REGION 17 EDUCATION SERVICE CENTER

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2024

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
LUBBOCK, TEXAS

REGION 17 EDUCATION SERVICE CENTER

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2024

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CERTIFICATE OF BOARD

Region 17 Education Service Center	Lubbock	152-950
Name of Service Center	County	Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named Service Center were reviewed and (check one) _√_ approved ____ disapproved for the year ended August 31, 2024, at a meeting of the Board of Directors of such Service Center on the 19th day of December, 2024.

Signature of Board Secretary	Signature of Board President

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

FINANCIAL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
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LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

UNMODIFIED OPINIONS ON THE BASIC FINANCIAL STATEMENTS

Board of Directors
Region 17 Education Service Center
Lubbock, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Region 17 Education Service Center (the Center), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Region 17 Education Service Center, as of August 31, 2024, and the respective changes in financial position, and where applicable the cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

GAAP requires that the management's discussion and analysis on pages 4-8, budgetary comparison information on page 46, and the pension and other post-employment benefit (OPEB) related information on pages 47-51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The other supplementary information comprised of combining statements of revenues, expenditures and changes in fund balance for all general funds and special revenue funds and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, combining statements of revenues, expenditures and changes in fund balance for all general funds and special revenue funds and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

December 2, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
REGION 17 EDUCATION SERVICE CENTER

INTRODUCTION

In this section of the Annual Financial and Compliance Report, we, the managers of Region 17 Education Service Center (the Center), discuss and analyze the Center's financial performance for the fiscal year ended August 31, 2024. Please read it in conjunction with the Independent Auditor's Report on pages 1-3, and the Center's Basic Financial Statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The Center ended the year, August 31, 2024, with total net position of $36,784,520, including unrestricted net position of $19,662,733. The balance of cash and investments at August 31, 2024, was $26,544,513.
- During 2024, the Center had $19,497,259 in expenses and $22,028,938 generated from charges for services, operating grants, local and intermediate revenues, and investment earnings (net of transfers) leaving them with an increase in net position of $2,531,679.
- The General Fund ended the 2024 and 2023 fiscal years with Unassigned Fund balances of $1,935,404 and $1,900,724 and Committed Fund Balances of $22,675,442 and $19,926,781, respectively.

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 (Exhibits A-1 and B-1). These provide information about the activities of the Center as a whole and present a longer-term view of the Center's property 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 with Exhibit C-1) report the Center's operations in more detail than the government-wide statements by providing information about the Center'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 the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the Center were sold to departments within the Center and how the sales revenues covered the expenses of the goods or services.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

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

Reporting the Center as a Whole

Government-Wide Financial Statements

The analysis of the Center's overall financial condition and operations begins with Exhibit A-1, the Statement of Net Position. The Statement of Net Position includes all the Center's assets and liabilities at the end of the year while the Statement of Activities (Exhibit B-1) includes all the revenues and expenses generated by the Center'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 Center's revenues are divided into those provided by outside parties who share the costs of some programs, such as grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues) or districts in the Center in equalization funding processes (general revenues). All the Center'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 Center's net position and changes in them. The Center's net position (the difference between assets and liabilities) provides one measure of the Center's financial health or financial position. Over time, increases or decreases in the Center's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the Center, however, you should consider non-financial factors as well, such as overall attendance declines within the districts in the Center or legislative changes that could impact the funding of services provided to our districts within the Center.

In the Statement of Net Position and the Statement of Activities, we report the Center's Governmental Activities. Most of the Center's basic services are reported here.

- Governmental activities – All of the Center's basic services are reported here, including instructional resources, staff development, plant maintenance, data processing, school district administrative support services, community services, and general administration. District contracted fees and state and federal grants finance most of these activities.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The fund financial statements begin with Exhibit C-1 and provide detailed information about the most significant funds–not the Center as a whole. Laws and contracts require the Center to establish some funds, such as grants received from the U.S. Department of Education. The Center's administration establishes many other funds to help it control and manage money for particular purposes. The Center's three kinds of funds–governmental, proprietary, and fiduciary–use different accounting approaches.

- Governmental funds – Most of the Center'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 Center'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 Center's internal service funds report activities that provide supplies and services for the Center's other programs and activities–such as the Center's contracted personnel and other internal services.

- Fiduciary fund – A custodial fund to account for dental and other benefits activities of several ESCs in Texas.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Net position of the Center's governmental activities at August 31, 2024 and 2023, was $36,784,520 and $34,252,841, respectively. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were $19,662,733 and $16,709,263 at August 31, 2024 and 2023, respectively.

Table I
Region 17 Education Service Center
NET POSITION

	Governmental Activities	
	2024	2023
Current and Other Assets	$ 28,524,501	$ 25,520,605
Capital Assets, Net	16,352,537	15,734,158
Total Assets	$ 44,877,038	$ 41,254,763
Deferred Outflows of Resources	$ 1,822,454	$ 2,053,386
Current Liabilities	$ 1,316,889	$ 1,464,055
Long Term Liabilities	5,242,941	3,688,900
Total Liabilities	$ 6,559,830	$ 5,152,955
Deferred Inflows of Resources	$ 3,355,142	$ 3,902,353
Net Position:		
Net Investments in Capital Assets	$ 14,614,131	$ 15,035,656
Restricted for Other Purposes	2,507,656	2,507,922
Unrestricted	19,662,733	16,709,263
Total Net Position	$ 36,784,520	$ 34,252,841

The Center's net position increased during the year ended August 31, 2024, by $2,531,679 (see Table II). The total revenues increased by $1,002,520. The total expenses of the Center increased by $609,135.

Table II
Region 17 Education Service Center
CHANGES IN NET POSITION

	Governmental Activities	
	2024	2023
Revenues:		
Program Revenues:		
Charges for Services	$ 9,881,877	$ 9,716,190
Operating Grants and Contributions	11,011,184	10,536,608
General Revenues:		
Investment Earnings	1,228,665	866,408
Total Revenues	$ 22,121,726	$ 21,119,206
Expenses:		
Instruction, Curriculum, and Media Services	$ 5,913,945	$ 5,687,059
Instructional Leadership and Student Support	976,775	1,231,080
General Administration	2,093,092	2,004,654
Plant Maintenance and Data Processing	3,595,613	3,122,178
School District Admin. Support	6,017,228	6,075,698
Payments to Member Districts of SSAs	900,606	848,903
Total Expenses	$ 19,497,259	$ 18,969,572
Change in Net Position Before Transfers	$ 2,624,467	$ 2,149,634
Transfers	(92,788)	(11,340)
Total Change in Net Position	$ 2,531,679	$ 2,138,294

THE CENTER'S FUNDS

As the Center completed the year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a combined fund balance of $27,118,502. Included in this year's total fund balance is a General Fund balance of $24,610,846 as reflected on the Balance Sheet – Governmental Funds on Exhibit C-1.

The Statement of Revenues, Expenditures and Changes in Fund Balances reflects an increase in the General Fund balance of $2,783,341 and changes to the restricted fund balances of four Special Revenue Funds. The Technology Consortium Fund was historically funded through wealth equalization agreements between the area districts and the Center to fund future technological needs for the entire region. The Center no longer receives any revenue through these agreements. The fund balance in this fund decreased from $420,492 to $229,541. The Center also has three other special revenue funds that maintain a fund balance. These other funds include the ITV Member Fund which funded through participation fees from area districts. The fund balance in this fund increased from $1,843,353 to $1,973,185. Other special revenue fund balances total $304,930 at year end..

Over the course of the year, the Board of Directors revised the Center's budget several times. These budget amendments fall into two categories. The first category includes amendments to various funds moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs. The second category involved amendments where additional funding was received after the Board of Trustees approved the original budget. Many programs in the Center have different grant year beginning dates making it difficult to approve all of the resources prior to the beginning of the fiscal year.

The Center's net change in General Fund balance of $2,783,341 reported on Exhibit C-3 differs from the General Fund's budgetary change in fund balance of ($175,000) reported on the budgetary comparison schedule on Exhibit G-1. This is principally due to expenditures being substantially less than appropriations for the year as well as revenues being over budgeted amounts for the year.

