

JOAQUIN INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED AUGUST 31, 2021

JOAQUIN INDEPENDENT SCHOOL DISTRICT
Annual Financial Report for the
Year Ended August 31, 2021

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**JOAQUIN INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF BOARD**

Joaquin Independent School District Shelby 210-902
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, 2021, at a meeting of the Board of Trustees of such school district on the 15th day of November, 2021.



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, 2021, 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, 2021

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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, 2021, 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 48, and the Teacher's Retirement System pension schedules on pages 49-57, 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, 2021
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2021, 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, 2021

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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, 2021. 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 \$952,189 as of August 31, 2021.
- ▶ During the year ended August 31, 2021, the District's net position increased by \$1,015,216.
- ▶ The District generated \$11,472,030 in taxes and other revenues from governmental activities.
- ▶ The total cost of the District's programs was \$10,456,814.
- ▶ The general fund reported a total fund balance this year of \$3,926,088, of which \$3,601,012 is unassigned.

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.

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.

JOAQUIN INDEPENDENT SCHOOL DISTRICT

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 \$952,189 as of August 31, 2021. The following table provides a summary of the District’s net position.

The District’s Net Position

	Governmental Activities		
	2021	2020	% Change
Current and Other Assets	5,049,916	5,246,225	(3.7)%
Capital and Non-Current Assets	12,676,386	12,122,502	4.6%
Total Assets	17,726,302	17,368,727	2.1%
Deferred Outflows	2,115,772	2,507,566	(15.6)%
Total Deferred Outflows of Resources	2,115,772	2,507,566	(15.6)%
Other Liabilities	475,157	661,865	(28.2)%
Long Term Liabilities	16,162,164	17,494,145	(7.6)%
Total Liabilities	16,637,321	18,156,010	(8.4)%
Deferred Inflows	2,252,564	1,783,310	26.3%
Total Deferred Inflows of Resources	2,252,564	1,783,310	26.3%
Net Position:			
Net Investment in Capital Assets	1,402,861	288,074	387.0%
Restricted	463,711	1,328,370	(65.1)%
Unrestricted	(914,383)	(1,679,471)	(45.6)%
Total Net Position	952,189	(63,027)	(1610.8)%

The District’s restricted net position of \$463,711 consists of \$91,196 restricted for food service, \$316,307 restricted for debt service, and \$56,208 restricted for campus activities.

Changes in net position. The District’s total revenues were \$11,472,030. A significant portion, 55.58 percent, of the District’s revenue comes from state aid-formula grants. Property taxes represent 26.43 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 \$10,456,814; 72.42 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
	2021	2020	
Revenues:			
Program Revenues:			
Charges for services	184,271	167,728	9.9%
Operating grants	1,303,840	849,439	53.5%
General Revenues:			
Property taxes	3,032,242	3,497,733	(13.3)%
State aid - formula	6,375,717	6,095,889	4.6%
Investment earnings	29,054	76,229	(61.9)%
Other general revenues	546,906	777,941	29.7%
Total revenues	11,472,030	11,464,959	0.1%
Expenses:			
Instructional and instructional related	5,415,020	5,417,345	0.0%
Instructional and school leadership	786,911	809,294	(2.8)%
Counseling, health, transportation, and	1,716,521	1,549,581	10.8%
Food services	410,552	408,784	0.4%
General administration	468,314	478,729	(2.2)%
Plant maintenance and security	954,899	990,449	(3.6)%
Data processing services	202,854	224,172	(9.5)%
Debt services	397,489	470,380	(15.5)%
Payments to fiscal agent/member districts	31,100	27,552	12.9%
Other intergovernmental charges	73,154	68,956	6.1%
Total expenses	10,456,814	10,445,242	0.1%
Increase (Decrease) in Net Position	1,015,216	1,019,717	(0.4)%
Beginning Net Position	(63,027)	(1,082,744)	(94.2)%
Ending Net Position	952,189	(63,027)	(1610.8)%

JOAQUIN INDEPENDENT SCHOOL DISTRICT

The District’s 2020 maintenance and operations property tax rate of \$1.0547, decreased 1.27 percent from last year’s rate of \$1.0683. The District’s 2020 interest and sinking property tax rate of \$0.4747 increased 0.275 percent from last year’s rate of \$0.4734. Total property tax revenue decreased 13.31 percent due to decreased rates and property valuations.

The cost of governmental activities may be summarized as follows:

- ▶ The cost of all governmental activities this year was \$10,456,814.
- ▶ The amount that our taxpayers paid for these activities through property taxes was \$3,032,242.
- ▶ Some of the cost was paid by those who directly benefitted from the programs (\$184,271), or
- ▶ By operating grants (\$1,303,840).

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		
	2021	2020	% Change	2021	2020	% Change
Instruction	5,306,112	5,306,462	0.0%	4,575,102	4,773,820	(4.2)%
General Administration	468,314	478,729	(2.2)%	466,814	478,729	(2.5)%
School Leadership	628,126	653,606	(3.9)%	624,141	636,514	(1.9)%
Maintenance & operations	937,993	975,200	(3.8)%	849,137	968,557	(12.3)%
Extracurricular activities	902,313	788,862	14.4%	772,493	693,549	11.4%

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Revenues from governmental fund types totaled \$11,390,478, an increase of 2.01 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 \$4,389,799, a decrease of \$6,078 from last years ending balance of \$4,395,877.

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 \$507,514 below final budget amounts. The most significant positive variance results were in the instruction and plant maintenance and operations functions as the final expenditures were less than expected.

Additionally, reported total revenues were \$111,446 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 2021, the District had invested \$26,469,690, less depreciation of \$13,793,304, 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>2021</u>	<u>2020</u>	<u>% Change</u>
Land	228,562	228,562	0.0%
Buildings & improvements	11,492,605	10,827,114	6.1%
Equipment & vehicles	955,219	1,024,828	(6.8)%
Construction in progress	-	41,998	(100.0)%
Net capital assets	<u>12,676,386</u>	<u>12,122,502</u>	<u>4.6%</u>

Significant capital asset expenditures in 2021 included football stadium turf and press box improvements. The District’s 2022 capital budget includes a new air conditioning purification system, new lights in the auditorium, a new LED District sign, and two new buses. 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.

