

**JOAQUIN INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT FOR THE**  
**YEAR ENDED AUGUST 31, 2022**



**JOAQUIN INDEPENDENT SCHOOL DISTRICT**  
**Annual Financial Report for the**  
**Year Ended August 31, 2022**

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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, 2022, at a meeting of the Board of Trustees of such school district on the 14<sup>th</sup> day of November, 2022.

  
\_\_\_\_\_  
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 Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Joaquin Independent School District (District), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 District, as of August 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

## **Independent Auditor's Report**

Members of the Board of Trustees

November 5, 2022

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## **Independent Auditor's Report**

Members of the Board of Trustees

November 5, 2022

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### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 12, budgetary comparison information on page 49, and the Teacher's Retirement System pension and OPEB schedules on pages 50 through 58, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

### ***Supplementary 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 accompanying combining schedules, other schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

## **Independent Auditor's Report**

Members of the Board of Trustees

November 5, 2022

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In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2022, 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 District's internal control over financial reporting and compliance.

*Goff & Herrington, P.C.*

GOFF & HERRINGTON, P.C.

Certified Public Accountants

November 5, 2022

## JOAQUIN INDEPENDENT SCHOOL DISTRICT

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### 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, 2022. 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 \$3,005,636 as of August 31, 2022.
- ▶ During the year ended August 31, 2022, the District's net position increased by \$2,053,447.
- ▶ The District generated \$12,745,201 in taxes and other revenues from governmental activities.
- ▶ The total cost of the District's programs was \$10,691,754.
- ▶ The general fund reported a total fund balance this year of \$5,287,693, of which \$4,864,999 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

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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**

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**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District’s combined net position was \$3,005,636 as of August 31, 2022. The following table provides a summary of the District’s net position.

**The District’s Net Position**

	Governmental Activities		% Change
	2022	2021	
Current and Other Assets	6,659,586	5,049,916	31.9%
Capital and Non-Current Assets	12,463,296	12,676,386	(1.7)%
<b>Total Assets</b>	19,122,882	17,726,302	7.9%
Deferred Outflows	2,608,763	2,115,772	23.3%
<b>Total Deferred Outflows of Resources</b>	2,608,763	2,115,772	23.3%
Other Liabilities	513,841	475,157	8.1%
Long Term Liabilities	15,019,515	16,162,164	(7.1)%
<b>Total Liabilities</b>	15,533,356	16,637,321	(6.6)%
Deferred Inflows	3,192,653	2,252,564	41.7%
<b>Total Deferred Inflows of Resources</b>	3,192,653	2,252,564	41.7%
Net Position:			
Net Investment in Capital Assets	1,711,213	1,402,861	22.0%
Restricted	663,256	463,711	43.0%
Unrestricted	631,167	(914,383)	(169.0)%
<b>Total Net Position</b>	<b>3,005,636</b>	<b>952,189</b>	<b>215.7%</b>

The District’s restricted net position of \$663,256 consists of \$189,449 restricted for food service, \$401,362 restricted for debt service, and \$72,446 restricted for campus activities.

**Changes in net position.** The District’s total revenues were \$12,745,201. A significant portion, 55.24 percent, of the District’s revenue comes from state aid-formula grants. Property taxes represent 24.92 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 \$10,691,754; 72.00 percent of these costs are for instructional and student services.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT**

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**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
	2022	2021	
<b>Revenues:</b>			
Program Revenues:			
Charges for services	258,119	184,271	40.1%
Operating grants	2,014,531	1,303,840	54.5%
General Revenues:			
Property taxes	3,176,262	3,032,242	4.8%
State aid - formula	7,041,052	6,375,717	10.4%
Investment earnings	39,139	29,054	34.7%
Other general revenues	216,098	546,906	60.5%
<b>Total revenues</b>	<b>12,745,201</b>	<b>11,472,030</b>	<b>11.1%</b>
<b>Expenses:</b>			
Instructional and instructional related	5,297,027	5,415,020	(2.2)%
Instructional and school leadership	751,850	786,911	(4.5)%
Counseling, health, transportation, and	1,914,125	1,716,521	11.5%
Food services	451,600	410,552	10.0%
General administration	482,181	468,314	3.0%
Plant maintenance and security	1,121,419	954,899	17.4%
Data processing services	203,063	202,854	0.1%
Debt services	357,074	397,489	(10.2)%
Payments to fiscal agent/member districts	35,337	31,100	13.6%
Other intergovernmental charges	78,078	73,154	6.7%
<b>Total expenses</b>	<b>10,691,754</b>	<b>10,456,814</b>	<b>2.2%</b>
Increase (Decrease) in Net Position	2,053,447	1,015,216	102.3%
Beginning Net Position	952,189	(63,027)	1610.8%
Ending Net Position	3,005,636	952,189	215.7%