PERSONNEL CONTRACTED SERVICES

Beginning in November 2001, after conferring with TEA personnel, the Center started using an internal service fund approach to allocating salaries and benefits that would better address situations involving split funded personnel. Every month, calculations are performed to accurately charge the Center's projects with salary expense based solely on the amount of time each employee spent on a particular project. Management is confident that this allocation method accurately reflects the true cost of the Center's salaries to each of its projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
As of August 31, 2024, the Center has $16,352,537 invested in a broad range of capital assets, including facilities, land, and equipment for computer technology, administration, and maintenance, net of accumulated depreciation. The Center capitalizes only those assets whose per unit cost is in excess of $5,000. All other purchases are considered supplies.

Long-term Liabilities
The Center recognizes $1,738,406 in long-term lease and subscription liabilities. This represents lease and subscription liabilities which are maintained in the internal service fund. Other funds are charged for their share of these cost. All expenditures are paid for with current year revenues.

Other obligations include net pension liability required by GASB 68 and net other post-employment obligation (OPEB) liability required by GASB 75. Notes 12 and 13 in the notes to the financial statements describe the net pension and OPEB liabilities in detail.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

For the 2023-2024 fiscal year, the COVID-19 funding from the United States Department of Education via the Texas Education Agency will soon expire. That funding allowed the ESC to assist school districts with student learning losses and a variety of other efforts. The school districts will continue to look to the ESC for solutions to these issues with the expiration of this funding. Another issue facing school districts are budget deficits and they will look to the ESC for prudent fiscal technical assistance.

The Texas legislature will convene in January 2025. For the upcoming biennium, estimated excess revenues in the state budget will be targeted for a variety of initiatives, including property tax reduction that passed in the 88th legislative session. Also, over the past few years, the Commissioner and/or legislature have created a variety of school initiatives without corresponding funding to implement. The ESC has been instrumental in assisting the school districts with these initiatives. The ESC will be available to assist the school districts in these initiatives as appropriate.

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our districts, creditors, and the Texas Education Agency with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Center's business office, at Region 17 Education Service Center, 1111 W. Loop 289, Lubbock, TX 79416.

BASIC FINANCIAL STATEMENTS

REGION 17 EDUCATION SERVICE CENTER

Exhibit A-1

STATEMENT OF NET POSITION
AUGUST 31, 2024

Data Control Codes		Primary Government Governmental Activities
	ASSETS AND OTHER DEBITS:	
1110	Cash and Temporary Investments	$ 26,543,349
1120	Investments	1,164
1240	Due from Other Governments	1,554,133
1290	Other Receivables	242,514
1300	Inventories	14,643
1410	Prepaid Expenses	168,698
	Capital Assets:	
1510	Land	1,216,806
1520	Buildings, Net	12,780,869
1530	Furniture and Equipment, Net	521,645
1540	Vehicles, Net	19,543
1550	Right to Use Assets, Net	1,813,674
1000	Total Assets	$ 44,877,038
	DEFERRED OUTFLOWS OF RESOURCES:	
1705	Deferred Outflows Related to Pension Liability	$ 1,251,614
1706	Deferred Outflows Related to OPEB Liability	570,840
	Total Deferred Outflows of Resources	$ 1,822,454
	LIABILITIES:	
2110	Accounts Payable	$ 92,285
2140	Interest Payable	82,626
2180	Due to Other Governments	719,127
2200	Accrued Expenditures/Expenses	403,864
2300	Unearned Revenues	18,987
	Noncurrent Liabilities:	
2501	Lease and Subscription Liabilities - Due within One Year	865,831
2502	Lease and Subscription Liabilities	872,575
2540	Net Pension Liability	1,971,269
2545	Net OPEB Liability	1,533,266
2000	Total Liabilities	$ 6,559,830
	DEFERRED INFLOWS OF RESOURCES:	
2605	Deferred Inflows Related to Pension Liability	$ 241,857
2606	Deferred Inflows Related to OPEB Liability	3,113,285
	Total Deferred Inflows of Resources	$ 3,355,142
	NET POSITION:	
3200	Net Investment in Capital Assets	$ 14,614,131
3890	Restricted for Other Purposes	2,507,656
3900	Unrestricted Net Position	19,662,733
3000	Total Net Position	$ 36,784,520

The accompanying notes are an integral part of this financial statement.

REGION 17 EDUCATION SERVICE CENTER

Exhibit B-1

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		1 Expenses	Program Revenues 3 Charges for Services	4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets 6 Total Governmental Funds
Expenditures:					
11	Instruction	$ 982,435	$ 52,057	$ 950,182	$ 19,804
12	Instructional Resources and Media Services	73,137	79,741	12,328	18,932
13	Curriculum and Instructional Staff Development	4,858,373	1,323,385	3,789,321	254,333
21	Instructional Leadership	50,812	3,234	48,799	1,221
31	Guidance, Counseling, and Evaluation Services	367,244	35,512	344,047	12,315
33	Health Services	558,719	10	558,713	4
41	General Administration	2,093,092	2,002,051	438,416	347,375
51	Plant Maintenance and Operations	1,379,274	732,398	399,970	(246,906)
52	Security and Monitoring	53,121		45,761	(7,360)
53	Data Processing Services	2,163,218	2,113,972	305,584	256,338
61	Community Services	223,194		223,194	0
62	School District Administrative Support Services	5,794,034	2,861,846	3,517,091	584,903
93	Payments to Fiscal Agent/Member District of SSA	900,606	677,671	377,778	154,843
TP	Total Primary Government	$ 19,497,259	$ 9,881,877	$ 11,011,184	$ 1,395,802

Data Control Codes	General Revenues:	
IE	Investment Earnings	$ 1,228,665
FR	Transfers	(92,788)
TR	Total General Revenues and Transfers	$ 1,135,877
CN	Change in Net Position	$ 2,531,679
NB	Net Position - Beginning	34,252,841
NE	Net Position - Ending	$ 36,784,520

The accompanying notes are an integral part of this financial statement.

REGION 17 EDUCATION SERVICE CENTER

Exhibit C-1

BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2024

Data Control Codes		Major Funds 10 General Fund	Other Governmental Funds	98 Total Governmental Funds
	ASSETS AND OTHER DEBITS:			
1110	Cash and Temporary Investments	$ 24,936,344	$ 1,602,758	$ 26,539,102
1120	Investments	582	582	1,164
1240	Due from Other Governments	496,167	1,055,106	1,551,273
1290	Other Receivables	238,291		238,291
1410	Prepaid Expenses	1,187	13,804	14,991
1000	Total Assets	$ 25,672,571	$ 2,672,250	$ 28,344,821
	LIABILITIES:			
2110	Accounts Payable	$ 12,535	$ 71,806	$ 84,341
2150	Payroll Deductions	410		410
2180	Due to Other Governments	626,339	92,788	719,127
2200	Accrued Expenditures	403,454		403,454
2300	Unearned Revenue	18,987		18,987
2000	Total Liabilities	$ 1,061,725	$ 164,594	$ 1,226,319
	FUND BALANCES:			
	Restricted Fund Balances:			
3490	Other	$	$ 2,507,656	$ 2,507,656
	Committed Fund Balances:			
3510	Construction	11,940,016		11,940,016
3530	Equipment	9,932,500		9,932,500
3545	Other	802,926		802,926
3600	Unassigned Fund Balance	1,935,404		1,935,404
3000	Total Fund Balances	$ 24,610,846	$ 2,507,656	$ 27,118,502
4000	Total Liabilities and Fund Balances	$ 25,672,571	$ 2,672,250	$ 28,344,821

The accompanying notes are an integral part of this financial statement.

REGION 17 EDUCATION SERVICE CENTER

Exhibit C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION AUGUST 31, 2024

Data Control Codes		
	Total Fund Balances - Governmental Funds (Exhibit C-1)	$ 27,118,502
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the end of the year, the cost of these assets was $23,205,129 and the accumulated depreciation was ($8,695,462). The net effect of including capital assets (net of depreciation) is to increase net position.	14,509,667
2	The recognition of the Center's proportionate share of the net pension liability is required by GASB 68. This recognition included net pension liability of ($1,971,269) and deferred resource outflows and inflows of $1,251,614 and ($241,857), respectively. This amounted to a decrease in net position.	(961,512)
3	The recognition of the Center's proportionate share of the net other post-employment benefit liability is required by GASB 75. This recognition included net OPEB liability of ($1,533,266) and deferred resource outflows and inflows of $570,840 and ($3,113,285), respectively. This amounted to a decrease in net position.	(4,075,711)
4	Internal service funds are used to capture the net position of the Center's internal charges. These activities support the Center's governmental activities. This amount is the net position of the internal service funds.	193,574
29	Total Net Position of Governmental Activities (Exhibit A-1)	$ 36,784,520

The accompanying notes are an integral part of this financial statement.