	District’s Long-term Debt		
	Governmental Activities		
	2021	2020	% Change
Series 2016 Refunding Bonds	7,205,000	7,630,000	(5.6)%
Series 2020 Refunding Bonds	3,400,000	3,550,000	(4.2)%
Total long term debt	<u>10,605,000</u>	<u>11,180,000</u>	<u>(5.1)%</u>

At year end the District had \$10,605,000 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 property values used for the 2022 budget preparation were \$197,757,627, a 1.41 percent decrease from 2021.
- ▶ The District’s average daily attendance is expected to be 590, which is the same as the prior year.

These indicators were taken into account when adopting the general fund budget for 2022. Amounts available for expenditure in the general fund budget are \$8,625,000, a decrease of 1.75 percent from the final 2021 budget of \$8,778,500. The decrease is primarily due to decreased expected revenues from state programs in 2021. The District will use these revenues to finance programs we currently offer.

Expenditures are budgeted to increase 4.82 percent to \$8,605,000. If the budgeted estimates are realized, the District’s budgetary general fund balance is expected to remain unchanged for 2022.

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, 2021

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	3,050,627
1120	Investments - current	970,830
1220	Property taxes receivable - delinquent	786,604
1230	Allowance for uncollectible taxes (credit)	(589,953)
1240	Due from other governments	663,024
1290	Other receivables	49,454
1300	Inventories	19,932
1410	Prepayments	99,398
	Capital Assets:	
1510	Land	228,562
1520	Buildings, net	11,492,605
1530	Furniture and equipment, net	955,219
1000	Total assets	<u>17,726,302</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1702	Deferred charge on refunding	499,897
1705	Deferred outflow related to TRS Pension	788,635
1706	Deferred outflow related to TRS OPEB	827,240
1700	Total deferred outflows of resources	<u>2,115,772</u>
	LIABILITIES	
2110	Accounts payable	109,959
2140	Interest payable	11,691
2160	Accrued wages payable	309,453
2180	Due to other governments	26,724
2300	Unearned revenues	17,330
	Long Term Liabilities:	
2501	Due within one year	590,000
2502	Due after one year	11,183,422
2540	Net pension liability	1,932,980
2545	Net OPEB liability	2,455,762
2000	Total liabilities	<u>16,637,321</u>
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflow related to TRS Pension	454,317
2606	Deferred inflow related to TRS OPEB	1,798,247
2600	Total deferred inflows of resources	<u>2,252,564</u>
	NET POSITION	
3200	Net investment in capital assets	1,402,861
3820	Restricted for Federal and State programs	91,196
3850	Restricted for debt service	316,307
3870	Restricted for campus activities	56,208
3900	Unrestricted net position	(914,383)
3000	Total net position	<u>952,189</u>

The accompanying notes are an integral part of this statement

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021**

Data Control Codes	1	Program Revenues		
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental activities:				
11	Instruction	5,306,112	12,600	718,410
12	Instructional resources and media services	9,248	-	-
13	Curriculum and staff development	99,660	-	31,181
21	Instructional leadership	158,785	-	10,754
23	School leadership	628,126	-	3,985
31	Guidance, counseling, and evaluation services	313,765	-	74,035
32	Social work services	38,567	-	-
33	Health services	55,369	-	7,520
34	Student transportation	406,507	-	6,871
35	Food service	410,552	41,851	354,228
36	Cocurricular/extracurricular activities	902,313	129,820	-
41	General administration	468,314	-	1,500
51	Plant maintenance and operations	937,993	-	88,856
52	Security and monitoring services	16,906	-	-
53	Data processing services	202,854	-	1,500
72	Interest on long-term debt	396,189	-	-
73	Bond issuance costs	1,300	-	-
93	Payments related to shared services arrangements	31,100	-	5,000
99	Other intergovernmental charges	73,154	-	-
TP	Total primary government	10,456,814	184,271	1,303,840

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

<u>Program Revenues</u>	
5	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
-	(4,575,102)
-	(9,248)
-	(68,479)
-	(148,031)
-	(624,141)
-	(239,730)
-	(38,567)
-	(47,849)
-	(399,636)
-	(14,473)
-	(772,493)
-	(466,814)
-	(849,137)
-	(16,906)
-	(201,354)
-	(396,189)
-	(1,300)
-	(26,100)
-	(73,154)
-	<u>(8,968,703)</u>

2,093,014

939,228

6,375,717

465,406

29,054

81,500

9,983,919

1,015,216

(63,027)952,189

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, 2021

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS					
1110	Cash and cash equivalents	2,689,894	-	360,733	3,050,627
1120	Investments - current	895,014	-	75,816	970,830
1220	Property taxes receivable - delinquent	541,607	-	244,997	786,604
1230	Allowance for uncollectible taxes (credit)	(406,205)	-	(183,748)	(589,953)
1240	Due from other governments	221,375	-	441,649	663,024
1260	Due from other funds	394,892	-	-	394,892
1290	Other receivables	26,587	-	22,867	49,454
1300	Inventories	-	-	19,932	19,932
1410	Prepayments	99,398	-	-	99,398
1000	Total Assets	4,462,562	-	982,246	5,444,808
LIABILITIES					
2110	Accounts payable	74,289	-	35,670	109,959
2160	Accrued wages payable	309,453	-	-	309,453
2170	Due to other funds	-	-	394,892	394,892
2180	Due to other governments	-	-	26,724	26,724
2300	Unearned revenues	17,330	-	-	17,330
2000	Total Liabilities	401,072	-	457,286	858,358
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable revenue - property taxes	135,402	-	61,249	196,651
2600	Total Inflows of Resources	135,402	-	61,249	196,651
FUND BALANCES					
Nonspendable Fund Balance					
3410	Inventories	-	-	19,932	19,932
3430	Prepaid items	99,398	-	-	99,398
Restricted Fund Balance					
3450	Federal or State grants	-	-	71,264	71,264
3480	Retirement of long-term debt	-	-	316,307	316,307
Committed fund balance:					
3510	Construction	-	-	-	-
3540	Self insurance	25,678	-	-	25,678
3545	Other committed	200,000	-	-	200,000
Assigned fund balance:					
3590	Other assigned	-	-	56,208	56,208
3600	Unassigned fund balance	3,601,012	-	-	3,601,012
3000	Total Fund Balances	3,926,088	-	463,711	4,389,799
4000	Total Liabilities, Deferred Inflows and Fund Balances	4,462,562	-	982,246	5,444,808

