

JOAQUIN INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED AUGUST 31, 2020

JOAQUIN INDEPENDENT SCHOOL DISTRICT
Annual Financial Report for the
Year Ended August 31, 2020

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**JOAQUIN INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF BOARD**

<u>Joaquin Independent School District</u>	<u>Shelby</u>	<u>210-902</u>
Name of School District	County	County-District Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2020, at a meeting of the Board of Trustees of such school district on the 16th day of November, 2020.



Signature of Board Secretary



Signature of Board President

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

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FINANCIAL SECTION



Certified Public Accountants

Goff & Herrington, P.C.

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A.J. Goff, CPA
Ronnie Herrington, CPA
Daniel Raney, CPA

Independent Auditor's Report

Members of the Board of Trustees
Joaquin Independent School District
Joaquin, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Joaquin Independent School District (District), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report

Members of the Board of Trustees
November 5, 2020
Page 2

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Joaquin Independent School District, as of August 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11, budgetary comparison information on page 50, and the Teacher's Retirement System pension schedules on pages 51-59, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Independent Auditor's Report

Members of the Board of Trustees
November 5, 2020
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.
Certified Public Accountants

November 5, 2020

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JOAQUIN INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Joaquin Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- ▶ The District's total combined net position was a deficit of \$63,027 as of August 31, 2020. During fiscal year 2018, there were significant reductions to the net position as a result of the implementation of GASB 75, as required by the Governmental Accounting Standards Board (GASB). At August 31, 2020, the District's net position includes a net pension liability of \$2,030,005 (as required by GASB 68) and a net OPEB liability of \$3,028,220, both of which decreased the combined net position. While these liabilities have always existed, they were not reported on the District's financial statements prior to the adoption of the related GASB pronouncements. Implementation of the accounting changes required by these accounting standards do not affect the financial stability of the District nor does it change how the District conducts its financial decision making.
- ▶ During the year ended August 31, 2020, the District's net position increased by \$1,019,717.
- ▶ The District generated \$11,464,959 in taxes and other revenues from governmental activities, and the total cost of the District's programs was \$10,445,242.
- ▶ The general fund reported a total fund balance this year of \$3,019,682, of which \$2,763,450 is unassigned. The fund financial statements reflect the District's reserves from normal operations, and were not affected by the recent GASB pronouncements. The District uses the balances reflected in the fund financial statement to make financial decisions.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts - **management's discussion and analysis** (this section), the **basic financial statements**, and **required supplementary information**. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The required supplementary information further explains and supports the information in the financial statements.

Government-wide Financial Statements

The District's annual financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's finances. Financial reporting at this level uses a perspective similar to that found in the private sector.

The first of these government-wide financial statements is the **Statement of Net Position**. This is the District wide statement of financial position presenting information that includes all of the District's assets, liabilities, and deferred outflows and inflows, with the difference reported as **net position**. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non financial factors such as changes to the District's tax base.

JOAQUIN INDEPENDENT SCHOOL DISTRICT

The second government-wide financial statement is the **Statement of Activities**, which reports how the District's net position changed during the current year. All current revenues and expenses are included regardless of when the cash is received or paid.

The government-wide financial statements of the District include the governmental activities of the District. These are the basic services such as instruction, extracurricular activities, curriculum and staff development, health services, and administration. Property taxes, state aid, and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

- ▶ The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- ▶ The fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- ▶ Some funds are required by State law and by bond covenants.
- ▶ The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has two kinds of funds:

Governmental funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statement, or on the subsequent page, that explains the relationship (or differences) between them.

Fiduciary funds - The District is the trustee, or fiduciary, for money raised by student activities and scholarship programs. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

The accompanying notes to the financial statements provide essential information to a full understanding of the government-wide and fund financial statements.

JOAQUIN INDEPENDENT SCHOOL DISTRICT

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District’s combined net position was a deficit of \$63,027 as of August 31, 2020. The following table provides a summary of the District’s net position.

The District’s Net Position

	Governmental Activities		
	2020	2019	% Change
Current and Other Assets	5,246,225	3,469,918	51.2%
Capital and Non-Current Assets	12,122,502	11,813,072	2.6%
Total Assets	17,368,727	15,282,990	13.6%
Deferred Outflows	2,507,566	2,488,999	0.7%
Total Deferred Outflows of Resources	2,507,566	2,488,999	0.7%
Other Liabilities	661,865	518,148	27.7%
Long Term Liabilities	17,494,145	17,144,482	2.0%
Total Liabilities	18,156,010	17,662,630	2.8%
Deferred Inflows	1,783,310	1,192,103	49.6%
Total Deferred Inflows of Resources	1,783,310	1,192,103	49.6%
Net Position:			
Net Investment in Capital Assets	288,074	547,595	(47.4)%
Restricted	1,328,370	225,479	489.1%
Unrestricted	(1,679,471)	(1,855,818)	(9.5)%
Total Net Position	(63,027)	(1,082,744)	(94.2)%

The District’s restricted net position of \$1,328,370 consists of \$67,326 restricted for food service, \$268,451 restricted for debt service, and \$992,593 restricted for capital projects.

Changes in net position. The District’s total revenues were \$11,464,959. A significant portion, 53.17 percent, of the District’s revenue comes from state aid-formula grants. Property taxes represent 30.51 percent of the District’s revenue. The rest of the District’s revenue comes from federal operating grants, charges for services, investment earnings, and other local sources.

The total cost of all programs and services was \$10,445,242; 70.88 percent of these costs are for instructional and student services.

JOAQUIN INDEPENDENT SCHOOL DISTRICT

Governmental Activities

The following table provides a summary of the District's changes in net position.

Changes in the District's Net Position

	Governmental Activities		% Change
	2020	2019	
Revenues:			
Program Revenues:			
Charges for services	167,728	208,796	(19.7)%
Operating grants	849,439	709,746	19.7%
General Revenues:			
Property taxes	3,497,733	2,973,708	17.6%
State aid - formula	6,095,889	4,977,697	22.5%
Investment earnings	76,229	89,039	(14.4)%
Other general revenues	777,941	645,569	(20.5)%
Total revenues	11,464,959	9,604,555	19.4%
Expenses:			
Instructional and instructional related	5,417,345	4,939,082	9.7%
Instructional and school leadership	809,294	707,993	14.3%
Counseling, health, transportation, and	1,549,581	1,548,324	0.1%
Food services	408,784	391,549	4.4%
General administration	478,729	508,567	(5.9)%
Plant maintenance and security	990,449	859,072	15.3%
Data processing services	224,172	149,626	49.8%
Debt services	470,380	421,764	11.5%
Payments to fiscal agent/member districts	27,552	21,677	27.1%
Other intergovernmental charges	68,956	67,160	2.7%
Total expenses	10,445,242	9,614,814	8.6%
Increase (Decrease) in Net Position	1,019,717	(10,259)	(10039.7)%
Beginning Net Position	(1,082,744)	(1,072,485)	1.0%
Ending Net Position	(63,027)	(1,082,744)	(94.2)%

JOAQUIN INDEPENDENT SCHOOL DISTRICT

The District’s 2019 maintenance and operations property tax rate of \$1.0683, decreased 8.69 percent from last year’s rate of 1.17. The District’s 2019 interest and sinking property tax rate of \$0.4734 increased 4.87 percent from last year’s rate of \$0.45140. Total property tax revenue increased 17.62 percent due to increased property valuations.

The cost of governmental activities may be summarized as follows:

- ▶ The cost of all governmental activities this year was \$10,445,242.
- ▶ The amount that our taxpayers paid for these activities through property taxes was \$3,497,733.
- ▶ Some of the cost was paid by those who directly benefitted from the programs (\$167,728), or
- ▶ By operating grants (\$849,439).

The following table presents the cost of each of the District’s largest functions as well as each functions net cost (total cost less fees generated by activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

Net Cost of Selected District Functions

	Total cost of services			Net cost of services		
	2020	2019	% Change	2020	2019	% Change
Instruction	5,306,462	4,818,295	10.1%	4,773,820	4,447,293	7.3%
General Administration	478,729	508,567	(5.9)%	478,729	508,567	(5.9)%
School Leadership	653,606	578,803	12.9%	636,514	578,803	10.0%
Maintenance & operations	975,200	840,953	16.0%	968,557	840,953	15.2%
Extracurricular activities	788,862	861,016	(8.4)%	693,549	744,020	(6.8)%

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Revenues from governmental fund types totaled \$11,165,532, an increase of 17.07 percent from the preceding year. The increase was primarily due to an increase in state and federal program revenues.