REGION 17 EDUCATION SERVICE CENTER

Exhibit C-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Major Funds 10 General Fund	Other Governmental Funds	98 Total Governmental Funds
	Revenues:			
5700	Local and Intermediate Sources	$ 10,458,141	$ 652,401	$ 11,110,542
5800	State Program Revenues	1,849,560	2,018,202	3,867,762
5900	Federal Program Revenues	445,831	6,677,038	7,122,869
5020	Total Revenues	$ 12,753,532	$ 9,347,641	$ 22,101,173
	Expenditures:			
0011	Instruction	$ 48,114	$ 940,590	$ 988,704
0012	Instructional Resources and Media Services	73,701		73,701
0013	Curriculum Development and Staff Development	1,063,564	3,709,444	4,773,008
0021	Instructional Leadership	2,989	48,205	51,194
0031	Guidance, Counseling, and Evaluation Services	32,822	337,752	370,574
0033	Health Services	9	558,711	558,720
0041	General Administration	1,975,741	17,485	1,993,226
0051	Plant Maintenance and Operations	686,125	414,939	1,101,064
0052	Security and Monitoring		45,761	45,761
0053	Data Processing Services	1,829,193	10,273	1,839,466
0061	Community Services		223,194	223,194
0062	School District Administrative Support Services	3,178,818	2,593,526	5,772,344
0093	Payments to Fiscal Agent/Member District of SSA	626,339	274,267	900,606
6030	Total Expenditures	$ 9,517,415	$ 9,174,147	$ 18,691,562
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 3,236,117	$ 173,494	$ 3,409,611
	Other Financing Sources (Uses):			
7915	Transfers In	$ 79,374	$ 7,150	$ 86,524
8911	Transfers Out	(532,150)	(79,374)	(611,524)
8989	Other (Uses)		(101,536)	(101,536)
7080	Total Other Financing Sources (Uses)	$ (452,776)	$ (173,760)	$ (626,536)
1200	Net Change in Fund Balance	$ 2,783,341	$ (266)	$ 2,783,075
0100	September 1 - Fund Balance	21,827,505	2,507,922	24,335,427
3000	August 31 - Fund Balance	$ 24,610,846	$ 2,507,656	$ 27,118,502

The accompanying notes are an integral part of this financial statement.

REGION 17 EDUCATION SERVICE CENTER

Exhibit C-4

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2024

Net Change in Fund Balances - Total Governmental Funds (Exhibit C-3)	$ 2,783,075
Amounts reported for governmental activities in the Statement of Activities (Exhibit B-1) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period, net of adjustments.	(455,909)
The loss from retirement of fixed assets is not recognized on the fund financial statements, but decreases net position on the government-wide financial statements. The effect of including the current year loss on retirement of fixed assets is to decrease net position.	(723)
Internal service funds are used to capture the net position of the Center's internal charges. These activities support the Center's governmental activities. This amount is the change in net position of the internal service funds.	63,938
GASB 68 requires the recognition of certain expenditures related to the recognition of the net pension liability. The result of this activity causes a increase to the change in net position.	(338,162)
GASB 75 requires the recognition of certain expenditures related to the recognition of the net OPEB liability. The result of this activity causes a increase to the change in net position.	479,460
Change in Net Position (Exhibit B-1)	$ 2,531,679

The accompanying notes are an integral part of this financial statement.

REGION 17 EDUCATION SERVICE CENTER

Exhibit D-1

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2024

		Governmental Activities
		Internal Service Fund
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$	4,247
Due from Other Governments		2,860
Other Receivables		4,223
Inventories		14,643
Prepayments		153,707
Total Current Assets	$	179,680
Noncurrent Assets:		
Capital Assets:		
Buildings and Improvements	$	36,575
Furniture and Equipment		211,661
Vehicles		47,944
Right to Use Lease Assets		970,088
Right to Use Subscription Assets		2,108,982
Less: Accumulated Depreciation/Amortization		(1,532,380)
Total Noncurrent Assets	$	1,842,870
Total Assets	$	2,022,550
LIABILITIES:		
Current Liabilities:		
Accounts Payable	$	7,944
Current Portion of Lease Liabilities		185,618
Current Portion of Subscription Liabilities		680,213
Interest Payable		82,626
Total Current Liabilities	$	956,401
Noncurrent Liabilities:		
Lease Liabilities	$	177,779
Subscription Liabilities		694,796
Total Noncurrent Liabilities	$	872,575
Total Liabilities	$	1,828,976
NET POSITION:		
Net Investment in Capital Assets	$	104,464
Unrestricted Net Position		89,110
Total Net Position	$	193,574

The accompanying notes are an integral part of this financial statement.

REGION 17 EDUCATION SERVICE CENTER

Exhibit D-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED AUGUST 31, 2024

	Governmental Activities Internal Service Fund
REVENUES	
Operating Revenues and Charges for Services	$ 12,939,017
Total Revenues	$ 12,939,017
EXPENSES	
Payroll Costs	$ 10,312,355
Professional and Contracted Services	1,563,205
Supplies and Materials	174,258
Other Operating Expenses	252,205
Interest Expense	86,526
Depreciation/Amortization Expense	1,007,292
Total Expenses	$ 13,395,841
Operating Loss	$ (456,824)
OTHER FINANCING SOURCES	
Transfers In	$ 525,000
Loss on Capital Asset Retirement	(4,238)
Total Other Financing Sources	$ 520,762
Change in Net Position	$ 63,938
Net Position - September 1 (Beginning)	129,636
Net Position - August 31 (Ending)	$ 193,574

The accompanying notes are an integral part of this financial statement.

REGION 17 EDUCATION SERVICE CENTER

Exhibit D-3

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

		Governmental Activities Internal Service Fund
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash Flows From Operating Activities		
Charges to Other Funds	$	12,939,017
Payments to Employees		(10,312,355)
Payments to Suppliers		(2,121,375)
Net Cash From Operating Activities	$	505,287
Cash Flows From Investing Activities		
Capital Expenditures	$	(8,038)
Internal Activity - Transfers From Other Funds		525,000
Net Cash From Investing Activities	$	516,962
Cash Flows From Financing Activities		
Payments on Lease Liability	$	(317,772)
Payments on Subscription Liability		(763,814)
Net Cash From Financing Activities	$	(1,081,586)
Net Change in Cash and Cash Equivalents	$	(59,337)
Cash and Cash Equivalents at Beginning of the Year		63,584
Cash and Cash Equivalents at End of Year	$	4,247
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES		
Operating Loss	$	(456,824)
Changes in Assets and Liabilities		
Decrease in Receivables		(3,733)
Increase in Inventories		(132)
Increase in Prepayments		(131,297)
Increase in Accounts Payable		3,455
Depreciation of Capital Assets		7,859
Amortization of Right of Use Assets		999,433
Interest on Lease Liability		86,526
Net Cash From Operating Activities	$	505,287

The accompanying notes are an integral part of this financial statement.

REGION 17 EDUCATION SERVICE CENTER

Exhibit E-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2024

		Custodial Funds
ASSETS:		
Cash and Cash Equivalents	$	595,024
Other Receivables		69,859
Total Assets	$	664,883
LIABILITIES:		
Accounts Payable	$	0
Total Liabilities	$	0
NET POSITION:	$	664,883

The accompanying notes are an integral part of this financial statement.

REGION 17 EDUCATION SERVICE CENTER

Exhibit E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2024

		Custodial Funds
ADDITIONS:		
Earnings from Temporary Deposits	$	29,348
Billings to Member Service Centers		838,450
Total Additions	$	867,798
DEDUCTIONS:		
Dental Claims Paid	$	868,848
Other Deductions		49,094
Total Deductions	$	917,942
Change in Fiduciary Net Position	$	(50,144)
Total Net Position - September 1 (Beginning)		715,027
Total Net Position - August 31 (Ending)	$	664,883

The accompanying notes are an integral part of this financial statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Region 17 Education Service Center (the Center) prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB) applicable to governmental units. The Center also complies with the appropriate version of the Texas Education Agency's (TEA) Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which it receives funds. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Center are described below.

