories	-	-	-	680,143
1410	Prepayments	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 1,428,725</u>	<u>\$ 259,048</u>	<u>\$ 34,237</u>	<u>\$ 3,919,099</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 259,452	\$ 59,307	\$ -	\$ 425,145
2170	Due to Other Funds	784,972	193,116	34,237	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	384,301	6,625	-	75,796
2300	Unearned Revenue	-	-	-	-
2000	<b>Total Liabilities</b>	<u>1,428,725</u>	<u>259,048</u>	<u>34,237</u>	<u>500,941</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	680,143
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	2,738,015
3490	Other Restricted Fund Balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,418,158</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,428,725</u>	<u>\$ 259,048</u>	<u>\$ 34,237</u>	<u>\$ 3,919,099</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	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
20,264	-	50,602	-	153,901	2,575	341	-
-	14,567	-	-	-	-	-	40,870
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 20,264</u>	<u>\$ 14,567</u>	<u>\$ 50,602</u>	<u>\$ -</u>	<u>\$ 153,901</u>	<u>\$ 2,575</u>	<u>\$ 341</u>	<u>\$ 40,870</u>
\$ -	\$ 3,662	\$ 8,000	\$ -	\$ 25,141	\$ -	\$ 341	\$ -
20,264	-	42,602	-	128,760	2,575	-	-
-	10,905	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	40,870
<u>20,264</u>	<u>14,567</u>	<u>50,602</u>	<u>-</u>	<u>153,901</u>	<u>2,575</u>	<u>341</u>	<u>40,870</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 20,264</u>	<u>\$ 14,567</u>	<u>\$ 50,602</u>	<u>\$ -</u>	<u>\$ 153,901</u>	<u>\$ 2,575</u>	<u>\$ 341</u>	<u>\$ 40,870</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2019

Data Control Codes	410 State Instructional Materials	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	478 PICK Education
<b>ASSETS</b>				
1110	\$ -	\$ -	\$ -	\$ -
1120	-	-	-	-
1240	96,180	-	27,291	-
1260	6,031,225	749	-	1,038
1300	-	-	-	-
1410	-	-	6,243	-
1000	<u>\$ 6,127,405</u>	<u>\$ 749</u>	<u>\$ 33,534</u>	<u>\$ 1,038</u>
<b>LIABILITIES</b>				
2110	\$ 5,976,580	\$ -	\$ 5,139	\$ -
2170	-	-	26,444	-
2180	-	-	-	-
2200	-	-	1,951	-
2300	150,825	749	-	1,038
2000	<u>6,127,405</u>	<u>749</u>	<u>33,534</u>	<u>1,038</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410	-	-	-	-
Restricted Fund Balance:				
3450	-	-	-	-
3490	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 6,127,405</u>	<u>\$ 749</u>	<u>\$ 33,534</u>	<u>\$ 1,038</u>

479 Johnson Elementary Ecolab	482 Education Foundation Awards	483 Citi Foundation Award	484 Ector Success Academy Network	486 Blackshear Elementary Ecolab	489 Brown Agriculture Fund	490 Barbara Jordan Trust	491 OHS Scholarship Fund
\$ -	\$ -	\$ -	\$ 10,686	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	51,605	1,472	25,742
-	-	-	-	-	-	-	-
10,792	62,088	16,853	-	376	-	1,703	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 10,792</u>	<u>\$ 62,088</u>	<u>\$ 16,853</u>	<u>\$ 10,686</u>	<u>\$ 376</u>	<u>\$ 51,605</u>	<u>\$ 3,175</u>	<u>\$ 25,742</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	4,210	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,792	62,088	16,853	-	376	45,611	-	-
<u>10,792</u>	<u>62,088</u>	<u>16,853</u>	<u>-</u>	<u>376</u>	<u>49,821</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	10,686	-	1,784	3,175	25,742
-	-	-	10,686	-	1,784	3,175	25,742
<u>\$ 10,792</u>	<u>\$ 62,088</u>	<u>\$ 16,853</u>	<u>\$ 10,686</u>	<u>\$ 376</u>	<u>\$ 51,605</u>	<u>\$ 3,175</u>	<u>\$ 25,742</u>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2019