**JOAQUIN INDEPENDENT SCHOOL DISTRICT**

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The District’s 2021 maintenance and operations property tax rate of \$1.0517, decreased 0.28 percent from last year’s rate of \$1.0547. The District’s 2021 interest and sinking property tax rate of \$0.4668 decreased 1.66 percent from last year’s rate of \$0.4747. Total property tax revenue increased 4.75 percent due to increased property valuations.

The cost of governmental activities may be summarized as follows:

- ▶ The cost of all governmental activities this year was \$10,691,754.
- ▶ The amount that our taxpayers paid for these activities through property taxes was \$3,176,262.
- ▶ Some of the cost was paid by those who directly benefitted from the programs (\$258,119), or
- ▶ By operating grants (\$2,014,531).

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		
	2022	2021	% Change	2022	2021	% Change
Instruction	5,177,861	5,306,112	(2.4)%	4,170,933	4,575,102	(8.8)%
General Administration	482,181	468,314	3.0%	479,138	466,814	2.6%
School Leadership	605,374	628,126	(3.6)%	599,795	624,141	(3.9)%
Maintenance & Operations	1,075,969	937,993	14.7%	884,977	849,137	4.2%
Extracurricular Activities	1,081,342	902,313	19.8%	894,111	772,493	15.7%

**FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS**

Revenues from governmental fund types totaled \$13,254,763, an increase of 16.37 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 \$5,950,949, an increase of \$1,561,150 from last years ending balance of \$4,389,799.

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**JOAQUIN INDEPENDENT SCHOOL DISTRICT**

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**General Fund Budgetary Highlights**

Over the course of the year the District revised the operating budget as actual results were analyzed. Actual expenditures were \$204,083 below final budget amounts. The most significant positive variance results were in the instruction and cocurricular/extracurricular functions as the final expenditures were less than expected.

Additionally, reported total revenues were \$207,522 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 2022, the District had invested \$27,415,792, less depreciation of \$14,952,496, 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>2022</u>	<u>2021</u>	<u>% Change</u>
Land	228,562	228,562	0.0%
Buildings & improvements	11,023,240	11,492,605	(4.1)%
Equipment & vehicles	<u>1,211,494</u>	<u>955,219</u>	<u>26.8%</u>
Net capital assets	<u><u>12,463,296</u></u>	<u><u>12,676,386</u></u>	<u><u>(1.7)%</u></u>

Significant capital asset expenditures in 2022 included a new roof on the gym, HVAC replacements, server upgrades, two buses, and stadium renovations . The District’s 2023 capital budget includes additional improvements and updates to the football stadium. More detailed information about the District’s capital assets is presented in the notes to the financial statements.

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## JOAQUIN INDEPENDENT SCHOOL DISTRICT

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### Long-term Debt

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

	<b>District’s Long-term Debt</b>		
	Governmental Activities		
	2022	2021	0.00049
Lease Obligations	92,466	-	100.0%
Series 2016 Refunding Bonds	6,770,000	7,205,000	(6.0)%
Series 2021 Refunding Bonds	3,245,000	3,400,000	(4.6)%
Total long term debt	<u>10,107,466</u>	<u>10,605,000</u>	<u>(4.7)%</u>

At year end the District had \$10,015,000 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 2023 budget preparation were \$252,510,172, a 19.63 percent increase from 2022.
- ▶ The District’s average daily attendance is expected to be 630, which is a 6.78 percent increase from 2022.

These indicators were taken into account when adopting the general fund budget for 2023. Amounts available for expenditure in the general fund budget are \$9,325,000, a decrease of 4.11 percent from the final 2022 budget of \$9,725,000. The decrease is primarily due to decreased expected revenues from state and federal programs in 2023. The District will use these revenues to finance programs we currently offer.

Expenditures are budgeted to increase 17.66 percent to \$10,325,000. If the budgeted estimates are realized, the District’s budgetary general fund balance is expected to decrease in 2023.