A. REPORTING ENTITY

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

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

B. BASIS OF ACCOUNTING AND PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities on the Statement of Net Position. The Center reports only lease and subscription liabilities.

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from local sources consist primarily of charges for services. State revenues are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

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

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

GOVERNMENTAL FUND TYPES

The Center reports the following major governmental funds:

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

Additionally, the government reports the following fund types:

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

PROPRIETARY FUND TYPES

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

FIDUCIARY FUND TYPES

Custodial Funds – This custodial fund is used to account for dental insurance activities of several education service centers (ESCs) in the State of Texas. Region 17 ESC serves as the center that collects premiums and disburses appropriate amounts.

C. BASIS OF ACCOUNTING APPLICABLE TO ALL FINANCIAL STATEMENTS

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

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

Supplies and materials are debited as expenditures when purchased, except for some small inventory items in the Internal Service Fund.

It is the Center's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. Retiring employees meeting the Center's local leave reimbursement policy will be paid lump sum up to a specified amount. These amounts are deemed immaterial and are not reflected in the Center's financial statements.

Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the Center as a whole.

In the event that the Center incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

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

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

D. BUDGETARY DATA

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

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

a. Prior to August 20 of the preceding fiscal year, the Center prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

b. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least 10 days public notice of the meeting must be given.

c. Prior to September 1, the budget is legally enacted by the Board.

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

E. ENCUMBRANCE ACCOUNTING

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at August 31, 2024.

F. CASH AND CASH EQUIVALENTS – PROPRIETARY FUNDS

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

G. FUND EQUITY

As defined by GASB Statement 54, fund balances are classified as follows:

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

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

Unassigned – Amounts not included in other spendable classifications.

The Center's Board of Directors has committed $22,675,442 of the General Fund's fund balance for future construction, capital expenditures and other purposes.

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

The Center administers the special revenue funds entitled the Region 17 Technology Consortium, Interactive Video Consortium, Cybersecurity, and Reading Academy. The balances of excess revenues received over expenditures incurred related to the consortiums are reported as restricted fund balance with the following balances at August 31, 2024:

Technology Consortium	$	229,541
Interactive Video Consortium		1,973,185
Cybersecurity		129,336
Reading Academy		175,594
	$	2,507,656

H. NET POSITION ON THE STATEMENT OF NET POSITION

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

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

Restricted for Other Purposes – this component of net position represents amounts restricted for specific purposes. This includes the balance in the Technology Consortium and other special revenue funds.

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

I. PENSIONS

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

J. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

K. MANAGEMENT'S USE OF ESTIMATES

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

2. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

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

The Act also requires the Center to have independent auditors perform test procedures related to investment practices as provided by the Act. The Center is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

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

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

b. Concentration of Credit Risk – The investment policy of the Center contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At August 31, 2024, the Center had no significant investment balances.

c. Credit Risk – Not applicable.

d. Interest Rate Risk – Not applicable.

e. Foreign Currency Risk – Not applicable.

The carrying amount of the Center’s cash and temporary investments at August 31, 2024, approximates fair value and consisted of the following shown below:

	Amount	Percent	Maturity in Less than 1 Year	Credit Rating
Cash in Bank	$ 26,908,979	99.2%	$ 26,908,979	N/A
Money Market	229,394	0.8%	229,394	N/A
TexPool Investments	1,164	0.0%	1,164	AAAm
	$ 27,139,537	100.0%	$ 27,139,537	

Statement of Net Position	$ 26,544,513
Statement of Fiduciary Net Position	595,024
	$ 27,139,537

Public Funds Investment Pools

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

3. PROPERTY TAXES

The Center does not assess or collect property taxes.

4. DUE FROM OTHER GOVERNMENTS

The balance of $1,554,133 represents amounts due from Texas Education Agency and others for various federal and state projects, as well as member school districts for various charges.

5. INTERFUND TRANSFERS

Interfund transfers are defined as a flow of assets for non-exchange transactions that have no requirement of repayment. Transfers during the year ended August 31, 2024 were as follows:

	General Fund	Special Revenue Funds	Internal Service Funds	Total
Transfer to Other Funds	$ 532,150	$ 79,374	$	$ 611,524
Transfer from Other Funds	$ 79,374	$ 7,150	$ 525,000	$ 611,524

6. CAPITAL ASSETS

Capital asset activity, including those used for governmental activities and those used in the internal service fund, for the year ended August 31, 2024 was as follows:

	9/1/2023	Additions	Adjustments	Deletions	8/31/2024
Capital Assets:					
Land	$ 1,216,806	$	$	$	$ 1,216,806
Building and Improvements	19,620,552			8,675	19,611,877
Furniture and Equipment	2,804,803	169,100		386,445	2,587,458
Vehicles	85,169				85,169
Right to Use Lease Asset	759,505	148,284		177,645	730,144
Right to Use Subscription Asset	260,492	2,061,702		213,212	2,108,982
	$ 24,747,327	$ 2,379,086	$ 0	$ 785,977	$ 26,340,436
Accumulated Depreciation/Amortization:					
Buildings and Improvements	$ 6,377,953	$ 461,730	$	$ 8,675	$ 6,831,008
Furniture and Equipment	2,295,880	155,655		385,722	2,065,813
Vehicles	58,181	7,445			65,626
Right to Use Lease Asset	191,978	286,115	2,993	175,616	305,470
Right to Use Subscription Asset	89,177	713,318	128,491	211,004	719,982
	$ 9,013,169	$ 1,624,263	$ 131,484	$ 781,017	$ 9,987,899
Total Net Value of Capital Assets	$ 15,734,158	$ 754,823	$ (131,484)	$ 4,960	$ 16,352,537

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

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

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

	Depreciation/ Amortization	Net Loss
Instructional Resources and Media Services	$ 115,163	$ 135
General Administration	113,773	133
Plan Maintenance and Operations	252,315	295
Data Processing Services	71,272	84
School District Administrative Support Services	64,447	76
Internal Service Funds	1,007,293	4,237
	$ 1,624,263	$ 4,960

The Center has adopted GASB Statement 87, *Leases* (GASB 87). As a result, the Center shows right to use lease assets for technology equipment including desktop computers and network switches. These leases are accounted for in the Center's internal service funds. The right to use lease asset is included with fixed assets and is being accounted for net of amortization. See Note 9 for further disclosures.

The Center has also adopted GASB Statement 96, *Subscription-based Information Technology Arrangements* (GASB 96). As a result, the Center shows right to use subscription assets for a long-term license subscription used by its member school districts and for internal technology operations. These subscriptions are accounted for in the Center's internal service funds. The right to use subscription asset is included with fixed assets and is being accounted for net of amortization. See Note 9 for further disclosures.

7. UNEARNED REVENUES

Governmental funds report unearned revenue in connection with revenues that are not considered to be available to liquidate liabilities of the current period. The balance of unearned revenues at August 31, 2024 was $18,987 recognized in the general fund.

8. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

	Deferred Outflows	Deferred Inflows
Pension Related (See Note 12)	$ 1,251,614	$ 241,857
OPEB Related (See Note 13)	570,840	3,113,285
Deferred Outflows/Inflows	$ 1,822,454	$ 3,355,142

9. LONG-TERM LIABILITIES

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

Description	Amounts Outstanding 9/1/2023	Additions	Reductions	Amounts Outstanding 8/31/2024	Amounts Due within One Year
Lease Liabilities	$ 532,766	$ 148,284	$ 317,653	$ 363,397	$ 185,618
Subscription Liabilities	165,736	2,061,702	852,429	1,375,009	680,213
	$ 698,502	$ 2,209,986	$ 1,170,082	$ 1,738,406	$ 865,831

Leases:

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

A brief description of these leases is shown below:

Description	Origination Date	Interest Rate	Term (months)	Initial Amount	Amount Outstanding	Asset Value, Net
Netsync Switches	9/1/2021	3.89%	39	$ 103,546	$	$ 9,095
CIT/DDI	2/22/2022	10.94%	36	2,782		441
Netsync Equipment	11/15/2022	6.96%	61	376,101	226,286	243,335
CIT/DDI	2/17/2023	2.80%	36	5,009	1,669	2,439
Dell Equipment	9/1/2021	5.68%	43	334,366	51,637	60,171
Computer Equipment	12/1/2023	3.38%	24	82,647	40,637	51,654
Computer Equipment	4/1/2024	2.98%	36	52,818	34,745	45,482
Computer Equipment	5/1/2024	2.98%	35	2,554	1,688	2,262
Computer Equipment	7/17/2024	3.22%	32	10,264	6,735	9,795
					$ 363,397	$ 424,674

Scheduled minimum lease payments are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2025	$ 185,618	$ 19,583	$ 205,201
2026	97,219	11,516	108,735
2027	80,560	5,611	86,171
	$ 363,397	$ 36,710	$ 400,107

Subscription-based Information Technology Arrangements:

The Center has also adopted GASB 96. As a result, the Center shows subscription liabilities related to the right to use software. These subscriptions are accounted for in the Center's internal service funds.

A brief description of these subscriptions is shown below:

Description	Origination Date	Interest Rate	Term (months)	Initial Amount	Amount Outstanding	Asset Value, Net
CloudOne Security	9/1/2022	2.19%	25	$ 18,202	$	$ 1,299
EntW Webex Calling	9/20/2022	2.45%	25	28,984	13,094	13,234
Region 10 Eduphoria	9/1/2023	2.66%	36	769,641	507,573	513,094
Region 20 Ascender	9/1/2023	2.66%	36	1,292,061	854,342	861,373
					$ 1,375,009	$ 1,389,000

Scheduled minimum subscription payments are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2025	$ 680,213	$ 36,464	$ 716,677
2026	694,796	18,364	713,160
	$ 1,375,009	$ 54,828	$ 1,429,837

10. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Funds	Total
Interest Income	$ 1,097,211	$ 131,454	$ 1,228,665
Charges for Services / Other	9,360,930	520,947	9,881,877
	$ 10,458,141	$ 652,401	$ 11,110,542

11. GENERAL FUND FEDERAL SOURCE REVENUES

Federal revenues recognized in the General Fund consist of $445,831 in indirect cost revenue.

12. DEFINED BENEFIT PENSION PLAN

Plan Description

The Center participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

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

The information provided in the Notes to the Financial Statements in the 2023 and 2022 Annual Comprehensive Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2023 and 2022:

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

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

Texas Government Code, Title 8, Section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the system's actuary.

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provided gradual contribution increases from the State, participating employers, and active employees for the fiscal years 2019 through 2024.

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

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

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

	Contribution Rates	
	2023	2024
Member	8.00%	8.25%
Non-Employer Contributing Entity (State)	8.00%	8.25%
Employers	8.00%	8.25%

TRS FY 2023 Employer Contributions	$	147,514
TRS FY 2023 Member Contributions		635,150
TRS FY 2023 NECE On-Behalf Contributions		613,728

The actual contributions during the Center's 2024 fiscal year were $160,186 by the employer and $670,646 by employees.

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

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2% in fiscal year 2025. The surcharge for fiscal year 2023 is 1.8%.
- When employing a retiree of the TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

Roll Forward – The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the total pension liability to August 31, 2023.

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

The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale (U-MP). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

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

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
Municipal Bond Rate at August 2022	4.13%*
Last year ending August 31 in	
Projection Period (100 years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad Hoc Post-Employment Benefit Changes	None

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

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

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

(a) - Absolute Return includes Credit Sensitive Investments
(b) - Target allocations are based on the FY 2022 policy model
(c) - Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022)
(d) - The volatility drag results from the conversion between arithmetic and geometric mean returns

Discount Rate Sensitivity Analysis
The following table presents the Net Pension Liability of the plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Center's Proportionate Share of the Net Pension Liability	$ 2,947,157	$ 1,971,269	$ 1,159,818

Pension Liabilities and Pension Expense
At August 31, 2024, the Center reported a liability of $1,971,269 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the Center. The amount recognized by the Center as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Center were as follows:

Center's Proportionate Share of the Collective Net Pension Liability	$ 1,971,269
State's Proportionate Share that is Associated with the Center	8,201,404
Total	$ 10,172,673

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At August 31, 2023 the employer's proportion of the collective net pension liability was 0.0028698% which was an increase of 0.0000301% from its proportion measured as of August 31, 2022.

For the year ended August 31, 2024, the Center recognized pension expense of $1,238,341 and revenue of $613,728 for support provided by the State.

Changes since the Prior Actuarial Valuation
The actuarial assumptions and methods are the same as used in the determination of the prior year’s net pension liability.

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

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At August 31, 2024, the Center reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 70,237	$ 23,870
Changes in Actuarial Assumptions	186,443	45,627
Difference Between Projected and Actual Investment Earnings	286,867	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	547,881	172,360
Contributions Paid to TRS Subsequent to the Measurement Date	160,186	
Total	$ 1,251,614	$ 241,857

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

	Pension Expense (Benefit) Amount
2025	$ 266,468
2026	234,310
2027	286,788
2028	53,089
2029	8,916
Thereafter	-

13. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

OPEB Plan Fiduciary Net Position

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2023 and 2022 are as follows:

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

Benefits Provided

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

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

The GAA passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th Legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at $336,000,000 as of August 31, 2023.

The premium rates for retirees are presented below:

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

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the GAA, which is 0.75% of each active employee's pay for fiscal year 2023.

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

	Contribution Rates	
	2023	2024
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%

TRS FY 2023 Employer Contributions	$	60,080
TRS FY 2023 Member Contributions		27,959
TRS FY 2023 NECE On-Behalf Contributions		72,496

The actual contributions during the Center's 2024 fiscal year were $61,235 by the employer and $52,839 by employees.

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

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

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

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

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

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

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

Additional Actuarial Methods and Assumptions:

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

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

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

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

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2023, using the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis
The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% point lower and 1% point higher than the discount rate that was used (4.13%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (3.13%)	Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
Center's Proportionate Share of the Net OPEB Liability	$ 1,805,868	$ 1,533,266	$ 1,310,816

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Center's Proportionate Share of the Net OPEB Liability	$ 1,262,568	$ 1,533,266	$ 1,881,520

OPEB Liabilities and OPEB Expense
At August 31, 2024, the Center reported a liability of $1,533,266 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the Center. The amount recognized by the Center as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Center were as follows:

Center's Proportionate Share of the Collective Net OPEB Liability	$ 1,533,266
State's Proportionate Share that is Associated with the District	1,850,121
Total	$ 3,383,387

The Net OPEB Liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

At August 31, 2023, the employer's proportion of the collective net OPEB liability was 0.006926% which was an increase of 0.000061% proportion measured as of August 31, 2022.

For the year ended August 31, 2024, the center recognized a credit to OPEB expense of ($395,517) and revenue of $72,496 for support provided by the State.

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs
At August 31, 2024, the Center reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	$ 69,369	$ 1,289,953
Changes in Actuarial Assumptions	209,280	938,859
Difference Between Projected and Actual Investment Earnings	663	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	230,293	884,473
Contributions Paid to TRS Subsequent to the Measurement Date	61,235	
Total	$ 570,840	$ 3,113,285

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

	Pension Expense (Benefit) Amount
2025	$ (545,848)
2026	(475,523)
2027	(380,316)
2028	(344,606)
2029	(312,817)
Thereafter	(544,570)

14. INSURANCE COVERAGE

The Center is a participant in the Texas Association of School Boards (TASB) Workers' Compensation Self-Insurance Fund (the Fund). The associated costs are accounted for in the General Fund and allocated to all funds. The Fund is protected against unanticipated catastrophic loss by stop loss insurance coverage. The Claims Administrator for the pool has estimated the Center's share of unpaid claims as of August 31, 2024 to be immaterial. The Center has not recorded any claims payable at August 31, 2024 related to this liability.

During the year ended August 31, 2024, the Center participated in the TRS health insurance plan. The Center contributes a maximum of $725 per month per employee to the plan, and employees, at their option, authorized payroll withholdings to pay contributions for dependents. The TRS requires each center to contribute premiums in order to fund administrative costs and health insurance claims.