Data Control Codes	492 Jason's Project STEM	493 ICA Donation Fund	494 Chevron Project Lead The Way	495 Phillips 66 Fund	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	-	-	-	-
1260	Due from Other Funds	2,586	6,284	51,536	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 2,586</u>	<u>\$ 6,284</u>	<u>\$ 51,536</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ 19,906	\$ -
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	-	660	-
2300	Unearned Revenue	2,586	6,284	30,970	-
2000	<b>Total Liabilities</b>	<u>2,586</u>	<u>6,284</u>	<u>51,536</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,586</u>	<u>\$ 6,284</u>	<u>\$ 51,536</u>	<u>\$ -</u>

496 Odessa Regional School Clinic	497 Weldon Scholarship Fund	498 PHS Science Giant Award	Total Nonmajor Special Revenue Funds	687 Crockett Flooring Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 125,455	\$ -	\$ 125,455
-	28,373	-	997,200	-	997,200
-	-	-	2,121,584	-	2,121,584
25,081	-	4,933	8,456,440	-	8,456,440
-	-	-	680,143	-	680,143
-	-	-	6,243	-	6,243
<u>\$ 25,081</u>	<u>\$ 28,373</u>	<u>\$ 4,933</u>	<u>\$ 12,387,065</u>	<u>\$ -</u>	<u>\$ 12,387,065</u>
\$ -	\$ -	\$ -	\$ 6,782,673	\$ -	\$ 6,782,673
-	-	-	1,237,180	-	1,237,180
-	-	-	10,905	-	10,905
-	-	-	469,333	-	469,333
25,081	27,544	4,933	426,600	-	426,600
<u>25,081</u>	<u>27,544</u>	<u>4,933</u>	<u>8,926,691</u>	<u>-</u>	<u>8,926,691</u>
-	-	-	680,143	-	680,143
-	-	-	2,738,015	-	2,738,015
-	829	-	42,216	-	42,216
-	829	-	3,460,374	-	3,460,374
<u>\$ 25,081</u>	<u>\$ 28,373</u>	<u>\$ 4,933</u>	<u>\$ 12,387,065</u>	<u>\$ -</u>	<u>\$ 12,387,065</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, 2019

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
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 4,130,823
5800 State Program Revenues	-	-	-	324,405
5900 Federal Program Revenues	6,389,083	5,049,302	178,273	11,954,772
5020 Total Revenues	6,389,083	5,049,302	178,273	16,410,000
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	3,644,304	4,649,482	176,895	-
0012 Instructional Resources and Media Services	126,694	-	-	-
0013 Curriculum and Instructional Staff Development	2,309,839	70,622	-	-
0021 Instructional Leadership	22,055	-	-	-
0023 School Leadership	52,343	-	1,378	-
0031 Guidance, Counseling and Evaluation Services	82,021	329,198	-	-
0032 Social Work Services	69,698	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	14,432,295
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	9,725	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	783,692
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	72,404	-	-	-
6030 Total Expenditures	6,389,083	5,049,302	178,273	15,215,987
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1,194,013
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	-	-	-	824
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	824
1200 Net Change in Fund Balance	-	-	-	1,194,837
0100 Fund Balance - July 1 (Beginning)	-	-	-	2,223,321
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ 3,418,158

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	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	19,006
373,790	1,118,929	680,435	93,544	380,161	73,159	1,874	-
373,790	1,118,929	680,435	93,544	380,161	73,159	1,874	19,006
116,279	11,372	276,635	-	84,539	68,720	1,874	-
-	-	-	-	-	-	-	-
-	1,086,807	373,603	-	5,000	4,439	-	19,006
-	430	-	-	-	-	-	-
-	3,783	-	-	7,487	-	-	-
257,511	-	-	-	12,734	-	-	-
-	-	-	-	-	-	-	-
-	-	-	93,544	9,234	-	-	-
-	-	-	-	-	-	-	-
-	16,537	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	261,167	-	-	-
-	-	30,197	-	-	-	-	-
373,790	1,118,929	680,435	93,544	380,161	73,159	1,874	19,006
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	410 State Instructional Materials	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	478 PICK Education
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 15,401	\$ -	\$ 352,128	\$ 49,658
5800 State Program Revenues	6,658,038	4,900	320,757	-
5900 Federal Program Revenues	-	-	-	10,000
5020 Total Revenues	6,673,439	4,900	672,885	59,658
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	6,673,439	-	905,158	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	4,900	17,359	-
0021 Instructional Leadership	-	-	-	59,658
0023 School Leadership	-	-	77,832	-
0031 Guidance, Counseling and Evaluation Services	-	-	530	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	928	-
6030 Total Expenditures	6,673,439	4,900	1,001,807	59,658
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(328,922)	-
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	-	328,922	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	328,922	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -



479 Johnson Elementary Ecolab	482 Education Foundation Awards	483 Citi Foundation Award	484 Ector Success Academy Network	486 Blackshear Elementary Ecolab	489 Brown Agriculture Fund	490 Barbara Jordan Trust	491 OHS Scholarship Fund
\$ -	\$ 96,119	\$ 4,629	\$ -	\$ -	\$ 1,984	\$ 786	\$ 1,900
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	96,119	4,629	-	-	1,984	786	1,900
-	72,260	-	-	-	1,110	-	-
-	4,512	-	-	-	-	-	-
-	4,912	-	70,919	-	-	-	-
-	10,028	-	-	-	-	-	-
-	-	-	115,395	-	-	-	-
-	4,407	4,629	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,500
-	96,119	4,629	186,314	-	1,110	-	1,500
-	-	-	(186,314)	-	874	786	400
-	-	-	-	-	-	-	-
-	-	-	197,000	-	-	-	-
-	-	-	197,000	-	-	-	-
-	-	-	10,686	-	874	786	400
-	-	-	-	-	910	2,389	25,342
\$ -	\$ -	\$ -	\$ 10,686	\$ -	\$ 1,784	\$ 3,175	\$ 25,742

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	492 Jason's Project STEM	493 ICA Donation Fund	494 Chevron Project Lead The Way	495 Phillips 66 Fund
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 16,912	\$ 1,991	\$ 128,009	\$ 9,899
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	16,912	1,991	128,009	9,899
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	-	-	99,858	9,899
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	16,912	1,585	26,379	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	406	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	1,772	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	16,912	1,991	128,009	9,899
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
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)	\$ -	\$ -	\$ -	\$ -

496 Odessa Regional School Clinic	497 Weldon Scholarship Fund	498 PHS Science Giant Award	Total Nonmajor Special Revenue Funds	687 Crockett Flooring Fund	Total Nonmajor Governmental Funds
\$ 4,072	\$ 310	\$ -	\$ 4,814,621	\$ -	\$ 4,814,621
-	-	-	7,327,106	-	7,327,106
-	-	-	26,303,322	-	26,303,322
4,072	310	-	38,445,049	-	38,445,049
-	-	-	16,791,824	-	16,791,824
-	-	-	131,206	-	131,206
-	-	-	4,012,282	-	4,012,282
-	-	-	92,171	-	92,171
-	-	-	258,624	-	258,624
-	-	-	691,030	-	691,030
-	-	-	69,698	-	69,698
4,072	-	-	106,850	-	106,850
-	-	-	14,432,295	-	14,432,295
-	-	-	1,772	-	1,772
-	-	-	26,262	-	26,262
-	-	-	783,692	141,630	925,322
-	-	-	261,167	-	261,167
-	-	-	105,029	-	105,029
4,072	-	-	37,763,902	141,630	37,905,532
-	310	-	681,147	(141,630)	539,517
-	-	-	824	-	824
-	-	-	525,922	-	525,922
-	-	-	-	(880)	(880)
-	-	-	526,746	(880)	525,866
-	310	-	1,207,893	(142,510)	1,065,383
-	519	-	2,252,481	142,510	2,394,991
\$ -	\$ 829	\$ -	\$ 3,460,374	\$ -	\$ 3,460,374