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, 2021**

Total fund balances - governmental funds	4,389,799
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 \$25,355,123 and the accumulated depreciation was \$13,232,621. 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.	288,074
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.	2,084,397
3 The current depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(950,667)
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 \$1,932,980, a deferred resource inflow related to TRS in the amount of \$454,317, and a deferred resource outflow related to TRS in the amount of \$788,635. This amounted to a decrease in net position in the amount of \$1,598,662.	(1,598,662)
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 \$2,455,762, a deferred resource inflow related to TRS in the amount of \$1,798,247, and a deferred resource outflow related to TRS in the amount of \$827,240. This amounted to a decrease in net position in the amount of \$3,426,769.	(3,426,769)
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>166,017</u>
19 Net Position of governmental activities	<u><u>952,189</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, 2021

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds	
REVENUES					
5700	Total local and intermediate sources	2,199,834	1,110	1,127,841	3,328,785
5800	State program revenues	6,642,072	-	129,184	6,771,256
5900	Federal program revenues	48,040	-	1,242,397	1,290,437
5020	Total revenues	<u>8,889,946</u>	<u>1,110</u>	<u>2,499,422</u>	<u>11,390,478</u>
EXPENDITURES					
0011	Instruction	4,057,923	-	744,410	4,802,333
0012	Instructional resources and media services	3,426	-	-	3,426
0013	Curriculum and staff development	66,749	-	31,180	97,929
0021	Instructional leadership	144,566	-	10,754	155,320
0023	School leadership	558,564	-	3,985	562,549
0031	Guidance, counseling, evaluation services	217,335	-	74,035	291,370
0032	Social work services	36,016	-	-	36,016
0033	Health services	43,987	-	7,520	51,507
0034	Student transportation	302,879	-	6,872	309,751
0035	Food service	-	-	366,340	366,340
0036	Cocurricular/extracurricular activities	564,111	-	96,013	660,124
0041	General administration	451,370	-	1,500	452,870
0051	Plant maintenance and operations	811,349	-	106,966	918,315
0052	Security and monitoring services	24,300	-	-	24,300
0053	Data processing services	188,481	-	1,500	189,981
0071	Principal on long-term debt	-	-	575,000	575,000
0072	Interest on long-term debt	-	-	386,938	386,938
0073	Bond issuance cost and fees	-	-	1,300	1,300
0081	Facilities acquisition and construction	131,676	1,281,908	-	1,413,584
0093	Payments to fiscal agent	26,100	-	5,000	31,100
0099	Other intergovernmental charges	73,154	-	-	73,154
6030	Total expenditures	<u>7,701,986</u>	<u>1,281,908</u>	<u>2,419,313</u>	<u>11,403,207</u>
1100	Excess (deficiency) of revenues over expenditures	1,187,960	(1,280,798)	80,109	(12,729)
OTHER FINANCING SOURCES (USES)					
7912	Sale or real or personal property	6,651	-	-	6,651
7915	Transfers in	-	288,205	-	288,205
8911	Transfers out	(288,205)	-	-	(288,205)
7080	Total other financing sources and uses	<u>(281,554)</u>	<u>288,205</u>	<u>-</u>	<u>6,651</u>
1200	Net change in fund balances	906,406	(992,593)	80,109	(6,078)
0100	Fund balance - September 1 (beginning)	3,019,682	992,593	383,602	4,395,877
3000	Fund balance - August 31 (ending)	<u><u>3,926,088</u></u>	<u><u>-</u></u>	<u><u>463,711</u></u>	<u><u>4,389,799</u></u>

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, 2021**

Net change in fund balances - governmental funds	(6,078)
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.	2,084,397
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.	(950,667)
Current year changes in amounts related to GASB 68 increased revenues in the amount of \$172,159, but also increased expenditures in the amount of \$278,269. The net effect on the change in the ending net position was a decrease in the amount of \$106,110.	(106,110)
Current year changes in amounts related to GASB 75 decreased revenues in the amount of \$88,889, but also decreased expenditures in the amount of \$105,029. The net effect on the change in the ending net position was an increase in the amount of \$16,140.	16,140
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.	<u>(22,466)</u>
Change in net position of governmental activities	<u><u>1,015,216</u></u>

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, 2021**

	Private Purpose Trust Fund	Custodial Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	25,978	48,530
Total Assets	<u>25,978</u>	<u>48,530</u>
NET POSITION		
Restricted for scholarships	25,978	-
Restricted for other purposes	-	48,530
Total net position	<u>25,978</u>	<u>48,530</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, 2021**

	Private Purpose Trust Fund	Custodial Fund
	<u> </u>	<u> </u>
ADDITIONS:		
Miscellaneous revenue - student activity	-	70,380
Earnings from temporary deposits	-	379
Contributions, gifts and donations	27,543	-
Total Additions	<u>27,543</u>	<u>70,759</u>
DEDUCTIONS:		
Supplies and materials	-	60,179
Scholarships awarded	28,500	-
Total Deductions	<u>28,500</u>	<u>60,179</u>
Change in Net Position	(957)	10,580
Total Net Position - September 1 (Beginning)	<u>26,935</u>	<u>37,950</u>
Total Net Position - August 31 (Ending)	<u><u>25,978</u></u>	<u><u>48,530</u></u>

The accompanying notes are an integral part of this statement

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**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

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.

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.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

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.

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.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

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.

Non Major Governmental Funds:

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

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.

Custodial Fund - The District accounts for resources held for others in a custodial capacity in the custodial fund. The District's custodial 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, 2021

E. OTHER ACCOUNTING POLICIES

Cash and Cash Equivalents - The District considers deposits and highly liquid investments with a maturity date of three months or less and all local government pools to be cash equivalents.

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, 2021

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 \$25,678 for self insurance and \$200,000 for retirement of long-term debt. The General Fund also has a nonspendable fund balance of \$99,398 in the form of prepayments. The Special Revenue Fund assigns \$56,208 for campus activity programs and restricts \$91,196 for the food service operations, including nonspendable fund balance of \$19,932 in the form of inventories. The Debt Service Fund restricts \$316,307 for debt service.

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

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

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.

Subsequent Events - Management has evaluated subsequent events through November 5, 2021, the date the financial statements were available to be issued.