The District’s governmental funds ended the year with a reported combined fund balance of \$4,395,877, an increase of \$1,611,796 from last years ending balance of \$2,784,081. The increase is primarily related to proceeds received from the issuance of bonds during the fiscal year.

JOAQUIN INDEPENDENT SCHOOL DISTRICT

General Fund Budgetary Highlights

Over the course of the year the District revised the operating budget as actual results were analyzed. Actual expenditures were \$369,118 below final budget amounts. The most significant positive variance results were in the student transportation and plant maintenance and operations functions as the final expenditures were less than expected.

Additionally, reported total revenues were \$156,047 above the final budgeted amounts as local and state program revenues were more that anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the District had invested \$25,355,123, less depreciation of \$13,232,621, in a broad range of capital assets, including land, school buildings, athletic facilities, instructional equipment, and school buses. The following table provides a summary of the District’s capital assets.

District’s Capital Assets

(Net of depreciation)

	<u>Governmental Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>% Change</u>
Land	228,562	228,562	0.0%
Buildings & improvements	10,827,114	10,946,674	(1.1)%
Equipment & vehicles	1,024,828	637,836	60.7%
Construction in progress	41,998	-	100.0%
Net capital assets	<u>12,122,502</u>	<u>11,813,072</u>	<u>2.6%</u>

Significant capital asset expenditures in 2020 included stadium lighting, playground turf at the elementary school and the purchase of five buses. The District’s 2020 capital budget includes turf at the football stadium. More detailed information about the District’s capital assets is presented in the notes to the financial statements.

JOAQUIN INDEPENDENT SCHOOL DISTRICT

Long-term Debt

The following table provides a summary of the District's long-term debt.

	Governmental Activities		
	2020	2019	% Change
Series 2010 School Building Bonds	-	2,835,000	(100.0)%
Series 2016 Refunding Bonds	7,630,000	8,050,000	(5.2)%
Series 2020 Refunding Bonds	3,550,000	-	100.0%
Total long term debt	<u>11,180,000</u>	<u>10,885,000</u>	<u>2.7%</u>

At year end the District had \$11,180,000 in school building bonds outstanding as shown above. The District's bonds presently carry favorable ratings of "AA" and "AAA" with Standard and Poors.

More detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- ▶ Appraised values used for the 2021 budget preparation were \$196,747,895, a 13.75 percent decrease from 2020.
- ▶ The District's average daily attendance is expected to be 590 which is a 3.28 percent decrease from the prior year.

These indicators were taken into account when adopting the general fund budget for 2021. Amounts available for expenditure in the general fund budget are \$8,055,000, a decrease of 9.29 percent from the final 2020 budget of \$8,880,000. The decrease is primarily due to decreased expected revenues from state programs in 2020. The District will use these revenues to finance programs we currently offer.

Expenditures are budgeted to decrease 9.29 percent to \$8,055,000. If the budgeted estimates are realized, the District's budgetary general fund balance is expected to remain unchanged for 2020.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate accountability for the money it receives. If you have any questions about this report or need additional financial information contact the District's Director of Finance.

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Government-Wide Financial Statements

JOAQUIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2020

Data Control Codes		<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS		
1110	Cash and cash equivalents	2,064,940
1120	Investments - current	2,453,366
1220	Property taxes receivable - delinquent	820,080
1230	Allowance for uncollectible taxes (credit)	(615,059)
1240	Due from other governments	445,631
1290	Other receivables	23,919
1300	Inventories	21,568
1410	Prepayments	31,780
	Capital Assets:	
1510	Land	228,562
1520	Buildings, net	10,827,114
1530	Furniture and equipment, net	1,024,828
1580	Construction in progress	41,998
1000	Total assets	<u>17,368,727</u>
DEFERRED OUTFLOWS OF RESOURCES		
1702	Deferred charge on refunding	601,492
1705	Deferred outflow related to TRS Pension	1,010,710
1706	Deferred outflow related to TRS OPEB	895,364
1700	Total deferred outflows of resources	<u>2,507,566</u>
LIABILITIES		
2110	Accounts payable	149,388
2140	Interest payable	16,537
2160	Accrued wages payable	294,726
2180	Due to other governments	196,489
2300	Unearned revenues	4,725
	Long Term Liabilities:	
2501	Due within one year	575,000
2502	Due after one year	11,860,920
2540	Net pension liability	2,030,005
2545	Net OPEB liability	3,028,220
2000	Total liabilities	<u>18,156,010</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred inflow related to TRS Pension	473,257
2606	Deferred inflow related to TRS OPEB	1,310,053
2600	Total deferred inflows of resources	<u>1,783,310</u>
NET POSITION		
3200	Net investment in capital assets	288,074
3820	Restricted for Federal and State programs	67,326
3850	Restricted for debt service	268,451
3860	Restricted for capital projects	992,593
3900	Unrestricted net position	(1,679,471)
3000	Total net position	<u>(63,027)</u>

The accompanying notes are an integral part of this statement

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes	1	Program Revenues		
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental activities:				
11	Instruction	5,306,462	10,631	522,011
12	Instructional resources and media services	12,062	-	-
13	Curriculum and staff development	98,821	-	9,178
21	Instructional leadership	155,688	-	11,845
23	School leadership	653,606	-	17,092
31	Guidance, counseling, and evaluation services	274,361	-	-
32	Social work services	44,317	-	-
33	Health services	62,478	-	957
34	Student transportation	379,563	-	236
35	Food service	408,784	61,784	250,090
36	Cocurricular/extracurricular activities	788,862	95,313	-
41	General administration	478,729	-	-
51	Plant maintenance and operations	975,200	-	6,643
52	Security and monitoring services	15,249	-	25,000
53	Data processing services	224,172	-	6,387
72	Interest on long-term debt	380,163	-	-
73	Bond issuance costs	90,217	-	-
93	Payments related to shared services arrangements	27,552	-	-
99	Other intergovernmental charges	68,956	-	-
TP	Total primary government	10,445,242	167,728	849,439

Data Control Codes	General revenues:
MT	Taxes:
DT	Property taxes, levied for general purposes
SF	Property taxes, levied for debt service
GC	State aid formula grants
IE	Grants and contributions, not restricted to specific programs
MI	Investment earnings
TR	Miscellaneous
CN	Total general revenues
NB	Change in net position
NE	Net position, beginning
	Net position, ending

The accompanying notes are an integral part of this statement

Program Revenues	Net (Expense) Revenue and Changes in Net Position
5	Governmental Activities
Capital Grants and Contributions	
-	(4,773,820)
-	(12,062)
-	(89,643)
-	(143,843)
-	(636,514)
-	(274,361)
-	(44,317)
-	(61,521)
-	(379,327)
-	(96,910)
-	(693,549)
-	(478,729)
-	(968,557)
-	9,751
-	(217,785)
-	(380,163)
-	(90,217)
-	(27,552)
-	(68,956)
-	(9,428,075)

2,420,628

1,077,105

6,095,889

747,233

76,229

30,708

10,447,792

1,019,717

(1,082,744)

(63,027)

The accompanying notes are an integral part of this statement

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Governmental Fund Financial Statements