**COMBINING SCHEDULES – INTERNAL SERVICE FUNDS**

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2019

EXHIBIT H-3

	715 Chancellor Killion Housing	771 Worker's Compensation Fund	772 Medical Trust Fund	Total Internal Service Funds
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 222,434	\$ -	\$ 1,348,598	\$ 1,571,032
Investments - Current	-	7,392,449	11,712,188	19,104,637
Total Current Assets	<u>222,434</u>	<u>7,392,449</u>	<u>13,060,786</u>	<u>20,675,669</u>
Noncurrent Assets:				
Capital Assets:				
Land	54,012	-	-	54,012
Buildings and Improvements	3,663,335	-	-	3,663,335
Depreciation on Buildings	(313,195)	-	-	(313,195)
Total Noncurrent Assets	<u>3,404,152</u>	<u>-</u>	<u>-</u>	<u>3,404,152</u>
Total Assets	<u>3,626,586</u>	<u>7,392,449</u>	<u>13,060,786</u>	<u>24,079,821</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	7,866	-	271,757	279,623
Due to Other Funds	-	480,996	-	480,996
Accrued Expenses	-	636,839	1,849,491	2,486,330
Total Current Liabilities	<u>7,866</u>	<u>1,117,835</u>	<u>2,121,248</u>	<u>3,246,949</u>
NonCurrent Liabilities:				
Other Long-Term Debt - Due in More than One Year	-	1,975,174	-	1,975,174
Total Noncurrent Liabilities	<u>-</u>	<u>1,975,174</u>	<u>-</u>	<u>1,975,174</u>
Total Liabilities	<u>7,866</u>	<u>3,093,009</u>	<u>2,121,248</u>	<u>5,222,123</u>
<b>NET POSITION</b>				
Unrestricted Net Position	<u>3,618,720</u>	<u>4,299,440</u>	<u>10,939,538</u>	<u>18,857,698</u>
Total Net Position	<u>\$ 3,618,720</u>	<u>\$ 4,299,440</u>	<u>\$ 10,939,538</u>	<u>\$ 18,857,698</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, 2019

	715 Chancellor Killion Housing	771 Worker's Compensation Fund	772 Medical Trust Fund	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
Employee and Employer Premiums	\$ -	\$ 908,418	\$ 25,675,508	\$ 26,583,926
Rent Revenue	339,758	-	-	339,758
Stop Loss Reimbursement	-	22,625	116,220	138,845
<b>Total Operating Revenues</b>	<b>339,758</b>	<b>931,043</b>	<b>25,791,728</b>	<b>27,062,529</b>
<b>OPERATING EXPENSES:</b>				
Claims and Prescriptions	-	233,745	20,366,921	20,600,666
Professional and Contracted Services	189,979	61,215	33,000	284,194
Supplies and Materials	7,622	-	-	7,622
Other Operating Costs	15,332	-	2,409,486	2,424,818
Depreciation Expense	87,004	-	-	87,004
Capital Outlay	7,195	-	-	7,195
<b>Total Operating Expenses</b>	<b>307,132</b>	<b>294,960</b>	<b>22,809,407</b>	<b>23,411,499</b>
<b>Operating Income</b>	<b>32,626</b>	<b>636,083</b>	<b>2,982,321</b>	<b>3,651,030</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Earnings from Temporary Deposits & Investments	-	163,339	191,921	355,260
<b>Total Nonoperating Revenues (Expenses)</b>	<b>-</b>	<b>163,339</b>	<b>191,921</b>	<b>355,260</b>
<b>Change in Net Position</b>	<b>32,626</b>	<b>799,422</b>	<b>3,174,242</b>	<b>4,006,290</b>
<b>Total Net Position - July 1 (Beginning)</b>	<b>3,586,094</b>	<b>3,500,018</b>	<b>7,765,296</b>	<b>14,851,408</b>
<b>Total Net Position June 30 (Ending)</b>	<b>\$ 3,618,720</b>	<b>\$ 4,299,440</b>	<b>\$ 10,939,538</b>	<b>\$ 18,857,698</b>