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, 2021**

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, 2021, the District made significant amendments to the instruction, 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, 2021**

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, 2021 and during the year ended August 31, 2021 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 \$4,400,000.
3. The highest combined balances of cash, savings, and time deposit accounts amounted to \$4,366,794 and occurred during the month of December, 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, 2021.

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, 2021.

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, 2021.

JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

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, 2021.

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, 2021.

The District's deposits with Investment Pools (Pools) as of August 31, 2021 amounted to \$944,626 with Lone Star, included in current investments, and \$26,204 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, 2021**

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, 2021 are summarized below. Due from other governments at year-end consisted of the following:

Fund	State Programs	Federal Programs	Total
General Fund	221,375	-	221,375
Special Revenue Fund	20,988	420,661	441,649
Total	242,363	420,661	663,024

**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	17,330	-	17,330
Debt Service Fund	26,724	-	26,724
Total	<u>44,054</u>	<u>-</u>	<u>44,054</u>

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

	General Fund	Debt Service Fund	Total
Unavailable Revenue - Property Taxes	<u>135,402</u>	<u>61,249</u>	<u>196,651</u>

C. INTERFUND BALANCES AND TRANSFERS

Interfund due to/from balances at August 31, 2021 consisted of the following amounts:

Due from Governmental Funds to the General Fund:

Special Revenue Funds	<u>394,382</u>
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Interfund transfers for the year ended August 31, 2021 consisted of the following amounts:

Transfers to Other Governmental Funds from the General Fund:

Capital Projects Fund	<u>288,205</u>
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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 \$589,953 of delinquent property taxes.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

E. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2021 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	22,135,262	1,407,512	14,183	23,556,957
Vehicles and equipment	2,949,301	97,039	(362,169)	2,684,171
Construction in progress	41,998	-	(41,998)	-
Totals at cost	<u>25,355,123</u>	<u>1,504,551</u>	<u>(389,984)</u>	<u>26,469,690</u>
Less accumulated depreciation:				
Buildings and improvements	11,308,148	784,019	(27,815)	12,064,352
Vehicles and equipment	1,924,473	166,648	(362,169)	1,728,952
Total accumulated depreciation	<u>13,232,621</u>	<u>950,667</u>	<u>(389,984)</u>	<u>13,793,304</u>
Governmental activities capital assets, net	<u><u>12,122,502</u></u>	<u><u>553,884</u></u>	<u><u>-</u></u>	<u><u>12,676,386</u></u>

Depreciation was charged to governmental functions as follows:

Instruction	401,026
Instructional Resources	5,822
School Leadership	52,955
Counseling	14,725
Social Work Services	2,056
Health Services	3,367
Student Transportation	119,336
Food Services	36,788
Cocurricular/Extracurricular	235,259
General Administration	7,525
Plant Maintenance	53,793
Data Processing	7,368
Community Services	<u>10,647</u>
Total depreciation expense	<u><u>950,667</u></u>

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

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, 2021 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, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
Governmental Activities:					
Refunding Bonds 2016	7,630,000	-	425,000	7,205,000	435,000
Refunding Bonds 2020	3,550,000	-	150,000	3,400,000	155,000
Total bonds payable	11,180,000	-	575,000	10,605,000	590,000
Unamortized bond premium	1,255,920	-	87,498	1,168,422	-
Total long term debt	<u>12,435,920</u>	-	<u>662,498</u>	<u>11,773,422</u>	<u>590,000</u>

The sales of the Series 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.

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

Year ending August 31,	Principal	Interest	Total
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	680,000	282,225	962,225
2027-2031	3,825,000	1,000,050	4,825,050
2032-2035	3,610,000	250,950	3,860,950
Totals	<u>10,605,000</u>	<u>2,899,569</u>	<u>13,504,569</u>

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

G. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

For the year ended August 31, 2021, 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	2,093,869	-	940,955	-	3,034,824
Food Sales	-	41,850	-	-	41,850
Investment Income	26,031	224	1,689	1,110	29,054
Penalties, interest, and other tax	5,078	-	709	-	5,787
Tuition	12,600	-	-	-	12,600
Co-curricular student activities	25,424	-	-	-	25,424
Campus activity receipts	-	104,397	-	-	104,397
Other	36,832	38,017	-	-	74,849
Total	<u>2,199,834</u>	<u>184,488</u>	<u>943,353</u>	<u>1,110</u>	<u>3,328,785</u>

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 https://www.trs.texas.gov/pages/about_publications.aspx, selecting *About TRS the Publications* then *Financial Reports*, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or calling (512) 542-6592.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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.

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.

	2021	2020
Member	7.70%	7.70%
Non-Employer Contribution Rate (State)	7.50%	7.50%
Employers	7.50%	7.50%
District's 2021 Employer Contributions	\$ 173,071	
District's 2021 Member Contributions	\$ 406,735	
District's 2021 NECE On-Behalf Contributions	\$ 306,732	

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
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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.

When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.

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

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Actuarial Assumptions. The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
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	2.33%*
Inflation	2.30%
Salary Increases	3.05% to 9.05%, including inflation
Last Year Ending 8/31 in Projection Period	2119 (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, 2020. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2020.

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 2020 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 percent. 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.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation *	Long-Term Expected Arithmetic Real Rate of Return **	Expected Contribution to Long-term Portfolio Returns
Global Equity			
U.S.	18%	18%	0.99%
Non-U.S. Developed	13%	13%	0.92%
Emerging Markets	9%	9%	0.83%
Private Equity	14%	14%	1.41%
Stable Value			
Government Bonds	16%	0%	-0.05%
Stable Value Hedge Funds	5%	5%	0.11%
Real Return			
Real Assets	15%	15%	1.01%
Energy and Natural Resources	6%	6%	0.42%
Risk Parity			
Risk Parity	8%	8%	0.30%
Leverage			
Cash	2%	2%	-.03%
Asset Allocation Leverage	-6%	-6.0%	0.08
Inflation Expectation			2.00%
Volatility Drag***			-0.67%
Total	100%		7.23%

* Target allocations are based on the FY2020 model

** Capital Market Assumptions come from Aon Hewitt (as of 8/31/2020)

*** The volatility drag results come from the conversion between arithmetic and geometric mean returns

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (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:	\$2,908,621	\$1,932,980	\$1,081,795

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

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 \$1,932,980 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	\$1,932,980
State's proportionate share that is associated with the District	<u>3,981,539</u>
Total	<u><u>\$5,914,519</u></u>

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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, 2019 through August 31, 2020.