### 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, 2022**

Data Control Codes		<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>		
1110	Cash and cash equivalents	287,045
1120	Investments - current	4,938,048
1220	Property taxes receivable - delinquent	824,316
1230	Allowance for uncollectible taxes (credit)	(618,237)
1240	Due from other governments	991,085
1290	Other receivables	18,278
1300	Inventories	24,448
1410	Prepayments	194,603
	Capital Assets:	
1510	Land	228,562
1520	Buildings, net	11,023,240
1530	Furniture and equipment, net	1,211,494
1000	Total assets	<u>19,122,882</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
1702	Deferred charge on refunding	436,307
1705	Deferred outflow related to TRS Pension	829,900
1706	Deferred outflow related to TRS OPEB	1,342,556
1700	Total deferred outflows of resources	<u>2,608,763</u>
<b>LIABILITIES</b>		
2110	Accounts payable	122,607
2140	Interest payable	11,283
2160	Accrued wages payable	355,353
2180	Due to other governments	973
2300	Unearned revenues	23,625
	Long Term Liabilities:	
2501	Due within one year	643,839
2502	Due after one year	10,544,551
2540	Net pension liability	1,034,227
2545	Net OPEB liability	2,796,898
2000	Total liabilities	<u>15,533,356</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2605	Deferred inflow related to TRS Pension	1,247,267
2606	Deferred inflow related to TRS OPEB	1,945,386
2600	Total deferred inflows of resources	<u>3,192,653</u>
<b>NET POSITION</b>		
3200	Net investment in capital assets	1,711,213
3820	Restricted for Federal and State programs	189,448
3850	Restricted for debt service	401,362
3870	Restricted for campus activities	72,446
3900	Unrestricted net position	631,167
3000	Total net position	<u><u>3,005,636</u></u>

The accompanying notes are an integral part of this statement

**JOAQUIN INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

Data Control Codes	1	Program Revenues		Program Revenues	Net (Expense) Revenue and Changes in Net Position	
		3	4	5		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:						
11	Instruction	5,177,861	22,050	984,878	-	(4,170,933)
12	Instructional resources and media	8,752	-	-	-	(8,752)
13	Curriculum and staff development	110,414	-	56,314	-	(54,100)
21	Instructional leadership	146,476	-	18,017	-	(128,459)
23	School leadership	605,374	-	5,579	-	(599,795)
31	Guidance, counseling, and evaluation	308,906	-	67,627	-	(241,279)
32	Social work services	34,668	-	-	-	(34,668)
33	Health services	87,757	-	75,593	-	(12,164)
34	Student transportation	401,452	-	8,191	-	(393,261)
35	Food service	451,600	48,838	444,550	-	41,788
36	Cocurricular/extracurricular activities	1,081,342	187,231	-	-	(894,111)
41	General administration	482,181	-	3,043	-	(479,138)
51	Plant maintenance and operations	1,075,969	-	190,992	-	(884,977)
52	Security and monitoring services	45,450	-	20,709	-	(24,741)
53	Data processing services	203,063	-	134,038	-	(69,025)
72	Interest on long-term debt	352,074	-	-	-	(352,074)
73	Bond issuance costs	5,000	-	-	-	(5,000)
93	Payments related to SSA	35,337	-	5,000	-	(30,337)
99	Other intergovernmental charges	78,078	-	-	-	(78,078)
TP	Total primary government	10,691,754	258,119	2,014,531	-	(8,419,104)
Data Control Codes						
General revenues:						
Taxes:						
MT	Property taxes, levied for general purposes					2,201,444
DT	Property taxes, levied for debt service					974,818
SF	State aid formula grants					7,041,052
GC	Grants and contributions, not restricted to specific programs					46,484
IE	Investment earnings					39,139
MI	Miscellaneous					169,614
TR	Total general revenues					10,472,551
CN	Change in net position					2,053,447
NB	Net position, beginning					952,189
NE	Net position, ending					3,005,636

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, 2022**

Data Control Codes	10 <b>General Fund</b>	<b>Other Governmental Funds</b>	98 <b>Total Governmental Funds</b>
<b>ASSETS</b>			
1110	25,097	261,948	287,045
1120	4,568,774	369,274	4,938,048
1220	567,767	256,549	824,316
1230	(425,825)	(192,412)	(618,237)
1240	503,084	488,001	991,085
1260	456,423	-	456,423
1290	12,607	5,671	18,278
1300	-	24,448	24,448
1410	194,603	-	194,603
1000	<u>5,902,530</u>	<u>1,213,479</u>	<u>7,116,009</u>
<b>LIABILITIES</b>			
2110	93,917	28,690	122,607
2160	355,353	-	355,353
2170	-	456,423	456,423
2180	-	973	973
2300	23,625	-	23,625
2000	<u>472,895</u>	<u>486,086</u>	<u>958,981</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601	141,942	64,137	206,079
2600	<u>141,942</u>	<u>64,137</u>	<u>206,079</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance			
3410	-	24,448	24,448
3430	194,603	-	194,603
Restricted Fund Balance			
3450	-	165,000	165,000
3480	-	401,362	401,362
Committed fund balance:			
3540	28,091	-	28,091
3545	200,000	-	200,000
Assigned fund balance:			
3590	-	72,446	72,446
3600	4,864,999	-	4,864,999
3000	<u>5,287,693</u>	<u>663,256</u>	<u>5,950,949</u>
4000	<u>5,902,530</u>	<u>1,213,479</u>	<u>7,116,009</u>