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	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	\$ 318,916	\$ -	\$ -	\$ 318,916
Cash Received from Employees and Employer	-	678,918	25,675,508	26,354,426
Cash Received from Stop Loss Carrier	-	22,625	116,220	138,845
Cash Payments for Claims	-	(640,327)	(20,760,081)	(21,400,408)
Other Payments	(216,401)	(61,215)	(2,288,347)	(2,565,963)
Net Cash Provided by Operating Activities	<u>102,515</u>	<u>1</u>	<u>2,743,300</u>	<u>2,845,816</u>
<u>Cash Flows from Investing Activities:</u>				
Interest and Dividends on Investments	-	163,339	191,921	355,260
Net Increase in Cash and Cash Equivalents	102,515	163,340	2,935,221	3,201,076
Cash and Cash Equivalents at Beginning of Year	119,919	7,229,109	10,125,565	17,474,593
Cash and Cash Equivalents at End of Year	<u>\$ 222,434</u>	<u>\$ 7,392,449</u>	<u>\$ 13,060,786</u>	<u>\$ 20,675,669</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>				
Operating Income:	\$ 32,626	\$ 636,083	\$ 2,982,321	\$ 3,651,030
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	87,004	-	-	87,004
Effect of Increases and Decreases in Current Assets and Liabilities:				
Increase in Accounts Payable	3,727	-	154,139	157,866
Decrease in Accrued Expenses	-	(406,582)	(393,160)	(799,742)
Decrease in Due to Other Funds	(20,842)	(229,500)	-	(250,342)
Net Cash Provided by Operating Activities	<u>\$ 102,515</u>	<u>\$ 1</u>	<u>\$ 2,743,300</u>	<u>\$ 2,845,816</u>

**REQUIRED TEA SCHEDULES**



ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED JUNE 30, 2019

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2010 and prior years	Various	\$ 0.088600	\$ 9,000,890,000
2011	1.040000	0.095000	9,565,177,000
2012	1.040000	0.095000	10,232,624,000
2013	1.040000	0.079500	11,598,844,880
2014	1.040000	0.121000	13,401,694,166
2015	1.040000	0.121000	14,256,078,650
2016	1.040000	0.110000	13,190,683,066
2017	1.040000	0.110000	11,855,872,243
2018	1.040000	0.109600	12,190,897,339
2019 (School year under audit)	1.170000	0.109600	13,103,475,994
1000 TOTALS			

(10) Beginning Balance 7/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2019
\$ 2,639,552	\$ -	\$ 73,132	\$ 6,230	\$ (123,335)	\$ 2,436,855
400,303	-	20,539	1,876	(1,342)	376,546
620,916	-	31,007	2,832	(915)	586,162
468,299	-	57,033	4,360	(250)	406,656
857,931	-	113,774	13,237	172	731,092
1,445,327	-	225,393	26,217	(9,180)	1,184,537
1,831,537	-	370,384	39,197	(104,771)	1,317,185
2,550,267	-	470,733	49,817	(235,164)	1,794,553
4,604,351	-	1,779,379	187,438	(309,382)	2,328,152
-	167,668,017	147,867,394	13,842,354	(812,502)	5,145,767
<u>\$ 15,418,483</u>	<u>\$ 167,668,017</u>	<u>\$ 151,008,768</u>	<u>\$ 14,173,558</u>	<u>\$ (1,596,669)</u>	<u>\$ 16,307,505</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, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 4,723,000	\$ 4,875,500	\$ 4,130,823	\$ (744,677)
5800 State Program Revenues	370,000	370,000	324,405	(45,595)
5900 Federal Program Revenues	10,660,000	11,152,200	11,954,772	802,572
5020 Total Revenues	15,753,000	16,397,700	16,410,000	12,300
<b>EXPENDITURES:</b>				
Current:				
0035 Food Services	14,466,377	15,461,243	14,432,295	1,028,948
0051 Facilities Maintenance and Operations	1,286,623	936,457	783,692	152,765
6030 Total Expenditures	15,753,000	16,397,700	15,215,987	1,181,713
1100 Excess of Revenues Over Expenditures	-	-	1,194,013	1,194,013
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	-	-	824	824
1200 Net Change in Fund Balances	-	-	1,194,837	1,194,837
0100 Fund Balance - July 1 (Beginning)	2,223,321	2,223,321	2,223,321	-
3000 Fund Balance - June 30 (Ending)	\$ 2,223,321	\$ 2,223,321	\$ 3,418,158	\$ 1,194,837