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2020**

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS						
1110	Cash and cash equivalents	761,718	210,889	992,593	99,740	2,064,940
1120	Investments - current	2,316,366	137,000	-	-	2,453,366
1220	Property taxes receivable - delinquent	565,341	254,739	-	-	820,080
1230	Allowance for uncollectible taxes (credit)	(424,005)	(191,054)	-	-	(615,059)
1240	Due from other governments	271,472	-	-	174,159	445,631
1260	Due from other funds	165,004	-	-	-	165,004
1290	Other receivables	16,565	7,354	-	-	23,919
1300	Inventories	-	-	-	21,568	21,568
1410	Prepayments	31,780	-	-	-	31,780
1000	Total Assets	3,704,241	418,928	992,593	295,467	5,411,229
LIABILITIES						
2110	Accounts payable	134,076	-	-	15,312	149,388
2160	Accrued wages payable	294,726	-	-	-	294,726
2170	Due to other funds	-	-	-	165,004	165,004
2180	Due to other governments	109,697	86,792	-	-	196,489
2300	Unearned revenues	4,725	-	-	-	4,725
2000	Total Liabilities	543,224	86,792	-	180,316	810,332
DEFERRED INFLOWS OF RESOURCES						
2601	Unavailable revenue - property taxes	141,335	63,685	-	-	205,020
2600	Total Inflows of Resources	141,335	63,685	-	-	205,020
FUND BALANCES						
Nonspendable Fund Balance						
3410	Inventories	-	-	-	21,568	21,568
3430	Prepaid items	31,780	-	-	-	31,780
Restricted Fund Balance						
3450	Federal or State grants	-	-	-	45,758	45,758
3480	Retirement of long-term debt	-	268,451	-	-	268,451
Committed fund balance:						
3510	Construction	-	-	992,593	-	992,593
3540	Self insurance	24,452	-	-	-	24,452
3545	Other committed	200,000	-	-	-	200,000
Assigned fund balance:						
3590	Other assigned	-	-	-	47,825	47,825
3600	Unassigned fund balance	2,763,450	-	-	-	2,763,450
3000	Total Fund Balances	3,019,682	268,451	992,593	115,151	4,395,877
4000	Total Liabilities, Deferred Inflows and Fund Balances	3,704,241	418,928	992,593	295,467	5,411,229

The accompanying notes are an integral part of this statement

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2020**

Total fund balances - governmental funds	4,395,877
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$24,176,855 and the accumulated depreciation was \$12,363,783. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the governmental funds. The net effect of including beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.	547,595
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position.	592,546
3 The current depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(868,838)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$2,030,005, a deferred resource inflow related to TRS in the amount of \$473,257, and a deferred resource outflow related to TRS in the amount of \$1,010,710. This amounted to a decrease in net position in the amount of \$1,492,552.	(1,492,552)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$3,028,220, a deferred resource inflow related to TRS in the amount of \$1,310,053, and a deferred resource outflow related to TRS in the amount of \$895,364. This amounted to a decrease in net position in the amount of \$3,442,909.	(3,442,909)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net position.	<u>205,254</u>
19 Net Position of governmental activities	<u><u>(63,027)</u></u>

The accompanying notes are an integral part of this statement

JOAQUIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST, 2020

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES					
5700 Total local and intermediate sources	2,498,773	1,054,870	4,671	130,616	3,688,930
5800 State program revenues	6,472,649	26,689	-	109,857	6,609,195
5900 Federal program revenues	64,625	-	-	802,782	867,407
5020 Total revenues	9,036,047	1,081,559	4,671	1,043,255	11,165,532
EXPENDITURES					
0011 Instruction	4,007,914	-	-	522,011	4,529,925
0012 Instructional resources and media services	6,230	-	-	-	6,230
0013 Curriculum and staff development	83,283	-	-	9,178	92,461
0021 Instructional leadership	131,193	-	-	11,845	143,038
0023 School leadership	537,965	-	-	17,092	555,057
0031 Guidance, counseling, evaluation services	173,596	-	-	63,199	236,795
0032 Social work services	35,937	-	-	-	35,937
0033 Health services	56,906	-	-	958	57,864
0034 Student transportation	731,955	-	-	236	732,191
0035 Food service	-	-	-	336,350	336,350
0036 Cocurricular/extracurricular activities	522,958	-	-	66,557	589,515
0041 General administration	445,057	-	-	-	445,057
0051 Plant maintenance and operations	897,097	-	-	25,009	922,106
0052 Security and monitoring services	18,200	-	-	25,000	43,200
0053 Data processing services	227,557	-	-	6,387	233,944
0071 Principal on long-term debt	-	560,000	-	-	560,000
0072 Interest on long-term debt	-	397,984	-	-	397,984
0073 Bond issuance cost and fees	-	99,936	-	-	99,936
0081 Facilities acquisition and construction	538,526	-	57,078	-	595,604
0093 Payments to fiscal agent	27,552	-	-	-	27,552
0099 Other intergovernmental charges	68,956	-	-	-	68,956
6030 Total expenditures	8,510,882	1,057,920	57,078	1,083,822	10,709,702
1100 Excess (deficiency) of revenues over expenditures	525,165	23,639	(52,407)	(40,567)	455,830
OTHER FINANCING SOURCES (USES)					
7911 Issuance of bonds	-	3,550,000	-	-	3,550,000
7915 Transfers in	-	-	1,045,000	-	1,045,000
7916 Premium on issuance of bonds	-	310,249	-	-	310,249
8911 Transfers out	-	(1,045,000)	-	-	(1,045,000)
8949 Other uses	-	(2,704,283)	-	-	(2,704,283)
7080 Total other financing sources and uses	-	110,966	1,045,000	-	1,155,966
1200 Net change in fund balances	525,165	134,605	992,593	(40,567)	1,611,796
0100 Fund balance - September 1 (beginning)	2,494,517	133,846	-	155,718	2,784,081
3000 Fund balance - August 31 (ending)	3,019,682	268,451	992,593	115,151	4,395,877

The accompanying notes are an integral part of this statement

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020**

Net change in fund balances - governmental funds	1,611,796
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase net position.	592,546
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(868,838)
Current year changes in amounts related to GASB 68 increased revenues in the amount of \$210,761, but also increased expenditures in the amount of \$460,143. The net effect on the change in the ending net position was a decrease in the amount of \$249,383.	(249,382)
Current year changes in amounts related to GASB 75 increased revenues in the amount of \$68,397, but also increased expenditures in the amount of \$172,367. The net effect on the change in the ending net position was a decrease in the amount of \$103,970.	(103,970)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net position.	37,565
Change in net position of governmental activities	1,019,717

The accompanying notes are an integral part of this statement

Fiduciary Fund Financial Statements

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2020**

	Private Purpose Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	26,935	37,950
Total Assets	<u>26,935</u>	<u>37,950</u>
	<u> </u>	<u> </u>
LIABILITIES		
Due to student groups	-	37,950
Total Liabilities	<u>-</u>	<u>37,950</u>
	<u> </u>	<u> </u>
NET POSITION		
Restricted for scholarships	26,935	
Total net position	<u>26,935</u>	
	<u> </u>	

The accompanying notes are an integral part of this statement

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020**

	<u>Private Purpose Trust Fund</u>
ADDITIONS:	
Local and Intermediate Sources	37,556
Total Additions	<u>37,556</u>
DEDUCTIONS:	
Scholarship Awarded	27,436
Total Deductions	<u>27,436</u>
Change in Net Position	10,120
Total Net Position - September 1 (Beginning)	<u>16,815</u>
Total Net Position - August 31 (Ending)	<u><u>26,935</u></u>

The accompanying notes are an integral part of this statement

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

Joaquin Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting and financial reporting principles promulgated by the Governmental Accounting Standards Board; and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

Because the Board is elected by the public, has the authority to make decisions, appoint administrators and managers, and significantly influence operations, and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB) in its statement No. 14, "The Financial Reporting Entity," including subsequent revisions. There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities. Individual funds are not displayed but the statements present Governmental Activities which include programs supported by ad valorem taxes, state aid formula grants, and federal grants.

The statement of activities reports the expenses of the District's functions offset by program revenues directly connected with the function. A function is a general operational area in the District that groups together similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with the function. Program revenues include: (1) charges for services which report charges to users of the District's services such as tuition paid by students not residing in the District, athletic gate receipts and school lunch charges, and (2) operating grants and contributions which finance annual operating activities of the District such as the Elementary and Secondary Education Act. Taxes, state aid formula grants, and other revenue sources not properly included with program revenues are reported as general revenues.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/from on the government-wide statement of net position.

Fund Financial Statements

Fund financial statements provide reports on the financial condition and results of operations for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. Interfund activity between governmental funds appear as due to/from on the governmental fund balance sheet and as other resources and other uses on the governmental fund statement of revenues, expenditures and changes in fund balance.

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

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grant revenues are recognized when allowable expenditures are made under the provisions of the grant.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for unmatured bond principal and interest on long-term debt, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, state aid formula grants, and investment income. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

The District does not allocate general administration or support services expenses to other functions. Depreciation expense for buildings that house District staff serving different functions is included in the direct expenses of the appropriate functions.

D. FUND TYPES AND MAJOR FUNDS

The District accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The District has established several individual funds that are organized within a separate set of self-balancing accounts comprised of assets, liabilities, fund balance, revenues, and expenditures or expenses as appropriate. Governmental resources allocated to individual funds are recorded for the purpose of carrying on specific activities in accordance with laws, regulations, or other appropriate requirements. District accounts are organized into funds as described below:

Major Governmental Funds:

General Fund - This fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt.