At August 31, 2020 the employer's proportion of the collective net pension liability was .0036091% which was a decrease of 7.58% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation - There were no changes in assumption since the prior measurement period.

For the year ended August 31, 2021, the District recognized pension expense of \$478,891 and revenue of \$306,732 for support provided by the State in the Government-wide Statement of Activities.

At August 31, 2021, 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	\$3,529	\$53,944
Changes in actuarial assumptions	448,520	190,708
Difference between projected and actual investment earnings	39,131	-
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	124,384	209,665
Contributions paid to TRS subsequent to the measurement date	<u>173,071</u>	<u>-</u>
Total	<u><u>\$788,635</u></u>	<u><u>\$454,317</u></u>

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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
2022	\$223,493
2023	63,654
2024	82,296
2025	14,025
2026	(42,615)
Thereafter	(6,535)

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

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.state.tx.us/pages/about_publications.aspx; 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

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
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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, 2020 - December 31, 2020

	Medicare	Non-Medicare
Retiree (or surviving spouse)	\$135	\$200
Retiree and spouse	\$529	\$689
Retiree or surviving spouse and	\$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 .65 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. The following table shows contributions to the TRS-Care plan by type of contributor.

	2021	2020
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 2021 Employer Contributions	\$ 56,651	
District’s 2021 Member Contributions	\$ 34,335	
District’s 2021 NECE On-Behalf Contributions	\$ 65,979	

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
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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 \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

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 \$22,823, \$21,319, and \$18,636 for the years ended August 31, 2021, 2020, and 2019, respectively.

Actuarial Assumptions. The total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020. 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, 2020:

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

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

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NOTES TO THE FINANCIAL STATEMENTS
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Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
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

Discount Rate. A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.30 percent in the discount rate since the previous year. 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.

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 (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of the OPEB liability:	\$2,946,909	\$2,455,762	\$2,067,827

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 \$2,455,762 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

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	\$2,455,762
State's proportionate share that is associated with the District	3,299,956
Total	\$5,755,718

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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, 2019 through August 31, 2020.

At August 31, 2020 the employer's proportion of the collective Net OPEB Liability was 0.00646006% which is an increase of 0.89 percent from the proportion measured as of August 31, 2019.

Healthcare Cost Trend Rates Sensitivity Analysis - The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	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:	\$2,006,043	\$2,455,762	\$3,054,724

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 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 50 percent to 40 percent. This change lowered the TOL.
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered 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, 2021, the District recognized an OPEB benefit of \$22,914 and revenue of \$65,979 for support provided by the State.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

At August 31, 2021, 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	\$128,583	\$1,123,882
Changes in actuarial assumptions	151,469	674,365
Difference between projected and actual investment earnings	798	-
Changes in proportion and difference between the employer’s contribution and the proportionate share of contributions	489,739	-
Contributions paid to TRS subsequent to the measurement date	56,651	-
Total	\$827,240	\$1,798,247

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:	OPEB Expense Amount
2022	(\$121,209)
2023	(177,967)
2024	(178,029)
2025	(178,013)
2026	(112,417)
Thereafter	(203,372)

J. HEALTH CARE COVERAGE

During the year ended August 31, 2021, 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.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

The District’s administrative expenses for the years ended August 31, 2021 and 2020 were \$12,773 and \$12,832, respectively. The claims administrator estimates the District’s annual loss maximum at \$31,566 for the year ended August 31, 2021. Estimated total claims liability for the years ended August 31, 2021 and 2020, included estimated claims incurred but not reported, in the amount of \$25,678 and \$24,452. The estimated total liability for workers’ compensation claims including incurred but not reported claims amounts to \$9,325 and \$8,377 for 2021 and 2020, respectively.

	2021	2020
Claims liability, beginning of year	24,452	27,015
Incurred claims:		
Provision for insured events of current year	8,193	3,101
Increase (Decrease) in provision for insured events of prior years	(3,363)	(1,761)
Total incurred claims	4,830	1,340
Payments:		
Claims expenses attributable to insured events of current year	486	129
Claims expenses attributable to insured events of prior years	3,118	3,774
Total payments	3,604	3,903
Total unpaid claims at the end of the year	25,678	24,452

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, 2021 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	11,683
Shelbyville	11,501
Tenaha	7,506
Timpson	10,063
Total	40,753

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

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, 2021, 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 District completed the 2020-2021 school year with no significant disruptions. 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, 2021**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance	
				With Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Local and intermediate sources	2,129,900	2,158,400	2,199,834	41,434
5800	State program revenues	5,925,000	6,575,000	6,642,072	67,072
5900	Federal program revenues	100	45,100	48,040	2,940
5020	Total revenues	8,055,000	8,778,500	8,889,946	111,446
EXPENDITURES:					
0011	Instruction	4,215,372	4,246,672	4,057,923	188,749
0012	Instructional resources and media services	7,684	7,684	3,426	4,258
0013	Curriculum and staff development	104,144	104,144	66,749	37,395
0021	Instructional leadership	130,048	147,048	144,566	2,482
0023	School leadership	584,401	584,401	558,564	25,837
0031	Guidance, counseling, and evaluation services	201,368	213,368	217,335	(3,967)
0032	Social work services	35,938	35,938	36,016	(78)
0033	Health services	56,421	57,921	43,987	13,934
0034	Student transportation	310,169	341,169	302,879	38,290
0036	Cocurricular/extracurricular activities	568,337	570,537	564,111	6,426
0041	General administration	486,278	486,278	451,370	34,908
0051	Plant maintenance and operations	940,482	920,282	811,349	108,933
0052	Security and monitoring services	37,700	37,700	24,300	13,400
0053	Data processing services	221,358	221,358	188,481	32,877
0081	Facilities acquisition and construction	50,000	133,000	131,676	1,324
0093	Payments to fiscal agents	30,300	27,000	26,100	900
0099	Other intergovernmental charges	75,000	75,000	73,154	1,846
6030	Total expenditures	8,055,000	8,209,500	7,701,986	507,514
1100	Excess (deficiency) of revenues over expenditures	-	569,000	1,187,960	618,960
OTHER FINANCING SOURCES (USES):					
7912	Sale of real or personal property	-	-	6,651	6,651
7915	Transfers in (sources)	-	-	-	-
8911	Transfers out (uses)	-	(291,000)	(288,205)	2,795
7080	Total other financing sources (uses)	-	(291,000)	(281,554)	9,446
1200	Net change in fund balances	-	278,000	906,406	628,406
0100	Fund balance - September 1 (beginning)	3,019,682	3,019,682	3,019,682	-
3000	Fund balance - August 31 (ending)	3,019,682	3,297,682	3,926,088	628,406