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, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 14,140,537	\$ 14,707,786	\$ 14,524,002	\$ (183,784)
5800 State Program Revenues	268,836	279,336	288,375	9,039
5020 Total Revenues	14,409,373	14,987,122	14,812,377	(174,745)
<b>EXPENDITURES:</b>				
Debt Service:				
0071 Principal on Long-Term Debt	3,399,088	3,399,088	3,399,088	-
0072 Interest on Long-Term Debt	9,772,481	9,772,481	9,772,481	-
0073 Bond Issuance Cost and Fees	9,800	9,800	7,000	2,800
6030 Total Expenditures	13,181,369	13,181,369	13,178,569	2,800
1200 Net Change in Fund Balances	1,228,004	1,805,753	1,633,808	(171,945)
0100 Fund Balance - July 1 (Beginning)	12,270,856	12,270,856	12,270,856	-
3000 Fund Balance - June 30 (Ending)	\$ 13,498,860	\$ 14,076,609	\$ 13,904,664	\$ (171,945)

**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 Ector County Independent School District (the "District"), as of and for the year then ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2019.

**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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 noted certain matters that we have reported to management of the District in a separate letter dated November 19, 2019.

**Other Matter**

We performed tests designed to verify the District's compliance with the requirements of the Texas Public Funds Investments Act. During the year ended June 30, 2019, 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Odessa, Texas  
November 19, 2019



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

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

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**Report on Compliance for Each Major Federal Program**

We have audited Ector County Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. 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, 2019.



### Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on the District's National School Lunch Program—Cash Assistance is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control Over Compliance

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

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

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

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

Odessa, Texas  
November 19, 2019

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2019

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**Section I—Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_ Yes X None reported

Noncompliance material to financial statements noted? \_\_\_ Yes X No

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified? \_\_\_ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_ Yes X None reported

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2CFR 200.516(a) X Yes \_\_\_ No

Any questioned costs? X Yes \_\_\_ No

Identification of major programs:

Dollar threshold used to distinguish between Type A and Type B programs \$ 787,832

Auditee qualified as low-risk auditee? X Yes \_\_\_ No

CFDA Number	Name of Federal Program or Cluster
84.424A	Title IV, Part A, Subpart I
	<b>Child Nutrition Cluster</b>
10.553	School Breakfast Program
10.555	National School Lunch Program--Cash Assistance
10.555	National School Lunch Program--Non-Cash Assistance
10.559	Summer Feeding Program-Cash Assistance
10.558	Child & Adult Care Food Program—Cash Assistance

**Section II – Financial Statement Findings**

No matters were reported.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2019

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**Section III – Federal Awards Findings and Questioned Costs**

Finding 2019-001

<b>CFDA title and number</b>	10.555 National School Lunch Program--Cash Assistance
<b>Federal award identification number and year</b>	
<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-through entity</b>	Texas Department of Agriculture

**Criteria:**

Per the National School Lunch Program: Administrator’s Reference Manual section 7, counting, coding, and recording meals served, the District is required to establish procedures for counting, coding, and reporting an accurate daily count of the number of students receiving a reimbursable meal by category, an accurate process for coding reimbursable and non-reimbursable meals served, and processes or common practices that prevent overt identification of student eligibility status.

**Condition:**

Siblings of pre-kindergarten students, who were categorically eligible for free meals, were extended meals erroneously for which the District submitted reimbursement for. Additionally, there is a lag between student enrollment and when eligibility testing is completed. During this lag time, the District is not seeking reimbursement for meals served.

**Cause:**

During 2018-2019, the District was using a program called Titan School Solutions. An error in the program caused meals to be erroneously extended to students not categorically eligible to be submitted for reimbursement. Additionally, limited staffing and resources does not allow the District adequate time to submit claims during the processing lag time.

**Questioned Costs:**

The District has estimated that they net under submitted reimbursements approximating \$13,000 from the period between August 2018 and June 2019.

**Effect:**

Local funds generated from paid meals were being used to absorb losses for meals that could have been submitted for federal reimbursement.

**Recommendation:**

We recommend management of the District carefully evaluate and perform the necessary checks each reporting period to ensure the meals submitted for reimbursement are accurate and complete prior to submission.

**Management’s Response:**

Management has performed edit checks and onsite reviews, as required by state regulations, every year. In order to address the extended meals condition identified above, the District will add further sample testing of pre-kindergarten, kindergarten, community eligibility provision, and faculty accounts on a weekly basis.