Payments made on behalf of the Center by the state for Medicare, Part D fringe benefits and salaries amounted to $46,357 and $40,839 for the years ended August 31, 2024 and 2023, respectively.

15. LITIGATION

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

16. COMMITMENTS AND CONTINGENCIES

Federal and State Funding

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

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

17. RELATED PARTY TRANSACTIONS

The Executive Director of the Center serves as a member of the Board of Directors of City Bank, Lubbock, Texas. City Bank is the Center's depository bank. This relationship is permitted under Texas Law, specifically, Texas Education Code 8.009(b) and Local Government Code 131.903.

18. SHARED SERVICE ARRANGEMENTS

The Center is the fiscal agent for three Shared Services Arrangements (SSAs) which provide services for various member school districts under federal grants. All services are provided by the fiscal agent. The Center accounts for the SSAs in special revenue funds prescribed by TEA in its FASRG. The Center utilizes the account codes and procedures outlined in the FASRG for SSAs using Model #2.

Program	Fund	Grant Year	No. of Member Districts	Member Districts	Fiscal Agent	Total
Career & Technology Education	331	2024	22	$	$ 129,869	$ 129,869
Title III, Part A English Language Acq.	350	2024	29		168,077	168,077
Migrant	301	2023	12	40,791	2,967	43,758
Migrant	301	2024	13	233,476	125,882	359,358
				$ 274,267	$ 426,795	$ 701,062

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBITS G-1 THROUGH G-5

REGION 17 EDUCATION SERVICE CENTER

Exhibit G-1

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

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Amended	3 Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues:					
5700	Local and Intermediate	$ 8,880,581	$ 9,269,839	$ 10,458,141	$ 1,188,302
5800	State Program Revenues	1,852,664	1,907,788	1,849,560	(58,228)
5900	Federal Program Revenues	242,600	348,463	445,831	97,368
5020	Total Revenues	$ 10,975,845	$ 11,526,090	$ 12,753,532	$ 1,227,442
Expenditures:					
0011	Instruction	$ 55,118	$ 55,118	$ 48,114	$ 7,004
0012	Instructional Resources and Media Services	82,215	82,965	73,701	9,264
0013	Curriculum and Instructional Staff Development	1,177,713	1,237,713	1,063,564	174,149
0021	Instructional Leadership	2,182	3,182	2,989	193
0031	Guidance, Counseling, and Evaluation Services	54,986	56,236	32,822	23,414
0033	Health Services	28	153	9	144
0041	General Administration	2,107,615	2,268,602	1,975,741	292,861
0051	Plant Maintenance and Operations	574,072	789,023	686,125	102,898
0053	Data Processing Services	2,219,747	2,252,247	1,829,193	423,054
0062	School District Administrative Support Services	3,481,735	3,660,417	3,178,818	481,599
0093	Payments to Member Districts of SSA	580,457	655,457	626,339	29,118
6030	Total Expenditures	$ 10,335,868	$ 11,061,113	$ 9,517,415	$ 1,543,698
1100	Excess of Revenues Over Expenditures	$ 639,977	$ 464,977	$ 3,236,117	$ 2,771,140
Other Financing Uses:					
7915	Transfers In	$ 24,630	$ 24,630	$ 79,374	$ 54,744
8911	Transfers Out (Uses)		(664,607)	(532,150)	132,457
7080	Total Other Financing Uses	$ 24,630	$ (639,977)	$ (452,776)	$ 187,201
1200	Net Change in Fund Balance	$ 664,607	$ (175,000)	$ 2,783,341	$ 2,958,341
0100	September 1 - Fund Balance	21,827,505	21,827,505	21,827,505	0
3000	August 31 - Fund Balance	$ 22,492,112	$ 21,652,505	$ 24,610,846	$ 2,958,341

REGION 17 EDUCATION SERVICE CENTER

Exhibit G-2

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

	2024 Plan Yr 2023	2023 Plan Yr 2022	2022 Plan Yr 2021	2021 Plan Yr 2020	2020 Plan Yr 2019	2019 Plan Yr 2018	2018 Plan Yr 2017	2017 Plan Yr 2016	2016 Plan Yr 2015	2015 Plan Yr 2014
Center's Proportion of the Net Pension Liability	0.0028698%	0.0028397%	0.0034200%	0.0029220%	0.0003293%	0.0003023%	0.0005525%	0.0005497%	0.0005884%	0.0004526%
Center's Proportionate Share of the Net Pension Liability	$ 1,971,269	$ 1,685,858	$ 870,952	$ 1,564,957	$ 171,197	$ 166,398	$ 176,672	$ 207,731	$ 207,992	$ 120,896
State's Proportionate Share of the Net Pension Liability Associated with the Center	8,201,404	7,186,174	3,242,087	6,840,849	6,396,447	6,811,043	3,925,356	4,661,982	4,464,418	3,766,894
Total	$ 10,172,673	$ 8,872,032	$ 4,113,039	$ 8,405,806	$ 6,567,644	$ 6,977,441	$ 4,102,028	$ 4,869,713	$ 4,672,410	$ 3,887,790
Center's Covered Payroll	$ 7,939,373	$ 7,517,678	$ 7,297,819	$ 7,037,742	$ 6,558,674	$ 6,269,235	$ 5,928,259	$ 5,717,298	$ 5,553,173	$ 5,209,476
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	24.83%	22.43%	11.93%	22.24%	2.61%	2.65%	2.98%	3.63%	3.75%	2.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

REGION 17 EDUCATION SERVICE CENTER

Exhibit G-3

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

	August 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 160,186	$ 147,514	$ 132,509	$ 145,521	$ 11,527	$ 10,184	$ 18,109	$ 90,931	$ 88,075	$ 17,424
Contribution in Relation to the Contractually Required Contribution	(160,186)	(147,514)	(132,509)	(145,521)	(11,527)	(10,184)	(18,109)	(90,931)	(88,075)	(17,424)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Center's Covered Payroll	$ 8,129,037	$ 7,939,373	$ 7,517,678	$ 7,297,819	$ 7,037,742	$ 6,558,674	$ 6,269,235	$ 5,928,259	$ 5,717,298	$ 5,553,171
Contributions as a Percentage of Covered Payroll	1.97%	1.86%	1.76%	1.99%	0.16%	0.16%	0.29%	1.53%	1.54%	0.31%

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

REGION 17 EDUCATION SERVICE CENTER

Exhibit G-4

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

	2024 Plan Yr 2023	2023 Plan Yr 2022	2022 Plan Yr 2021	2021 Plan Yr 2020	2020 Plan Yr 2019	2019 Plan Yr 2018	2018 Plan Yr 2017
Center's Proportion of the Net OPEB Liability	0.006926%	0.006865%	0.008322%	0.008119%	0.007949%	0.007465%	0.008741%
Center's Proportionate Share of Net OPEB Liability	$ 1,533,266	$ 1,643,696	$ 3,210,181	$ 3,086,295	$ 3,758,986	$ 3,867,914	$ 3,801,254
State's Proportionate Share of the Net OPEB Liability Associated with the Center	1,850,121	3,126,583	4,300,927	4,147,241	4,994,852	5,683,066	4,931,658
Total	$ 3,383,387	$ 4,770,279	$ 7,511,108	$ 7,233,536	$ 8,753,838	$ 9,550,980	$ 8,732,912
Center's Covered Payroll	$ 7,939,373	$ 7,517,678	$ 7,297,819	$ 7,037,742	$ 6,558,674	$ 6,269,235	$ 5,928,259
Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	19.31%	21.86%	43.99%	43.85%	57.31%	61.70%	64.12%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

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

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

REGION 17 EDUCATION SERVICE CENTER

Exhibit G-5

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

	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	$ 61,235	$ 60,080	$ 56,383	$ 64,899	$ 52,783	$ 49,190	$ 47,019
Contribution in Relation to the Contractually Required Contribution	(61,235)	(60,080)	(56,383)	(64,899)	(52,783)	(49,190)	(47,019)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Center's Covered Payroll	$ 8,129,037	$ 7,939,373	$ 7,517,678	$ 7,297,819	$ 7,037,742	$ 6,558,674	$ 6,269,235
Contributions as a Percentage of Covered Payroll	0.75%	0.76%	0.75%	0.89%	0.75%	0.75%	0.75%