Capital Projects Fund - This fund accounts for proceeds from debt to be used for authorized construction, furnishing, and equipping of instructional facilities.

Non Major Governmental Funds:

Special Revenue Funds - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some State financial assistance is accounted for in a special revenue fund. Sometimes any unused balances must be returned to the grantor at the close of the specified project periods.

Other Fund Types:

Private Purpose Trust Fund - The District accounts for donations for which the donor has stipulated that both the principal and income may be used for purposes that benefit parties outside the District. The District's private purpose trust fund is a scholarship fund.

Agency Fund - The District accounts for resources held for others in a custodial capacity in the agency fund. The District's agency fund is used to account for the activities of student groups and other organizational activities.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

E. OTHER ACCOUNTING POLICIES

Inventories and Prepayments - The District reports inventories of supplies at cost, which approximates lower of cost or market. Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepayments.

Capital Assets and Depreciation - The District's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with a cost of \$5,000 or more as purchases or construction occurs. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight line method. The District has elected not to report major general infrastructure assets retroactively. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded. Estimated useful lives, in years, for capital assets are as follows:

Buildings	15-30
Improvements	15-30
Transportation equipment	5-10
Furniture, fixtures, and equipment	5-10

The governmental fund financial statements recognize capital outlay as an expense of the current period. Proceeds from the sale of capital assets are reported as miscellaneous revenues when received.

Long-Term Debt - In the government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of applicable bond premiums. The governmental fund financial statements recognize the proceeds of debt and premiums received as other financing sources of the current period and principal and interest payments as expense.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Pensions - The fiduciary net position of the Teachers Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for the 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.

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

Net Position and Fund Balance - Net position in the statement of net position include components that are restricted for use in local programs, to pay debt service on capital related debt, for use in food service operations, construction, or future operating deficits.

Unassigned fund balance in the governmental funds financial statements represents that portion of fund balance that is available for budgeting in future operations. The assigned fund balance represents fund balance that has been implicitly assigned as it is accounted for in particular funds, other than the general fund. Committed fund balance represents amounts approved by the Board of Trustees. Restricted fund balance is that portion of fund balance which is not available for appropriation or which has been legally separated for specific purposes. The General Fund commits \$24,452 for self insurance and \$200,000 for retirement of long-term debt. The General Fund also has a nonspendable fund balance of \$31,780 in the form of prepayments. The Special Revenue Fund assigns \$47,825 for campus activity programs and restricts \$67,326 for the food service operations, including nonspendable fund balance of \$21,568 in the form of inventories. The Debt Service Fund restricts \$268,451 for debt service, and the Capital Projects Fund commits \$992,593 for capital projects.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

Compensated Absences - As an attendance incentive, upon retirement the District purchases any unused state leave days for employees who have at least ten years continuous service in the District and who meet the requirements for retirement with the Texas Teacher Retirement System. Payment is at the rate of \$50 per day up to a maximum of \$2,500. The employee's leave balance is reduced by the number of days purchased. No liability for accrued sick leave or vacation time is recorded in the government-wide or governmental fund financial statements.

Fund Balance Policy - The District reports fund balances for governmental funds in classifications based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable classification represents assets that will be consumed or maintained intact; and, therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy from the Board. However, the Board has adopted fund balance policies for the three unrestricted classifications: committed, assigned, and unassigned.

The District's restricted fund balances represent amounts for retirement of long term debt, and for operation of the food service program.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures are charged to restricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures are charged to committed, assigned and then unassigned.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

F. BUDGETARY DATA

The Board of Trustees adopts an annual budget consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, and the Food Service Fund (which is included in the Special Revenue Funds.) The District is required to present the adopted and final budgeted revenues and expenditures for each of these funds.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules.

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meeting. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end. During the fiscal year ended August 31, 2020, the District made significant amendments to the student transportation and facilities acquisitions and construction functions, increasing the overall appropriations over the original budget.
4. Each budget is monitored by the business manager at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments. The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market saving accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

Policies Governing Deposits and Investments. In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. The policy addresses the following risks:

Deposits

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is that the funds of the District must be deposited under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. The District's cash deposits at August 31, 2020 and during the year ended August 31, 2020 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The District was not exposed to custodial credit risk during the year as all deposits were covered by depository insurance or by pledged collateral as follows:

1. Depository: American State Bank, Joaquin, Texas
2. The market value of securities pledged as of the date of the highest combined balance on deposit was \$3,600,000.
3. The highest combined balances of cash, savings, and time deposit accounts amounted to \$3,596,232 and occurred during the month of January, 2020.
4. Total amount of FDIC coverage at the time of the highest combined balance was \$750,000.

Investments

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The District was not exposed to credit risk at August 31, 2020.

Custodial Credit Risk - Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the District. The District was not exposed to custodial credit risk at August 31, 2020.

Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District was not exposed to interest rate risk at August 31, 2020.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the government's investment in a single issuer. The District was not exposed to concentration of credit risk at August 31, 2020.

Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. The District was not exposed to foreign currency risk at August 31, 2020.

The District's deposits with Investment Pools (Pools) as of August 31, 2020 amounted to \$1,619,766 with Lone Star, included in current investments, and \$26,174 with LOGIC, included in current investments.

The Pools used by the District are organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investment pools are public funds investment pools created to provide a safe environment for the placement of the Districts funds in authorized short-term investments.

The investments in the Pools are based on contractual agreements and not the individual security itself, therefore, the District's investments in the Pools are not categorized as to credit risk. The market values of the Pools are based on quoted market values of underlying investments of the Pools. Authorized investments include obligations of the United States, or its agencies and instrumentalities; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the United States or its agencies and instrumentalities; and other investments authorized by statutes governing public funds investment pools.

The Pools use amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in the Pool is the same as the value of the shares in the pool. The purpose of the Pools is to allow for the pooling of public funds to provide a higher yield on the pooled investments than would be possible with the investment of the individual public entity's funds. The investments in the Pools and any accrued interest may be redeemed at the District's discretion.

Financial reports issued by Lone Star Investment Pool may be obtained by contacting First Public, LLC, a subsidiary of the Texas Association of School Boards (TASB), 7620 Guadalupe, Austin, Texas 78752. Financial reports issued by LOGIC maybe obtained by contacting LOGIC c/o First Southwest Management, Inc., 325 North St. Paul, Suite 800, Dallas, Texas 75201.

The Pools are not registered with the SEC, however TASB exercises oversight responsibility over Lone Star and LOGIC is governed by a board of directors, with JP Morgan Chase acting as the investment manager and First Southwest Asset Management, Inc. serving as customer service and marketing agent.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

B. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND UNAVAILABLE REVENUE

Property Tax Calender, Property Tax Receivables, and Unavailable Revenue

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

Delinquent tax collections are prorated between maintenance and debt service based on rates adopted for year of the levy. Delinquent taxes receivable not paid within 60 days of year end, are recorded as deferred inflows of resources, net of an estimated allowance for uncollectible taxes. Allowances for uncollectible tax receivables within the General Fund are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

In the government-wide financial statements, property taxes receivable, net of an allowance for uncollectible taxes, and related revenue include all amounts due the District regardless of when the cash is received.