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018

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**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

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ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>NATIONAL AERONAUTICS SPACE ADMINISTRATION</b>			
<u>Passed Through Texas Space Grant Consortium</u>			
Student Space Flight Experiments	43.001	NNX15AJ99H	\$ 10,000
Total Passed Through Texas Space Grant Consortium			10,000
<b>TOTAL NATIONAL AERONAUTICS SPACE ADMINISTRATION</b>			10,000
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<u>Direct Programs</u>			
Junior Reserve Officer's Training Corps	12.000		67,374
Total Direct Programs			67,374
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			67,374
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through The New Teacher Project, Inc.</u>			
Supporting Effective Educator Development	84.423A	U423A170007	46,000
Total Passed Through The New Teacher Project, Inc.			46,000
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101068901	584,241
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101068901	5,796,246
ESEA, Title I, Part D - Subpart 2-Delinquent Progr	84.010A	18610103068901	7,499
ESEA, Title I, Part D - Subpart 2-Delinquent Progr	84.010A	19610103068901	64,193
Title I 1003 School Improvement	84.010A	18610123068901	101,601
Total CFDA Number 84.010A			6,553,780
IDEA - Part B, Formula	84.027A	186600010689016600	1,115,724
IDEA - Part B, Formula	84.027A	196600010689016600	3,933,579
IDEA - Part B, Discretionary Deaf	84.027A	186600110689016673	11,702
IDEA - Part B, Discretionary Deaf	84.027A	196600110689016673	63,579
Total CFDA Number 84.027A			5,124,584
IDEA - Part B, Preschool	84.173A	186610010689016610	37,075
IDEA - Part B, Preschool	84.173A	196610010689016610	141,198
Total CFDA Number 84.173A			178,273
Total Special Education Cluster (IDEA)			5,302,857
Carl D. Perkins Basic Formula Grant	84.048A	19420006068901	373,790
IDEA - C, Early Intervention	84.181A	193911010689013911	1,874
Title III, Part A-English Language Acquisition	84.365A	18671001068901	59,119
Title III, Part A-English Language Acquisition	84.365A	19671001068901	621,316
Total CFDA Number 84.365A			680,435
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	18694501068901	189,174
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	19694501068901	957,288
Total CFDA Number 84.367A			1,146,462
Title IV, Part A, Subpart 1	84.424A	18680101068901	8,106
Title IV, Part A, Subpart 1	84.424A	19680101068901	375,161
Total CFDA Number 84.424A			383,267
Total Passed Through State Department of Education			14,442,465
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			14,488,465

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, 2019

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas HHS Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	5290701500014	93,544
Federal Child Care Tuition	93.556	09030C02FY19	21,917
Total Passed Through Texas HHS Commission			115,461
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			115,461
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program	10.553	71401901	3,769,207
National School Lunch Program - Cash Assistance	10.555	71301901	6,534,166
National School Lunch Prog. - Non-Cash Assistance	10.555	068901	748,325
Total CFDA Number 10.555			7,282,491
Summer Feeding Program - Cash Assistance	10.559	068901	78,627
Total Child Nutrition Cluster			11,130,325
Child & Adult Care Food Program - Cash Assistance	10.558	00327	824,448
Total Passed Through the State Department of Agriculture			11,954,773
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			11,954,773
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 26,636,073

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, 2019

1) General

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

2) Basis of Accounting

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

Indirect costs shown on the Schedule of Expenditures of Federal Awards are properly credited as revenues to the General Fund. These indirect cost revenues were determined by applying approved indirect cost rates to actual applicable expenditures of the projects. The District has elected not to use the 10% *de minimis* cost rate as covered in 200.414 Indirect (F&A) costs.

3) Relationship to General Purpose Financial Statements

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

	100-199 General Fund	3,650,613
	200-499 Special Revenue Funds	26,303,322
		29,953,935
	Less: SHARS revenue	(3,317,862)
	Schedule of Federal Awards	26,636,073

4) Relationship to Federal Financial Reports

Amounts reported in the accompanying exhibits agree with the amounts reported in the related Federal Financial Reports.

5) Amounts Passed Through by the District

During 2019, the District did not pass through any federal funding to sub-recipients.