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, 2021**

	<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>
District's Proportion of the Net Pension Liability (Asset)	0.0036091%	0.0039051%
District's Proportionate share of the Net Pension Liability (Asset)	\$ 1,932,980	\$ 2,030,005
State's Proportionate share of the Net Pension Liability (Asset) associated with the District	<u>3,981,539</u>	<u>3,668,770</u>
TOTAL	<u>\$ 5,914,519</u>	<u>\$ 5,698,775</u>
District's Covered Payroll	\$ 5,093,364	\$ 4,767,395
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	37.95%	42.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%

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, 2020 for year 2021, 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 2019</u> <u>Plan Year 2018</u>	<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>
0.0040616%	0.0036933%	0.0037690%	0.0045352%	0.0029857%
\$ 2,235,603	\$ 1,180,920	\$ 1,424,277	\$ 1,603,133	\$ 797,522
<u>4,054,231</u>	<u>2,381,357</u>	<u>2,894,605</u>	<u>3,050,883</u>	<u>2,730,522</u>
<u>\$ 6,289,834</u>	<u>\$ 3,562,277</u>	<u>\$ 4,318,882</u>	<u>\$ 4,654,016</u>	<u>\$ 3,528,044</u>
\$ 4,813,798	\$ 4,444,025	\$ 4,388,769	\$ 4,688,907	\$ 4,726,758
46.44%	26.57%	32.45%	34.19%	16.87%
73.74%	82.17%	76.23%	78.43%	83.25%

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
TEACHERS RETIREMENT SYSTEM
FOR FISCAL YEAR 2021**

	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 173,071	\$ 148,444
Contribution in Relation to Contractually Required Contribution	<u>(173,071)</u>	<u>(148,444)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 District's Covered Payroll	 \$ 5,282,272	 \$ 5,093,364
Contributions as a Percentage of Covered Payroll	3.28%	2.91%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$	136,786	\$ 136,795	\$ 121,032	\$ 116,903	\$ 68,903
	<u>(136,786)</u>	<u>(136,795)</u>	<u>(121,032)</u>	<u>(116,903)</u>	<u>(68,903)</u>
\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	4,767,395	\$ 4,813,798	\$ 4,444,025	\$ 4,388,769	\$ 4,688,907
	2.87%	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, 2021**

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

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

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

TOTAL

District's Covered Payroll

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

Plan Fiduciary Net Position as a Percentage of the Total OPEB 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 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date of 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 2021</u> <u>Plan Year 2020</u>	<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>
0.00646006%	0.00640334%	0.00598544%	0.00536487%
\$ 2,455,762	\$ 3,028,220	\$ 2,988,586	\$ 2,332,979
<u>3,299,956</u>	<u>4,023,825</u>	<u>4,026,450</u>	<u>3,410,017</u>
\$ <u>5,755,718</u>	\$ <u>7,052,045</u>	\$ <u>7,015,036</u>	\$ <u>5,742,996</u>
\$ 5,093,364	\$ 4,767,395	\$ 4,813,798	\$ 4,444,025
48.21%	63.52%	62.08%	52.50%
4.99%	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 2021**

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.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 56,651	\$ 49,101	\$ 45,446	\$ 40,756
<u>(56,651)</u>	<u>(49,101)</u>	<u>(45,446)</u>	<u>(40,756)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,282,272	\$ 5,093,364	\$ 4,767,395	\$ 4,813,798
1.07%	0.96%	0.95%	0.85%

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**JOAQUIN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2021**

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

In May 2019, the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially sound and the legislature approved funding for a 13th check.

All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

Changes of Assumptions.

There were no changes in assumptions since the prior measurement date.

B. Notes to Schedules for the TRS OPEB Plan

Changes of Benefit terms.

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

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 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 50 percent to 40 percent. This change lowered the TOL.
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the TOL.

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Combining Schedules

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2021**

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	
ASSETS					
1110	Cash and cash equivalents	-	-	-	48,028
1120	Investments - current	-	-	-	-
1220	Property taxes receivable - delinquent	-	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-	-
1240	Due from other governments	34,186	12,561	2,190	41,488
1290	Other receivables	-	133	-	12,016
1300	Inventories	-	-	-	19,932
1000	Total Assets	34,186	12,694	2,190	121,464
LIABILITIES					
2110	Accounts payable	-	-	-	30,268
2170	Due to other funds	34,186	12,694	2,190	-
2180	Due to other governments	-	-	-	-
2000	Total Liabilities	34,186	12,694	2,190	30,268
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable revenue - property taxes	-	-	-	-
2600	Total Inflows of Resources	-	-	-	-
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	19,932
Restricted Fund Balance:					
3450	Federal or state grant programs	-	-	-	71,264
3480	Retirement of long-term debt	-	-	-	-
Assigned Fund Balance:					
3590	Other assigned fund balance	-	-	-	-
3000	Total Fund Balances	-	-	-	91,196
4000	Total Liabilities, Deferred Inflows and Fund Balances	34,186	12,694	2,190	121,464

Special Revenue Funds							
255 Title II A, Training/ Recruiting	266 ESSER, Emergency Relief	270 Title V Rural & Low Income	277 Coronavirus Relief Funds CARES	281 ESSER II Emergency Relief	282 ESSER III Emergency Relief	289 Other Federal Programs	331 SSA - Career & Technical Basic Grant
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
169	241	705	-	259,642	69,094	-	385
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
169	241	705	-	259,642	69,094	-	385
-	-	-	-	800	279	-	-
169	241	705	-	258,842	68,815	-	385
-	-	-	-	-	-	-	-
169	241	705	-	259,642	69,094	-	385
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
169	241	705	-	259,642	69,094	-	385