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

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

REGION 17 EDUCATION SERVICE CENTER

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

A. NOTES TO SCHEDULES FOR THE TRS PENSION

Changes of Assumptions

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

Changes of Benefit Terms

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

B. NOTES TO SCHEDULES FOR THE TRS OPEB PLAN

Changes of Assumptions

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

Changes of Benefit Terms

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

OTHER SUPPLEMENTARY INFORMATION

EXHIBITS H-1 AND H-2

REGION 17 EDUCATION SERVICE CENTER

Exhibit H-1

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GENERAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

	ESC State Base	General Admin.	Curriculum	ERATE Services	ASCENDER/ IMS	Local Operating	Total General Funds
REVENUES							
Local Revenue	$	$ 7,282	$ 732,075	$ 1,235,567	$ 1,758,880	$ 6,724,337	$ 10,458,141
State Revenue	865,550	127,091				856,919	1,849,560
Federal Program Revenue		445,831					445,831
Total Revenues	$ 865,550	$ 580,204	$ 732,075	$ 1,235,567	$ 1,758,880	$ 7,581,256	$ 12,753,532
EXPENDITURES							
Payroll Costs	$	$	$	$	$	$ 859,578	$ 859,578
Purchased and Contracted Services	837,802	308,473	197,769	423,839	1,090,560	3,673,563	6,532,006
Supplies and Materials	2,019	2,903	11,010	879	2,592	79,225	98,628
Other Operating Expenses	25,729	50,086	67,308	34,052	13,181	1,675,786	1,866,142
Capital Outlay						161,061	161,061
Total Expenditures	$ 865,550	$ 361,462	$ 276,087	$ 458,770	$ 1,106,333	$ 6,449,213	$ 9,517,415
Excess of Revenues Over Expenditures	$ 0	$ 218,742	$ 455,988	$ 776,797	$ 652,547	$ 1,132,043	$ 3,236,117
OTHER RESOURCES (USES)							
Transfers In	$	$ (218,742)	$	$	$	$ 298,116	$ 79,374
Transfers Out						(532,150)	(532,150)
Total Other Resources (Uses)	$ 0	$ (218,742)	$ 0	$ 0	$ 0	$ (234,034)	$ (452,776)
Net Change in Fund Balance	$ 0	$ 0	$ 455,988	$ 776,797	$ 652,547	$ 898,009	$ 2,783,341
Beginning Fund Balance - September 1	0	0	1,024,515	3,395,944	2,035,863	15,371,183	21,827,505
Ending Fund Balance - August 31	$ 0	$ 0	$ 1,480,503	$ 4,172,741	$ 2,688,410	$ 16,269,192	$ 24,610,846

REGION 17 EDUCATION SERVICE CENTER

Exhibit H-2
(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

	211 ESEA Title I, Part A 84.010A	211 ESSA Basic 84.999	212 ESEA Title I, Migrant 84.011A	220 Adult Education 84.002A	225 IDEA, Part B Preschool 84.173A	226 IDEA, Part B Discretionary 84.027A	241 Child Nutrition 10.560	244 CTE 84.048A	255 Equity Plan 84.367A	263 Title III ELA 84.365A
REVENUES										
Local Revenue	$	$	$	$	$	$	$	$	$	$
State Revenue				169,348						
Federal Program Revenue	718,414	63,161	279,388	1,145,239	155,377	541,297	455,537	92,957	49,737	57,062
Total Revenues	$ 718,414	$ 63,161	$ 279,388	$ 1,314,587	$ 155,377	$ 541,297	$ 455,537	$ 92,957	$ 49,737	$ 57,062
EXPENDITURES										
Purchased and Contracted Services	$ 646,072	$ 59,618	$ 258,470	$ 1,146,309	$ 123,628	$ 356,333	$ 423,510	$ 92,394	$ 49,686	$ 50,828
Supplies and Materials	15,824	39	5,123	40,336	20,531	150,111	6,336	250	51	1,249
Other Operating Expenses	56,518	3,504	15,795	127,942	11,218	34,853	25,691	313		4,985
Total Expenditures	$ 718,414	$ 63,161	$ 279,388	$ 1,314,587	$ 155,377	$ 541,297	$ 455,537	$ 92,957	$ 49,737	$ 57,062
Excess of Revenues Over Expenditures	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
OTHER RESOURCES (USES)										
Transfers In	$	$	$	$	$	$	$	$	$	$
Transfers Out										
Other Uses										
Total Other Resources (Uses)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Net Change in Fund Balance	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Beginning Fund Balance - September 1	0	0	0	0	0	0	0	0	0	0
Ending Fund Balance - August 31	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

REGION 17 EDUCATION SERVICE CENTER

Exhibit H-2
(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

	278 ARP Homeless 84.425W	280 ARP Homeless II 84.425W	281 ESSER II 84.425D	282 ESSER III 84.425U	289 TRI Coaching & PD K-5 84.371C	289 Crisis Response (Nurses) 93.354	289 Title IV Part A 84.424A	289 Stronger Connections 84.424F	301 Migrant SSA 84.011A	309 Adult Education SSA 84.002A
REVENUES										
Local Revenue	$	$	$	$	$	$	$	$	$	$
State Revenue										10,346
Federal Program Revenue	103,533	342,091	17,547	1,093,162	42,900	558,714	187,070	14,094	396,739	79,863
Total Revenues	$ 103,533	$ 342,091	$ 17,547	$ 1,093,162	$ 42,900	$ 558,714	$ 187,070	$ 14,094	$ 396,739	$ 90,209
EXPENDITURES										
Purchased and Contracted Services	$ 85,474	$ 109,115	$ 16,657	$ 1,050,636	$ 36,444	$ 558,714	$ 157,021	$ 11,330	$ 73,390	$ 89,597
Supplies and Materials	8,354	226,646	708	10,768	6,456		21,604		10,442	612
Other Operating Expenses	9,705	6,330	182	31,758			8,445	2,764	312,907	
Total Expenditures	$ 103,533	$ 342,091	$ 17,547	$ 1,093,162	$ 42,900	$ 558,714	$ 187,070	$ 14,094	$ 396,739	$ 90,209
Excess of Revenues Over Expenditures	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
OTHER RESOURCES (USES)										
Transfers In	$	$	$	$	$	$	$	$	$	$
Transfers Out										
Other Uses										
Total Other Resources (Uses)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Net Change in Fund Balance	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Beginning Fund Balance - September 1	0	0	0	0	0	0	0	0	0	0
Ending Fund Balance - August 31	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

REGION 17 EDUCATION SERVICE CENTER

Exhibit H-2
(Concluded)

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

	331 CTE SSA 84.048A	350 Title III SSA 84.365A	385 SSVI State	429 Lesson Study	429 Intruder Detection	429 IDEA, Part B Leadership	446 Region 17 Technology Consortium Local	490 ITV Member Local	Other Local	Other State	Total Special Revenue Funds
REVENUES											
Local Revenue	$	$	$	$	$	$	$ 16,099	$ 209,355	$ 426,947	$	$ 652,401
State Revenue			145,443	201,668	95,422	872,440				523,535	2,018,202
Federal Program Revenue	123,309	159,847									6,677,038
Total Revenues	$ 123,309	$ 159,847	$ 145,443	$ 201,668	$ 95,422	$ 872,440	$ 16,099	$ 209,355	$ 426,947	$ 523,535	$ 9,347,641
EXPENDITURES											
Purchased and Contracted Services	$ 8,831	$ 49,442	$ 119,926	$ 189,682	$ 80,883	$ 750,722	$ 206,729	$ 56,441	$ 161,546	$ 442,208	$ 7,461,636
Supplies and Materials	8,378	85,047	17,440	3,431	8,311	81,659			30,965	37,240	797,911
Other Operating Expenses	106,100	25,358	8,077	8,555	6,228	40,059	321	23,082	8,571	35,339	914,600
Total Expenditures	$ 123,309	$ 159,847	$ 145,443	$ 201,668	$ 95,422	$ 872,440	$ 207,050	$ 79,523	$ 201,082	$ 514,787	$ 9,174,147
Excess of Revenues Over Expenditures	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ (190,951)	$ 129,832	$ 225,865	$ 8,748	$ 173,494
OTHER RESOURCES (USES)											
Transfers In	$	$	$	$	$	$	$	$	$ 7,150	$	$ 7,150
Transfers Out									(79,374)		(79,374)
Other Uses									(92,788)	(8,748)	(101,536)
Total Other Resources (Uses)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ (165,012)	$ (8,748)	$ (173,760)
Net Change in Fund Balance	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ (190,951)	$ 129,832	$ 60,853	$ 0	$ (266)
Beginning Fund Balance - September 1	0	0	0	0	0	0	420,492	1,843,353	244,077	0	2,507,922
Ending Fund Balance - August 31	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 229,541	$ 1,973,185	$ 304,930	$ 0	$ 2,507,656

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
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LUBBOCK, TEXAS 79423-1954

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

Board of Directors
Region 17 Education Service Center
Lubbock, Texas

We have audited, in accordance with the auditing standards generally accepted in the Unites States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Region 17 Education Service Center (the Center) as of and for the year ended August 31, 2024, and related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 2, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

December 2, 2024

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

Board of Directors
Region 17 Education Service Center
Lubbock, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Region 17 Education Service Center's (the Center's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended August 31, 2024. the Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2024.