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, 2022**

	Total fund balances - governmental funds	5,950,949
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 \$26,469,690 and the accumulated depreciation was \$13,793,304. 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.	1,402,861
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.	1,568,913
3	The current depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,159,192)
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 \$1,034,227, a deferred resource inflow related to TRS in the amount of \$1,247,267, and a deferred resource outflow related to TRS in the amount of \$829,900. This amounted to a decrease in net position in the amount of \$1,451,594.	(1,451,594)
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 \$2,796,898, a deferred resource inflow related to TRS in the amount of \$1,945,386, and a deferred resource outflow related to TRS in the amount of \$1,345,556. This amounted to a decrease in net position in the amount of \$3,399,728.	(3,399,728)
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.	93,427
19	Net Position of governmental activities	3,005,636

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, 2022**

Data Control Codes	10 <b>General Fund</b>	<b>Other Governmental Funds</b>	98 <b>Total Governmental Funds</b>	
<b>REVENUES</b>				
5700	Total local and intermediate sources	2,451,697	1,182,009	3,633,706
5800	State program revenues	7,308,623	103,318	7,411,941
5900	Federal program revenues	172,202	2,036,914	2,209,116
5020	Total revenues	<u>9,932,522</u>	<u>3,322,241</u>	<u>13,254,763</u>
<b>EXPENDITURES</b>				
0011	Instruction	4,177,379	984,878	5,162,257
0012	Instructional resources and media services	2,933	-	2,933
0013	Curriculum and staff development	59,120	56,314	115,434
0021	Instructional leadership	139,811	18,017	157,828
0023	School leadership	607,989	5,579	613,568
0031	Guidance, counseling, evaluation services	250,076	67,627	317,703
0032	Social work services	36,998	-	36,998
0033	Health services	13,820	75,593	89,413
0034	Student transportation	488,785	8,191	496,976
0035	Food service	-	444,550	444,550
0036	Cocurricular/extracurricular activities	605,626	139,947	745,573
0041	General administration	508,178	3,043	511,221
0051	Plant maintenance and operations	868,339	190,991	1,059,330
0052	Security and monitoring services	17,373	20,709	38,082
0053	Data processing services	115,345	134,038	249,383
0071	Principal on long-term debt	32,403	590,000	622,403
0072	Interest on long-term debt	3,171	373,219	376,390
0073	Bond issuance cost and fees	-	5,000	5,000
0081	Facilities acquisition and construction	535,156	-	535,156
0093	Payments to fiscal agent	30,337	5,000	35,337
0099	Other intergovernmental charges	78,078	-	78,078
6030	Total expenditures	<u>8,570,917</u>	<u>3,122,696</u>	<u>11,693,613</u>
1100	Excess (deficiency) of revenues over expenditures	1,361,605	199,545	1,561,150
<b>OTHER FINANCING SOURCES (USES)</b>				
7915	Transfers in	-	-	-
8911	Transfers out	-	-	-
7080	Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	1,361,605	199,545	1,561,150
0100	Fund balance - September 1 (beginning)	3,926,088	463,711	4,389,799
3000	Fund balance - August 31 (ending)	<u>5,287,693</u>	<u>663,256</u>	<u>5,950,949</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, 2022**

Net change in fund balances - governmental funds	1,561,150
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.	1,568,913
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.	(1,159,192)
Current year changes in amounts related to GASB 68 decreased revenues in the amount of \$304,799, but also decreased expenditures in the amount of \$451,867. The net effect on the change in the ending net position was an increase in the amount of \$147,068.	147,068
Current year changes in amounts related to GASB 75 decreased revenues in the amount of \$214,191, but also decreased expenditures in the amount of \$241,232. The net effect on the change in the ending net position was an increase in the amount of \$27,041.	27,041
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.	(91,533)
Change in net position of governmental activities	2,053,447