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2021**

Data Control Codes	<u>Special Revenue Funds</u>			Total Special Revenue Funds	
	410 State Textbook Fund	461 Campus Activity Funds	462 TLL Temple Grant		
ASSETS					
1110	Cash and cash equivalents	-	56,208	-	104,236
1120	Investments - current	-	-	-	-
1220	Property taxes receivable - delinquent	-	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-	-
1240	Due from other governments	20,988	-	-	441,649
1290	Other receivables	-	-	-	12,149
1300	Inventories	-	-	-	19,932
1000	Total Assets	<u>20,988</u>	<u>56,208</u>	<u>-</u>	<u>577,966</u>
LIABILITIES					
2110	Accounts payable	4,323	-	-	35,670
2170	Due to other funds	16,665	-	-	394,892
2180	Due to other governments	-	-	-	-
2000	Total Liabilities	<u>20,988</u>	<u>-</u>	<u>-</u>	<u>430,562</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable revenue - property taxes	-	-	-	-
2600	Total Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	19,932
Restricted Fund Balance:					
3450	Federal or state grant programs	-	-	-	71,264
3480	Retirement of long-term debt	-	-	-	-
Assigned Fund Balance:					
3590	Other assigned fund balance	-	56,208	-	56,208
3000	Total Fund Balances	<u>-</u>	<u>56,208</u>	<u>-</u>	<u>147,404</u>
4000	Total Liabilities, Deferred Inflows and Fund Balances	<u>20,988</u>	<u>56,208</u>	<u>-</u>	<u>577,966</u>

599 Debt Service Fund	Total Nonmajor Governmental Funds
256,497	360,733
75,816	75,816
244,997	244,997
(183,748)	(183,748)
-	441,649
10,718	22,867
-	19,932
<u>404,280</u>	<u>982,246</u>
-	35,670
-	394,892
26,724	26,724
<u>26,724</u>	<u>457,286</u>
<u>61,249</u>	<u>61,249</u>
<u>61,249</u>	<u>61,249</u>
-	19,932
-	71,264
316,307	316,307
-	56,208
<u>316,307</u>	<u>463,711</u>
<u>404,280</u>	<u>982,246</u>

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021**

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	
REVENUES					
5700	Total local and intermediate sources	-	-	-	54,092
5800	State program revenues	-	-	-	14,236
5900	Federal program revenues	226,335	152,881	8,993	339,992
5020	Total Revenues	<u>226,335</u>	<u>152,881</u>	<u>8,993</u>	<u>408,320</u>
EXPENDITURES					
0011	Instruction	142,497	147,881	8,993	-
0013	Curriculum and staff development	5,645	-	-	-
0021	Instructional leadership	5,658	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, & evaluation services	72,535	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	366,340
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance & operations	-	-	-	18,110
0053	Data processing services	-	-	-	-
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-
0093	Payments to fiscal agent/member districts of \$	-	5,000	-	-
6030	Total Expenditures	<u>226,335</u>	<u>152,881</u>	<u>8,993</u>	<u>384,450</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	23,870
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	-	-	-	-
8911	Transfers out (uses)	-	-	-	-
7080	Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	23,870
0100	Fund balances, beginning	-	-	-	67,326
3000	Fund balances, ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,196</u>

Special Revenue Funds							
255	266	270	277	281	282	289	331
Title II A, Training/ Recruiting	ESSER, Emergency Relief	Title V Rural & Low Income	Coronavirus Relief Funds CARES	ESSER II Emergency Relief	ESSER III Emergency Relief	Other Federal Programs	SSA - Career & Technical Basic Grant
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
34,173	4,037	12,356	76,488	259,642	69,094	17,653	40,753
34,173	4,037	12,356	76,488	259,642	69,094	17,653	40,753
33,373	2,258	11,556	76,488	124,431	67,203	17,400	39,123
-	-	-	-	25,535	-	-	-
800	101	800	-	1,512	-	253	1,630
-	-	-	-	3,985	-	-	-
-	-	-	-	1,500	-	-	-
-	1,678	-	-	5,842	-	-	-
-	-	-	-	4,981	1,891	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,500	-	-	-
-	-	-	-	88,856	-	-	-
-	-	-	-	1,500	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
34,173	4,037	12,356	76,488	259,642	69,094	17,653	40,753
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021**

Data Control Codes	Special Revenue Funds			Total Special Revenue Funds	
	410 State Textbook Fund	461 Campus Activity Funds	462 TLL Temple Grant		
REVENUES					
5700	Total local and intermediate sources	-	104,396	26,000	184,488
5800	State program revenues	47,207	-	-	61,443
5900	Federal program revenues	-	-	-	1,242,397
5020	Total Revenues	47,207	104,396	26,000	1,488,328
EXPENDITURES					
0011	Instruction	47,207	-	26,000	744,410
0013	Curriculum and staff development	-	-	-	31,180
0021	Instructional leadership	-	-	-	10,754
0023	School leadership	-	-	-	3,985
0031	Guidance, counseling, & evaluation services	-	-	-	74,035
0033	Health services	-	-	-	7,520
0034	Student transportation	-	-	-	6,872
0035	Food service	-	-	-	366,340
0036	Extracurricular activities	-	96,013	-	96,013
0041	General administration	-	-	-	1,500
0051	Facilities maintenance & operations	-	-	-	106,966
0053	Data processing services	-	-	-	1,500
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-
0093	Payments to fiscal agent/member districts of S	-	-	-	5,000
6030	Total Expenditures	47,207	96,013	26,000	1,456,075
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	8,383	-	32,253
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	-	-	-	-
8911	Transfers out (uses)	-	-	-	-
7080	Total other financing sources and uses	-	-	-	-
1200	Net change in fund balances	-	8,383	-	32,253
0100	Fund balances, beginning	-	47,825	-	115,151
3000	Fund balances, ending	-	56,208	-	147,404

599 Debt Service Fund	Total Nonmajor Governmental Funds
943,353	1,127,841
67,741	129,184
-	1,242,397
<u>1,011,094</u>	<u>2,499,422</u>
-	744,410
-	31,180
-	10,754
-	3,985
-	74,035
-	7,520
-	6,872
-	366,340
-	96,013
-	1,500
-	106,966
-	1,500
575,000	575,000
386,938	386,938
1,300	1,300
-	5,000
<u>963,238</u>	<u>2,419,313</u>
47,856	80,109
-	-
-	-
<u>-</u>	<u>-</u>
47,856	80,109
268,451	383,602
<u>316,307</u>	<u>463,711</u>