Basis for Opinion on Each Major Federal Program

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

December 2, 2024

FEDERAL FINANCIAL ASSISTANCE SECTION

REGION 17 EDUCATION SERVICE CENTER

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

A. Section I - Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued	**Unmodified**
Internal control over financial reporting	
Material weakness(es) identified?	___ yes **x** no
Significant deficiencies identified that are not considered to be material weaknesses?	___ yes **x** none reported
Noncompliance material to financial statements noted?	___ yes **x** no

2. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	___ yes **x** no
Significant deficiency identified that are not considered to be material weaknesses?	___ yes **x** none reported
Type of auditor's report issued on compliance for major programs.	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	___ yes **x** no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.002A	**Adult Education**
84.011A	**Migrant Education**
93.558	**Temporary Assistance for Needy Families (TANF)**

Dollar threshold used to distinguish between type A and type B programs:	$ **750,000**
Auditee qualified as low-risk auditee?	**x** yes ___ no

B. Section II - Findings Related to the Financial Statements

The audit disclosed no findings required to be reported.

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

The audit disclosed no findings required to be reported.

REGION 17 EDUCATION SERVICE CENTER

SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2024

Prior Year's Finding/Noncompliance

N/A

Status of Prior Year's Findings/Noncompliance

N/A

REGION 17 EDUCATION SERVICE CENTER

Exhibit K-1
(Continued)

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

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
Passed Through Texas Education Agency				
Title I, School Improvement Facilitation (211)	84.010A	236101547110017		$ 525,849
Title I, ESC Texas Instructional Leadership (TIL) Lead (211)	84.010A	236101507110017		128,029
Title I, ESSA - Tech Asst 6101 (211)	84.010A	246101197110017		76,671
Title I, Tx Instructional Leadership Expansion (211)	84.010A	246101457110017		24,752
Total				$ 755,301
ESC ESSA Basic Services Initiatives (212)	84.011A	246150027110017	$	$ 293,777
SSA - ESEA Title I, Part C Migrant (301)	84.011A	23615001152950	40,791	43,758
SSA - ESEA Title I, Part C Migrant (301)	84.011A	24615001152950	233,476	359,358
Total			$ 274,267	$ 696,893
Special Education Cluster (IDEA)				
IDEA, Part B - Special Education Leadership (226)	84.027A *(a)*	246600587110017		$ 108,176
IDEA, Part B - Sensory Improvement (226)	84.027A *(a)*	246600227110017		55,733
IDEA, Part B - Preschool (225)	84.173A	246610227110017		163,254
Total Special Education Cluster (IDEA) - Passed Through Texas Education Agency				$ 327,163
Career Technology Education -ESC Leadership (244)	84.048A	244200097110017		$ 47,796
Career Technology Education - ESC Administrative (244)	84.048A	244200107110017		50,000
Career Technology Education - SSA (331)	84.048A	24420006152950		129,869
Total				$ 227,665
Tx Instructional Leader Expansion (255)	84.367A	236945737110017		$ 27,300
ESC ESSA Basic Services (255)	84.367A	246945747110017		25,000
Total				$ 52,300
ESEA Title III, 2022-2023 ESC Basic Services (263)	84.365A	246710027110017		$ 60,000
ESEA Title III, ELA - SSA (350)	84.365A	24671001152950		168,077
Total				$ 228,077
COVID-19 , ESC THL Dedicated Staff - ESSER II (281)	84.425D	215210407110017		$ 17,390
COVID-19 , ESC ESSER II Tech Assist (281)	84.425D	215210467110017		3,076
COVID-19 , ESSER III ESC Texas Tutoring Support (282)	84.425U	215280277110017		337,429
COVID-19 , ESC Op. Support Accel Learning (282)	84.425U	215280417110017		44,454
COVID-19 , ESC THL Dedicated Staff - ESSER III (282)	84.425U	215280407110017		484,993
COVID-19 , ESC ESSER III Tech Assist (282)	84.425U	215280457110017		135,307
COVID-19 , ESC Staff & Talent Expansion (282)	84.425U	215280207110009		240,628
COVID-19 , ARP Homeless I - ESC Capacity (278)	84.425W	215330037110017		120,752
COVID-19 , ARP Homeless II (280)	84.425W	215330047110017		398,260
Total				$ 1,782,289
ESC ESSA Basic Services (211)	84.999	246000117110017		$ 66,383
TRI Coaching & PD K-5 (289)	84.371C	246470127110001		$ 45,012
Title IV, Part A ESSA Basic Services (289)	84.424A	246801057110017		$ 131,283
Title IV Mental & Behavioral Health (289)	84.424A	236801117110017		1,137
Title IV Mental & Behavioral Health (289)	84.424A	246801117110017		64,230
Stronger Connections (289)	84.424F	236811047110015		14,822
Total				$ 211,472
Passed Through Region 11 Education Service Center				
IDEA, Part B - Deaf Ed. (226) *Special Education Cluster (IDEA)*	84.027A *(a)*	246600527110001		$ 400,000

REGION 17 EDUCATION SERVICE CENTER

Exhibit K-1
(Concluded)

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

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Federal Expenditures
Passed Through Texas Workforce Commission				
Adult Education - Federal Sec. 231 (220)	84.002A	0218ALAE00	$	$ 51,740
Adult Education - Federal Sec. 231 (220)	84.002A	0218ALAF00	101,723	894,066
Adult Education - Federal Sec. 231 (220)	84.002A	2924ALA026		173,195
Adult Education - Federal - SSA (309)	84.002A	1118ALAF03	69,527	75,177
Total			$ 171,250	$ 1,194,178
TOTAL DEPARTMENT OF EDUCATION			$ 445,517	$ 5,986,733
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Texas Department of Agriculture				
Child Nutrition- State Admin. Expenses (241)	10.560	TX DOA-3		$ 36,265
Child Nutrition- State Admin. Expenses (241)	10.560	TX DOA-4		442,209
Total				$ 478,474
TOTAL DEPARTMENT OF AGRICULTURE				$ 478,474
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Texas Workforce Commission				
Temporary Assistance for Needy Families (220)	93.558	0218ALAE00	$	$ 76,430
Temporary Assistance for Needy Families (220)	93.558	0218ALAF00	1,474	12,954
Temporary Assistance for Needy Families (220)	93.558	2924ALA026		2,661
Temporary Assistance for Needy Families (309)	93.558	1118ALAF03	5,836	6,310
Total			$ 7,310	$ 98,355
Passed Through Texas Education Agency				
COVID-19 , Public Health Workforce Supplemental (289)	93.354	223934017110017	$ 558,620	$ 559,307
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			$ 565,930	$ 657,662
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,011,447	$ 7,122,869

Notes: Other Totals

Total for Assistance Listing Number	84.027A *(a)*	$ 563,909
Total Special Education Cluster (IDEA)		$ 727,163

REGION 17 EDUCATION SERVICE CENTER

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

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Region 17 Education Service Center under programs of the federal government for the year ended August 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Summary of Significant Accounting Policies

(A) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

(B) Region 17 Education Service Center has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.