Due From/To Other Governments and Unavailable Revenue

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from and to federal and state governments as of August 31, 2020 are summarized below. Due from other governments at year-end consisted of the following:

Fund	State Programs	Federal Programs	Total
General Fund	271,472	-	271,472
Special Revenue Fund	-	174,159	174,159
Total	271,472	174,159	445,631

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Amounts due to other governments and unearned revenues at year-end consisted of the following:

Fund	State Foundation	State & Federal Programs	Total
General Fund	109,697	4,725	114,422
Debt Service Fund	86,792	-	86,792
Total	196,489	4,725	201,214

Deferred inflows of resources at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Unavailable Revenue - Property Taxes	141,335	63,685	205,020

C. INTERFUND BALANCES AND TRANSFERS

Interfund due to/from balances at August 31, 2020 consisted of the following amounts:

Due from Governmental Funds to the General Fund:

Special Revenue Funds	165,004
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Interfund transfers for the year ended August 31, 2020 consisted of the following amounts:

Transfers to Other Governmental Funds from the Debt Service Fund:

Capital Projects Fund	1,045,000
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Transfers are periodically used to move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them or to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. DISAGGREGATION OF RECEIVABLES

The District disaggregates significant components of receivables in the financial statements. The only receivables not expected to be collected within one year is \$615,059 of delinquent property taxes.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

E. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Land	228,562	-	-	228,562
Buildings and improvements	21,523,283	611,979	-	22,135,262
Vehicles and equipment	2,425,010	524,291	-	2,949,301
Construction in progress	-	41,998	-	41,998
Totals at cost	<u>24,176,855</u>	<u>1,178,268</u>	<u>-</u>	<u>25,355,123</u>
Less accumulated depreciation:				
Buildings and improvements	10,576,609	731,539	-	11,308,148
Vehicles and equipment	1,787,174	137,299	-	1,924,473
Total accumulated depreciation	<u>12,363,783</u>	<u>868,838</u>	<u>-</u>	<u>13,232,621</u>
Governmental activities capital assets, net	<u>11,813,072</u>	<u>309,430</u>	<u>-</u>	<u>12,122,502</u>

Depreciation was charged to governmental functions as follows:

Instruction	406,674
Instructional Resources	5,832
Curriculum Development	35
School Leadership	53,035
Counseling	14,744
Social Work Services	2,056
Health Services	3,377
Student Transportation	90,736
Food Services	36,823
Cocurricular/Extracurricular	211,222
General Administration	7,136
Plant Maintenance	24,082
Data Processing	4,084
Community Services	<u>9,002</u>
Total depreciation expense	<u>868,838</u>

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

F. LONG-TERM DEBT

In prior years, the District as authorized by Texas Education Code Section 45.003, authorized the issuance of Unlimited Tax School Building Bonds for construction of school facilities and purchase of equipment and vehicles.

Unlimited tax bonds outstanding at August 31, 2020 are as follows:

- ▶ Series 2016, issued in the original amount of \$8,750,000. Interest rates of 2.83%. The bonds final maturity is February 15, 2034.
- ▶ Series 2020 issued in the original amount of \$3,550,000. Interest rates of 3.00%. The bonds final maturity is February 15, 2035.

Long term liability activity for the year ended August 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
Governmental Activities:					
School Building Bonds 2010	2,835,000	-	2,835,000	-	-
Refunding Bonds 2016	8,050,000	-	420,000	7,630,000	425,000
Refunding Bonds 2020	-	3,550,000	-	3,550,000	150,000
Total bonds payable	10,885,000	-	3,255,000	11,180,000	575,000
Unamortized bond premium	1,035,293	310,249	89,622	1,255,920	-
Total long term debt	11,920,293	-	3,344,622	12,435,920	575,000

The sales of the Series 2010, 2016, and 2020 bond issues resulted in premiums received, which are being amortized over the life of the bonds. In addition, deferred refunding costs are being amortized over 20 years, the life of the bond.

On February 10, 2020, the District issued \$3,550,000 of unlimited tax refunding bonds, Series 2020 to advance refund \$2,695,000 of prior year unlimited tax school building bonds (Series 2010). A portions of the proceeds used for the refunding of the series 2010 bonds, were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the series 2010 bonds. As a result, the series 2010 bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. The new bonds were issued at an interest rate of 3.00%, with final maturity in 2034.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$19,002. This amount is recorded as a net deferred outflow of resources on the government wide statement of net position. The District completed the advanced refunding to reduce its debt service payments by \$419,200 and to obtain an economic gain of \$376,122. Issuance costs associated with the bond issue totaled \$99,135, and will be recorded as an expense in the period of issue.

Annual debt service requirements to maturity for the District’s long term debt are as follows:

Year ending August 31,	Principal	Interest	Total
2021	575,000	386,938	961,938
2022	590,000	373,219	963,219
2023	610,000	354,600	964,600
2024	635,000	331,325	966,325
2025	655,000	307,200	962,200
2026-2030	3,680,000	1,140,625	4,820,625
2031-2035	4,435,000	392,600	4,827,600
Totals	<u>11,180,000</u>	<u>3,286,507</u>	<u>14,466,507</u>

G. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

For the year ended August 31, 2020, revenues from local and intermediate sources reported in the governmental funds consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	2,333,162	-	1,031,435	-	3,364,597
Food Sales	-	61,785	-	-	61,785
Investment Income	64,115	386	7,057	4,671	76,229
Penalties, interest, and other tax	39,235	-	16,378	-	55,613
Tuition	10,631	-	-	-	10,631
Co-curricular student activities	26,867	-	-	-	26,867
Campus activity receipts	-	68,445	-	-	68,445
Other	24,763	-	-	-	24,763
Total	<u>2,498,773</u>	<u>130,616</u>	<u>1,054,870</u>	<u>4,671</u>	<u>3,688,930</u>

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

H. PENSION PLAN AND RETIREE HEALTH PLAN

Defined Benefit Pension Plan

Plan Description. The District 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). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov/TRS%20Documents/cafr2019>, selecting *About TRS the Publications* then *Financial Reports*, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

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

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

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

In May, 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2020 through 2025.

	2020	2019
Member	7.70%	7.70%
Non-Employer Contribution Rate (State)	7.50%	6.80%
Employers	7.50%	6.80%
District's 2020 Employer Contributions	\$ 148,444	
District's 2020 Member Contributions	\$ 392,189	
District's 2020 NECE On-Behalf Contributions	\$ 247,015	

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

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

On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

During a new member's first 90 days of employment.

When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

When the employing District is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non(OASDI) surcharge that was in effect in the fiscal year 2019.

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

When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Actuarial Assumptions. The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate	2.63%*
Inflation	2.30%
Salary Increases	3.05% to 9.05%, including inflation
Last Year Ending 8/31 in Projection Period	2116 (100 years)
Ad hoc Post Employment Benefit Changes	None

* - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with the 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 are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2018.

Discount Rate. A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all 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 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

for each major asset class included in the Systems target asset allocation as of August 31, 2019 are summarized below:

Asset Class	Target Allocation*	New Target Allocation**	Long-Term Expected Geometric Real Rate of Return***
Global Equity			
U.S.	18%	18%	6.4%
Non-U.S. Developed	13%	13%	6.3%
Emerging Markets	9%	9%	7.3%
Directional Hedge Funds	4%	0%	0%
Private Equity	13%	14%	8.4%
Stable Value			
U.S. Treasuries****	11%	16%	3.1%
Absolute Return	0%	0%	0%
Stable Value Hedge Funds	4%	5%	4.5%
Real Return			
Global Inflation Linked Bonds****	3%	0%	0%
Real Assets	14%	15%	7.3%
Energy and Natural Resources	5%	6%	0%
Commodities	0%	0%	0%
Risk Parity			
Risk Parity	5%	8%	5.8%/6.5%*****
Leverage			
Cash	1%	2%	2.5%
Asset Allocation Leverage	-	-6.0%	2.7%
Total	100%	100%	7.23%

* Target allocations are based on the Strategic Asset Allocation as of FY2019

** New allocations are based on the Strategic Allocation to be implemented FY2020

*** 10-year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

**** New Target Allocation groups Governmental Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds

***** 5.8%(6.5%) return expectations corresponds to Risk Parity with 10% (12%) target volatility

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$3,120,412	\$2,030,005	\$1,146,564

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2020, the District reported a liability of \$2,030,005 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District.

The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$2,030,005
State's proportionate share that is associated with the District	<u>3,668,770</u>
Total	<u><u>\$5,698,775</u></u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 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, 2018 through August 31, 2019.

At August 31, 2019 the employer's proportion of the collective net pension liability was .003905%, which was a decrease of 3.85% from its proportion measured as of August 31, 2018.

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

- The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

For the year ended August 31, 2020, the District recognized pension expense of \$576,312 and revenue of \$247,015 for support provided by the State in the Government-wide Statement of Activities.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

At August 31, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$8,528	\$70,485
Changes in actuarial assumptions	629,807	260,266
Difference between projected and actual investment earnings	20,384	-
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	203,547	142,506
Contributions paid to TRS subsequent to the measurement date	148,444	-
Total	\$1,010,710	\$473,257

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

Year Ended August 31:	Pension Expense Amount
2021	\$246,902
2022	73,715
2023	91,948
2024	110,266
2025	36,693
Thereafter	(22,071)

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Other Post -Employment Benefit Plan (OPEB)

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

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
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on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

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

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

TRS-Care Plan Premium Rates		
Effective January 1, 2019 - December 31, 2019		
	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 school districts based upon public school district payroll. 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 percent of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .75 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The following table shows contributions to the TRS-Care plan by type of contributor.