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Required TEA Schedules

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
AUGUST 31, 2021**

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							
2012 & Prior	Various	Various	-	242,884		2,000	568	(1,630)	238,686
2013	1.04000	0.50530	207,039,182	51,486		495	244	(11,942)	38,805
2014	1.04000	0.56600	181,033,577	69,715		1,088	592	(10,298)	57,737
2015	1.04000	0.41550	185,871,151	53,416		2,381	1,750	(3,059)	46,226
2016	1.04000	0.51970	185,600,539	56,310		3,252	1,625	(5,626)	45,807
2017	1.17000	0.42730	165,961,342	57,777		3,915	2,161	(2,259)	49,442
2018	1.17000	0.42730	173,883,303	56,812		5,484	1,734	(3,273)	46,321
2019	1.17000	0.45140	187,681,568	68,743		6,614	2,545	(2,274)	57,310
2020	1.06830	0.47340	228,121,034	162,937		34,452	14,101	(26,068)	88,316
2021 (Current)	1.05470	0.47470	200,586,937	-	3,067,777	2,034,188	915,635	-	117,954
1000	Totals			820,080	3,067,777	2,093,869	940,955	(66,429)	786,604

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION FUND
FOR THE YEAR ENDED AUGUST 31, 2021**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Local and intermediate sources	70,200	52,200	54,092	1,892
5800	State program revenues	1,800	1,800	14,236	12,436
5900	Federal program revenues	263,000	323,000	339,992	16,992
5020	Total revenues	335,000	377,000	408,320	31,320
EXPENDITURES:					
0035	Food service	337,500	374,500	366,340	8,160
0051	Facilities maintenance and operations	22,500	22,500	18,110	4,390
6030	Total expenditures	360,000	397,000	384,450	12,550
1100	Excess (deficiency) of revenues over expenditures	(25,000)	(20,000)	23,870	43,870
OTHER FINANCING SOURCES (USES):					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	(25,000)	(20,000)	23,870	43,870
0100	Fund balance - September 1 (beginning)	67,326	67,326	67,326	-
3000	Fund balance - August 31 (ending)	42,326	47,326	91,196	43,870

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2021**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Local and intermediate sources	935,908	935,908	943,353	7,445
5800	State program revenues	27,830	47,830	67,741	19,911
5020	Total revenues	963,738	983,738	1,011,094	27,356
EXPENDITURES:					
0071	Debt service - principal on long-term debt	575,000	575,000	575,000	-
0072	Debt service - interest on long-term debt	386,938	386,938	386,938	-
0073	Debt service - bond issuance costs and fees	1,800	1,800	1,300	500
6030	Total expenditures	963,738	963,738	963,238	500
1100	Excess (deficiency) of revenues over expenditures	-	20,000	47,856	27,856
OTHER FINANCING SOURCES (USES):					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	20,000	47,856	27,856
0100	Fund balance - September 1 (beginning)	268,451	268,451	268,451	-
3000	Fund balance - August 31 (ending)	268,451	288,451	316,307	27,856

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2021**

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment	<u>Yes</u>
AP2	Does the LEA have written policies and procedures for its state compensatory	<u>Yes</u>
AP3	List the total state allotment funds received for state compensatory education	<u>\$ 598,878</u>
AP4	List the actual direct program expenditures for state compensatory education	<u>\$ 366,529</u>

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds	<u>Yes</u>
AP6	Does the LEA have written policies and procedures for its bilingual education	<u>Yes</u>
AP7	List the total state allotment funds received for bilingual education programs	<u>\$ 24,458</u>
AP8	List the actual direct program expenditures for bilingual education programs	<u>\$ 12,970</u>

FEDERAL AWARDS 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 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, 2021, 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, 2021.

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, 2021

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, 2021



Certified Public Accountants

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

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**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, 2021. 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, 2021.

**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, 2021

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, 2021

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2021**

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

Fed. Asst. Listing No. 84.425D & 84.425U	Education Stabilization Fund (ESF)
Fed. Asst. Listing No. 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, 2021**

There were no findings reported for the prior year.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2021**

None required.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021**

(1) Federal Grantor/ Pass-Through Grantor/ Program title	(2) Federal Assistance Listing Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. Department of Treasury			
<i>Passed through local and state governments:</i>			
Coronavirus Relief Fund (CRF)	21.019	210902	<u>76,488</u>
Total Department of Treasury			<u>76,488</u>
U.S. Department of Education			
Impact Aid - Federal Forest	84.041	2021FF210902	<u>25,729</u>
Total direct			<u>25,729</u>
<i>Passed through Texas Education Agency:</i>			
Title 1, Part A	84.010A	21610101210902	226,335
IDEA Part B Formula	84.027A	21660001210902000	152,881
IDEA Part B Preschool	84.173A	21661001210902000	<u>8,993</u>
Special Education Cluster (IDEA)			161,874
Elementary and Secondary School Relief (ESSER) Fund	84.425D	20521001210902	4,037
Elementary and Secondary School Relief (ESSER II) Fund	84.425D	21521001210902	259,642
ARP - Elementary and Secondary School Relief (ESSER III) Fund	84.425U	21528001210902	<u>69,093</u>
Education Stabilization Fund (ESF) cluster			<u>332,772</u>
Title IV, Part A, Subpart 1	84.424A	21680101210902	12,653
Carl D. Perkins Basic Grant	84.048A	21420006210902	40,753
Instructional Continuity	84.377A	17610740210902	5,000
Title V, Part B, Subpart 2	84.358B	21696001210902	12,356
Title II, Part A	84.367A	21694501210902	<u>34,173</u>
Passed through Texas Education Agency			<u>825,916</u>
Total Department of Education			<u>851,645</u>
U.S. Department of Agriculture			
<i>Passed through Texas Education Agency:</i>			
School Breakfast Program	10.553	71402101	57,781
School Lunch Program	10.555	71302101	254,946
Commodities	10.550	210002A	<u>27,266</u>
Child Nutrition Cluster			<u>339,993</u>
Total Department of Agriculture			<u>339,993</u>
Total expenditures of federal awards			<u><u>1,268,126</u></u>

\$39,867 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, 2021**

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, 2021. 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, 2021.

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	\$1,268,126
Revenue received for Coronavirus Relief Fund for FY 2020 Expenditures	14,138
School Health and Related Services (SHARS)	8,173
Total Federal Revenues, Exhibit C-3	\$1,290,437

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