	2020	2019
Member	0.65%	0.65%
Non-Employer Contribution Rate (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District's 2020 Employer Contributions	\$ 49,101	
District's 2020 Member Contributions	\$ 33,107	
District's 2020 NECE On-Behalf Contributions	\$ 60,384	

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$73.6 million in fiscal year 2019.

In addition to the pension plan and TRS-Care state contributions on behalf of the District, the District is allocated a portion of the Medicare Part D retiree drug subsidy that TRS-Care receives. The amounts allocated on behalf of the District were \$23,735, \$18,636, and \$13,905 for the years ended August 31, 2020, 2019, and 2018, respectively.

Actuarial Assumptions. The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation that was rolled forward to August 31, 2019:

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

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience
Election Rates	Normal retirement: 65% participation prior to age 65 and 50% after 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-party administrative expense related to the delivery of health care benefits are included in the age adjusted-claims cost.
Salary Increases	3.05% to 9.05%, including inflation
Ad hoc Post Employment Benefit Changes	None

The impact of the Cadillac Tax that is returning in fiscal year 2023, has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.30 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

Discount Rate. A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06 percent in the discount rate since the previous year. The Discount Rate can be found in the 2019 TRS CAFR on page 70. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

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

	1% Decrease in Discount Rate (1.63%)	Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of the OPEB liability:	\$3,656,032	\$3,028,220	\$2,537,080

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

	1% Decrease in Health Care Cost Trend Rate	Current Health Care Cost Trend Rate	1% Increase in Health Care Cost Trend Rate
District's proportionate share of the OPEB liability:	\$2,470,315	\$3,028,220	\$3,775,554

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2020, the District reported a liability of \$3,028,220 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective OPEB liability	\$3,028,220
State's proportionate share that is associated with the District	4,023,825
Total	\$7,052,045

The Net OPEB Liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 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 OPEB relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019 the employer's proportion of the collective Net OPEB Liability was 0.006403% which is an increase of 6.98 percent from the proportion measured as of August 31, 2018.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

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

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan’s anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, the District recognized an OPEB expense of \$106,052 and revenue of \$60,384 for support provided by the State.

At August 31, 2020, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$148,560	\$495,536
Changes in actuarial assumptions	168,194	814,517
Difference between projected and actual investment earnings	327	-
Changes in proportion and difference between the employer’s contribution and the proportionate share of contributions	529,182	-
Contributions paid to TRS subsequent to the measurement date	49,101	-
Total	\$895,364	\$1,310,053

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

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

Year Ended August 31:	Pension Expense Amount
2021	(\$46,872)
2022	(95,973)
2023	(96,079)
2024	(96,141)
2025	(96,124)
Thereafter	16,500

J. HEALTH CARE COVERAGE

During the year ended August 31, 2020, employees of the District were covered by a state wide health care program known as TRS-Active Care. TRS-Active Care is administered by the Teacher Retirement System of Texas. The District contributed \$375 per month per employee to TRS, and employees, at their option, authorized payroll withholdings to fund contributions for dependents.

K. SELF-FUNDED WORKERS’ COMPENSATION

The District has joined together with other area district’s to form a self-insurance workers’ compensation risk pool (Pool.) Claims administration and processing for the Pool is provided by Claim Administrative Services, Inc. The agreement for the formation of the Pool provides that the Pool will be self sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$500,000 for each insured event, with an unlimited aggregate. The Pool contracts with Midwest Employers Casualty Company for reinsurance.

The District’s administrative expenses for the years ended August 31, 2020 and 2019 were \$12,832 and \$12,399, respectively. The claims administrator estimates the District’s annual loss maximum at \$31,713 for the year ended August 31, 2020. Estimated total claims liability for the years ended August 31, 2020 and 2019, included estimated claims incurred but not reported, in the amount of \$24,452 and \$27,015.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

The estimated total liability for workers' compensation claims including incurred but not reported claims amounts to \$8,377 and \$9,014 for 2020 and 2019, respectively.

	2020	2019
Claims liability, beginning of year	27,015	28,281
Incurred claims:		
Provision for insured events of current year	3,101	5,969
Increase (Decrease) in provision for insured events of prior years	(1,761)	(3,303)
Total incurred claims	1,340	2,666
Payments:		
Claims expenses attributable to insured events of current year	129	421
Claims expenses attributable to insured events of prior years	3,774	3,511
Total payments	3,903	3,932
Total unpaid claims at the end of the year	24,452	27,015

L. LITIGATION AND CONTINGENCIES

The District 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 District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the ability to collect any related receivable at August 31, 2020 may be impaired. In the opinion of the District, 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 financial statements for such contingencies.

M. JOINT VENTURE - SHARED SERVICE ARRANGEMENTS

The District is a fiscal agent of a shared services arrangement with area school districts for a career and technology consortium. The District is responsible for all financial activities of the shared services arrangement, including expenditure of funds in accordance with applicable laws and regulations. The District accounts for the revenues and expenditures in this program and reports them in the financial statements. Presented below are expenditures of the shared service arrangement attributable to the participating districts:

Joaquin	11,395
Shelbyville	11,594
Tenaha	8,340
Timpson	14,169
Total	45,498

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

Alternative Education Program

The District participates with other school districts in an alternative education program for its students under disciplinary action. Center ISD acts as the fiscal agent and each member pays a prorated share based on enrollment.

N. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended August 31, 2019, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

O. UNCERTAINTY DUE TO COVID-19

The outbreak of coronavirus (COVID-19) in early 2020 was declared a pandemic by the World Health Organization. On March 13, 2020, the governor of Texas declared a state of emergency for all Texas counties, which resulted in state-wide school closings that lasted through the conclusion of the 2019-2020 school year. The total impact of COVID-19 on the District's operational and financial performance is unknown, but may result in decreased revenues due to property valuation declines, reduced attendance, reduced state aid, or combinations thereof. Management will continue to monitor COVID-19 and its impact on the District and the community.

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Required Supplementary Schedules

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes		Budgeted Amounts		Actual	Variance
		Original	Final	Amounts	With Final
				(Budgetary	Budget
				Basis)	Positive
					(Negative)
REVENUES:					
5700	Local and intermediate sources	2,185,000	2,481,000	2,498,773	17,773
5800	State program revenues	6,115,000	6,334,000	6,472,649	138,649
5900	Federal program revenues	-	65,000	64,625	(375)
5020	Total revenues	8,300,000	8,880,000	9,036,047	156,047
EXPENDITURES:					
0011	Instruction	4,166,088	4,150,088	4,007,914	142,174
0012	Instructional resources and media services	8,132	8,132	6,230	1,902
0013	Curriculum and staff development	110,006	110,006	83,283	26,723
0021	Instructional leadership	125,228	140,228	131,193	9,035
0023	School leadership	569,668	569,668	537,965	31,703
0031	Guidance, counseling, and evaluation services	182,638	182,638	173,596	9,042
0032	Social work services	35,898	35,898	35,937	(39)
0033	Health services	53,730	59,730	56,906	2,824
0034	Student transportation	496,582	762,582	731,955	30,627
0036	Cocurricular/extracurricular activities	530,688	546,688	522,958	23,730
0041	General administration	473,413	458,413	445,057	13,356
0051	Plant maintenance and operations	946,591	945,591	897,097	48,494
0052	Security and monitoring services	46,000	31,000	18,200	12,800
0053	Data processing services	202,338	242,338	227,557	14,781
0081	Facilities acquisition and construction	245,000	540,000	538,526	1,474
0093	Payments to fiscal agents	28,000	28,000	27,552	448
0099	Other intergovernmental charges	80,000	69,000	68,956	44
6030	Total expenditures	8,300,000	8,880,000	8,510,882	369,118
1100	Excess (deficiency) of revenues over expenditures	-	-	525,165	525,165
OTHER FINANCING SOURCES (USES):					
7915	Transfers in (sources)	-	-	-	-
8911	Transfers out (uses)	-	-	-	-
8949	Other uses	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	-	525,165	525,165
0100	Fund balance - September 1 (beginning)	2,494,517	2,494,517	2,494,517	-
3000	Fund balance - August 31 (ending)	2,494,517	2,494,517	3,019,682	525,165

The accompanying notes are an integral part of this statement

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2020**

	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>
District's Proportion of the Net Pension Liability (Asset)	0.00003905	0.00004062
District's Proportionate share of the Net Pension Liability (Asset)	\$ 2,030,005	\$ 2,235,603
State's Proportionate share of the Net Pension Liability (Asset) associated with the District	<u>3,668,770</u>	<u>4,054,231</u>
TOTAL	<u>\$ 5,698,775</u>	<u>\$ 6,289,834</u>
District's Covered Payroll	\$ 4,767,395	\$ 4,813,798
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	42.58%	46.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	73.74%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.00003693	0.00003769	0.00004535	0.00002986
\$ 1,180,920	\$ 1,424,277	\$ 1,603,133	\$ 797,522
<u>2,381,357</u>	<u>2,894,605</u>	<u>3,050,883</u>	<u>2,730,522</u>
<u>\$ 3,562,277</u>	<u>\$ 4,318,882</u>	<u>\$ 4,654,016</u>	<u>\$ 3,528,044</u>
\$ 4,444,025	\$ 4,388,769	\$ 4,688,907	\$ 4,726,758
26.57%	32.45%	34.19%	16.87%
82.17%	76.23%	78.43%	83.25%

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
TEACHERS RETIREMENT SYSTEM
FOR FISCAL YEAR 2020**

	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 148,444	\$ 136,786
Contribution in Relation to Contractually Required Contribution	<u>(148,444)</u>	<u>(136,786)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 District's Covered Payroll	 \$ 5,093,364	 \$ 4,767,395
Contributions as a Percentage of Covered Payroll	2.91%	2.87%

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

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 136,795	\$ 121,032	\$ 116,903	\$ 68,903
<u>(136,795)</u>	<u>(121,032)</u>	<u>(116,903)</u>	<u>(68,903)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,813,798	\$ 4,444,025	\$ 4,388,769	\$ 4,688,907
2.84%	2.72%	2.66%	1.47%

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020**

District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits

District's Proportionate share of the Net Post Employment Benefit Liability (Asset)

State's Proportionate share of the Net Post Employment Benefit Liability (Asset)
associated with the District

TOTAL

District's Covered Payroll

District's Proportionate Share of the Net Pension Liability (Asset)
as a percentage of its Covered Payroll

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.00006403	0.00005985	0.00005365
\$ 3,028,220	\$ 2,988,586	\$ 2,332,979
<u>4,023,825</u>	<u>4,026,450</u>	<u>3,410,017</u>
<u>\$ 7,052,045</u>	<u>\$ 7,015,036</u>	<u>\$ 5,742,996</u>
\$ 4,767,395	\$ 4,813,798	\$ 4,444,025
63.52%	62.08%	52.50%
2.66%	1.57%	0.91%

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)
TEACHERS RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2020**

Contractually Required Contribution

Contribution in Relation to Contractually Required Contribution

Contribution Deficiency (Excess)

District's Covered Payroll

Contributions as a Percentage of Covered Payroll

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

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

<hr/>		
<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 49,101	\$ 45,446	\$ 40,756
<u>(49,101)</u>	<u>(45,446)</u>	<u>(40,756)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,093,364	\$ 4,767,395	\$ 4,813,798
0.96%	0.95%	0.85%

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**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2020**

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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

Changes of Assumptions.

There were no changes in the actuarial assumptions used in the determination of the Total Pension liability during the measurement period.

The single discount rate was a blended rate of 6.907% as of August 31, 2018 and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.

With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries.

B. Notes to Schedules for the TRS OPEB Plan

Changes of Benefit terms.

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

Changes in Assumptions.

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

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.

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Combining Schedules

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2020**

Data Control Codes	Special Revenue Funds					
	211 ESEA Title I Part A	224 IDEA Part B Formula	225 IDEA Part B Preschool	240 School Lunch & Breakfast Program	255 Title II A, Training/ Recruiting	
ASSETS						
1110	Cash and temporary investments	-	-	-	51,915	-
1240	Due from other governments	11,744	10,145	-	5,393	5,901
1300	Inventories	-	-	-	21,568	-
1000	Total Assets	11,744	10,145	-	78,876	5,901
LIABILITIES						
2110	Accounts payable	-	-	-	11,550	-
2170	Due to other funds	11,744	10,145	-	-	5,901
2000	Total Liabilities	11,744	10,145	-	11,550	5,901
FUND BALANCES						
Nonspendable Fund Balance:						
3410	Inventories	-	-	-	21,568	-
Restricted Fund Balance:						
3450	Federal or State grants	-	-	-	45,758	-
Assigned Fund Balance:						
3450	Other assigned fund balance	-	-	-	-	-
3000	Total Fund Balances	-	-	-	67,326	-
4000	Total Liabilities, Deferred Inflows and Fund Balances	11,744	10,145	-	78,876	5,901

Special Revenue Funds							Total Special Revenue Funds
266 ESSER Emergency Relief	276 Instructional Continuity	289 Other Federal Programs	331 SSA - Career & Technical Basic Grant	410 State Textbook Fund	429 Other State Programs	461 Campus Activity Funds	
-	-	-	-	-	-	47,825	99,740
132,906	3,949	-	-	4,121	-	-	174,159
-	-	-	-	-	-	-	21,568
132,906	3,949	-	-	4,121	-	47,825	295,467
3,323	-	-	-	439	-	-	15,312
129,583	3,949	-	-	3,682	-	-	165,004
132,906	3,949	-	-	4,121	-	-	180,316
-	-	-	-	-	-	-	21,568
-	-	-	-	-	-	-	45,758
-	-	-	-	-	-	47,825	47,825
-	-	-	-	-	-	47,825	115,151
132,906	3,949	-	-	4,121	-	47,825	295,467

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST, 2020**

Data Control Codes	Special Revenue Funds					
	211 ESEA Title I Part A	224 IDEA Part B Formula	225 IDEA Part B Preschool	240 School Lunch & Breakfast Program	255 Title II A, Training/ Recruiting	
REVENUES						
5700	Total local and intermediate sources	-	-	-	62,170	-
5800	State program revenues	-	-	-	1,750	-
5900	Federal program revenues	165,438	150,628	8,968	248,340	29,440
5020	Total Revenues	165,438	150,628	8,968	312,260	29,440
EXPENDITURES						
0011	Instruction	91,980	150,628	8,968	-	27,000
0013	Cirriculum and Instructional Staff Developme	5,639	-	-	-	1,640
0021	Instructional leadership	4,136	-	-	-	800
0023	School leadership	-	-	-	-	-
0031	Guidance, counseling, & evaluation	63,199	-	-	-	-
0033	Health services	484	-	-	-	-
0034	Student transportation	-	-	-	-	-
0035	Food service	-	-	-	336,350	-
0036	Extracurricular activities	-	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	18,366	-
0052	Security and monitoring services	-	-	-	-	-
0053	Data processing services	-	-	-	-	-
6030	Total Expenditures	165,438	150,628	8,968	354,716	29,440
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(42,456)	-
OTHER FINANCING SOURCES (USES)						
7915	Transfers in	-	-	-	-	-
8911	Transfers out (uses)	-	-	-	-	-
7080	Total other financing sources and uses	-	-	-	-	-
1200	Net change in fund balances	-	-	-	(42,456)	-
0100	Fund balances, beginning	-	-	-	109,782	-
3000	Fund balances, ending	-	-	-	67,326	-

Special Revenue Funds							Total Special Revenue Funds
266 ESSER Emergency Relief	276 Instructional Continuity	289 Other Federal Programs	331 SSA - Career & Technical Basic Grant	410 State Textbook Fund	429 Other State Programs	461 Campus Activity Funds	
-	-	-	-	-	-	68,446	130,616
-	-	-	-	83,107	25,000	-	109,857
132,906	10,500	11,064	45,498	-	-	-	802,782
132,906	10,500	11,064	45,498	83,107	25,000	68,446	1,043,255
96,852	9,700	10,836	42,940	83,107	-	-	522,011
1,899	-	-	-	-	-	-	9,178
3,323	800	228	2,558	-	-	-	11,845
17,092	-	-	-	-	-	-	17,092
-	-	-	-	-	-	-	63,199
474	-	-	-	-	-	-	958
236	-	-	-	-	-	-	236
-	-	-	-	-	-	-	336,350
-	-	-	-	-	-	66,557	66,557
6,643	-	-	-	-	-	-	25,009
-	-	-	-	-	25,000	-	25,000
6,387	-	-	-	-	-	-	6,387
132,906	10,500	11,064	45,498	83,107	25,000	66,557	1,083,822
-	-	-	-	-	-	1,889	(40,567)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,889	(40,567)
-	-	-	-	-	-	45,936	155,718
-	-	-	-	-	-	47,825	115,151

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Required TEA Schedules

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
AUGUST 31, 2020**

Last Ten Years Ended August 31,	1	2	3	10	20	31	32	40	50
	Tax Rates		Assessed or Appraised Valuation	Beginning Balance September 1	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance August 31
	Maint- enance	Debt Service							
2011 & Prior	Various	Various	-	218,714		873	430	(3,281)	214,130
2012	1.04000	0.50700	198,956,367	29,506		284	139	(329)	28,754
2013	1.04000	0.50530	207,039,182	53,439		1,088	529	(336)	51,486
2014	1.04000	0.56600	181,033,577	71,641		913	496	(517)	69,715
2015	1.04000	0.41550	185,871,151	56,191		1,664	665	(446)	53,416
2016	1.04000	0.51970	185,600,539	61,429		3,307	1,652	(160)	56,310
2017	1.17000	0.42730	165,961,342	67,124		6,644	2,426	(277)	57,777
2018	1.17000	0.42730	173,883,303	67,772		7,674	1,709	(1,577)	56,812
2019	1.17000	0.45140	187,681,568	113,190		26,323	11,032	(7,092)	68,743
2020 (Current)	1.06830	0.47340	228,121,034	-	3,516,942	2,324,063	1,029,942	-	162,937
1000	Totals			739,006	3,516,942	2,372,833	1,049,020	(14,015)	820,080

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION FUND
FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Local and intermediate sources	82,000	62,000	62,170	170
5800	State program revenues	2,000	2,000	1,750	(250)
5900	Federal program revenues	281,000	246,000	248,340	2,340
5020	Total revenues	365,000	310,000	312,260	2,260
EXPENDITURES:					
0035	Food service	342,500	342,500	336,350	6,150
0051	Facilities maintenance and operations	22,500	22,500	18,366	4,134
6030	Total expenditures	365,000	365,000	354,716	10,284
1100	Excess (deficiency) of revenues over expenditures	-	(55,000)	(42,456)	12,544
OTHER FINANCING SOURCES (USES):					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	(55,000)	(42,456)	12,544
0100	Fund balance - September 1 (beginning)	109,782	109,782	109,782	-
3000	Fund balance - August 31 (ending)	109,782	54,782	67,326	12,544

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Local and intermediate sources	957,384	1,051,469	1,054,870	3,401
5800	State program revenues	7,604	13,519	26,689	13,170
5020	Total revenues	964,988	1,064,988	1,081,559	16,571
EXPENDITURES:					
0071	Debt service - principal on long-term debt	560,000	560,000	560,000	-
0072	Debt service - interest on long-term debt	403,188	403,188	397,984	5,204
0073	Debt service - bond issuance costs and fees	1,800	111,800	99,936	11,864
6030	Total expenditures	964,988	1,074,988	1,057,920	17,068
1100	Excess (deficiency) of revenues over expenditures	-	(10,000)	23,639	33,639
OTHER FINANCING SOURCES (USES):					
7911	Issuance of bonds	-	3,550,000	3,550,000	-
7915	Transfers in	-	-	-	-
7916	Premium on issuance of bonds	-	310,000	310,249	(249)
8911	Transfers out	-	(1,045,000)	(1,045,000)	-
8949	Other uses	-	(2,705,000)	(2,704,283)	(717)
7080	Total other financing sources (uses)	-	110,000	110,966	(966)
1200	Net change in fund balances	-	100,000	134,605	34,605
0100	Fund balance - September 1 (beginning)	133,846	133,846	133,846	-
3000	Fund balance - August 31 (ending)	133,846	233,846	268,451	34,605

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FEDERAL AWARDS SECTION



Goff & Herrington, P.C.

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Certified Public Accountants

A.J. Goff, CPA
Ronnie Herrington, CPA
Daniel Raney, CPA

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

Members of the Board of Trustees of
Joaquin Independent School District
Joaquin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Joaquin Independent School District (District), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 5, 2020.

Internal Control Over Financial Reporting

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

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

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

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

Members of the Board of Trustees

November 5, 2020

Page 2

Compliance and Other Matters

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

Purpose of this Report

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

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.

Certified Public Accountants

November 5, 2020



G o f f & H e r r i n g t o n , P . C .

P.O. Box 153320 • Lufkin, TX. 75915-3320 • (936) 634-2345 • Fax:(936) 622-6823

Certified Public Accountants

A.J. Goff, CPA
Ronnie Herrington, CPA
Daniel Raney, CPA

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

Members of the Board of Trustees of
Joaquin Independent School District
Joaquin, Texas

Report on Compliance for Each Major Federal Program

We have audited Joaquin Independent School District's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

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

Members of the Board of Trustees

November 5, 2020

Page 2

Report on Internal Control over Compliance

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

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

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

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

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.

Certified Public Accountants

November 5, 2020

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2020**

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	___yes <u>X</u> no
Significant Deficiencies identified that are not considered to be material weaknesses?	___yes <u>X</u> no
Noncompliance material to financial statements noted?	___yes <u>X</u> no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	___yes <u>X</u> no
Significant Deficiencies identified that are not considered to be material weaknesses?	___yes <u>X</u> no

Type of auditor's report 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 <u>X</u> no

Identification of Major Programs

CFDA 10.550, 10.553, 10.555, 10.559	Child Nutrition Cluster (CNC)
CFDA 84.010	ESEA, Title I, Part A

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
--	-----------

Auditee qualified as a low risk auditee?	___yes <u>X</u> no
--	--------------------

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2020**

There were no findings reported for the prior year.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2020**

None required.

JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2020

(1) Federal Grantor/ Pass-Through Grantor/ Program title	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. Department of Education			
Impact Aid - Federal Forest	84.041	2020FF210902	40,299
Total direct			<u>40,299</u>
<i>Passed through Texas Education Agency:</i>			
Title 1, Part A	84.010A	20610101210902	165,438
IDEA Part B Formula	84.027A	20660001210902000	150,628
IDEA Part B Preschool	84.173A	20661001210902000	8,968
Special Education Cluster (IDEA)			<u>159,596</u>
ESSER Emergency Relief Grant	84.425D	20521001210902	132,906
Title IV, Part A, Subpart 1	84.424A	20680101210902	11,064
Carl D. Perkins Basic Grant	84.048A	20420006210902	45,498
Instructional Continuity	84.377A	17610740210902	10,500
Title II, Part A	84.367A	20694501210902	<u>29,440</u>
Passed through Texas Education Agency			<u>554,442</u>
Total Department of Education			<u>594,741</u>
U.S. Department of Agriculture			
<i>Passed through Texas Education Agency:</i>			
School Breakfast Program	10.553	71402001	61,087
School Lunch Program	10.555	71302001	160,397
Commodities	10.550	210002A	26,856
Child Nutrition Cluster			<u>248,340</u>
Total Department of Agriculture			<u>248,340</u>
Total expenditures of federal awards			<u><u>843,081</u></u>

\$40,299 of federal revenues are in the General Fund.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2020**

Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2020. The information on this Schedule is prepared 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Summary of Significant Accounting Policies:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current-financial-resources measurement focus. All federal grant funds are accounted for in the Special Revenue Fund, a component of the governmental funds. With this measurement focus, only current assets and current liabilities, generally, are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified-accrual basis of accounting is used for the governmental funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (measurable and available) and expenditures in the accounting period in which the fund liability is incurred, except that principal and interest on general long-term debt are recognized when due. Federal grant funds are considered to be earned when all eligibility requirements have been met. Any excess of revenues or expenditures is recorded as unearned revenues or accounts receivable, respectively.

The disbursement of funds received under federal grant programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. In the opinion of management, such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types or on the overall financial position of the District at August 31, 2020.

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Federal revenues in the accompanying financial statements include federal source revenues which are not considered federal assistance for purposes of the Schedule of Expenditures of Federal Awards. A reconciliation follows:

Total Federal Expenditure, Exhibit K-1	\$843,081
School Health and Related Services (SHARS)	24,326
Total Federal Revenues, Exhibit C-3	\$867,407

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