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, 2022**

	<b>Private Purpose Trust Fund</b>	<b>Custodial Fund</b>
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	22,764	52,442
Total Assets	<u>22,764</u>	<u>52,442</u>
<b>NET POSITION</b>		
Restricted for scholarships	22,764	-
Restricted for other purposes	-	52,442
Total net position	<u>22,764</u>	<u>52,442</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, 2022**

	<b>Private Purpose Trust Fund</b>	<b>Custodial Fund</b>
	<u>          </u>	<u>          </u>
<b>ADDITIONS:</b>		
Miscellaneous revenue - student activity	-	75,117
Earnings from temporary deposits	-	536
Contributions, gifts and donations	28,336	-
Total Additions	<u>28,336</u>	<u>75,653</u>
<b>DEDUCTIONS:</b>		
Supplies and materials	-	71,741
Scholarships awarded	31,550	-
Total Deductions	<u>31,550</u>	<u>71,741</u>
Change in Net Position	(3,214)	3,912
Total Net Position - September 1 (Beginning)	<u>25,978</u>	<u>48,530</u>
Total Net Position - August 31 (Ending)	<u><u>22,764</u></u>	<u><u>52,442</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, 2022**

**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, 2022**

**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, 2022**

**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.

**Non Major Governmental Funds:**

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

**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.

**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.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2022**

**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.

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

**JOAQUIN INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2022**

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 \$28,091 for self insurance and \$200,000 for retirement of long-term debt. The General Fund also has a nonspendable fund balance of \$194,603 in the form of prepayments. The Special Revenue Fund assigns \$72,446 for campus activity programs and restricts \$189,448 for the food service operations, including nonspendable fund balance of \$24,448 in the form of inventories. The Debt Service Fund restricts \$401,362 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 \$100 per day up to a maximum of \$5,000. The employee's leave balance is reduced by the number of days purchased. No liability for accrued sick leave or vacation time is recorded in the government-wide or governmental fund financial statements.

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

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2022**

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, 2022, 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.

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, 2022, the District



**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2022**

made significant amendments to the instruction, cocurricular/extracurricular, 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.

**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, 2022 and during the year ended August 31, 2022 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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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 \$6,971,183.
3. The highest combined balances of cash, savings, and time deposit accounts amounted to \$6,977,226 and occurred during the month of January, 2022.
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, 2022.

**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, 2022.

**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, 2022.

**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, 2022.

**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, 2022.

The District's temporary investments at August 31, 2022, which are included as current investments, included certificates of deposit at the District's depository bank in the amount of \$3,513,709 in the general fund.

The District's deposits with Investment Pools (Pools) as of August 31, 2022 amounted to \$1,397,984 with Lone Star, included in current investments, and \$26,355 with LOGIC, also included in current investments.

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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.

**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.

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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, 2022 are summarized below. Due from other governments at year-end consisted of the following:

Fund	State Programs	Federal Programs	Total
General Fund	503,084	-	503,084
Special Revenue Fund	-	488,001	488,001
Total	<u>503,084</u>	<u>488,001</u>	<u>991,085</u>

Amounts due to other governments and unearned revenues at year-end consisted of the following:

Fund	State Foundation	State & Federal Programs	Total
General Fund	23,625	-	23,625
Debt Service Fund	-	973	973
Total	<u>23,625</u>	<u>973</u>	<u>24,598</u>

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

	General Fund	Debt Service Fund	Total
Unavailable Revenue - Property Taxes	<u>141,942</u>	<u>64,137</u>	<u>206,079</u>

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**C. INTERFUND BALANCES AND TRANSFERS**

Interfund due to/from balances at August 31, 2022 consisted of the following amounts:

Due from Governmental Funds to the General Fund:

Special Revenue Funds	<u><u>456,423</u></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. There were no interfund transfers during the year ended August 31, 2022.

**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 \$618,237 of delinquent property taxes.

**E. CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2022 was as follows:

	Beginning Balance	Additions	Retirements/ Adjustments	Ending Balance
Governmental Activities:				
Land	228,562	-	-	228,562
Buildings and improvements	23,556,957	456,031	-	24,012,988
Vehicles and equipment	2,684,171	490,071	-	3,174,242
Totals at cost	26,469,690	946,102	-	27,415,792
Less accumulated depreciation:				
Buildings and improvements	12,064,352	925,396	-	12,989,748
Vehicles and equipment	1,728,952	233,796	-	1,962,748
Total accumulated depreciation	13,793,304	1,159,192	-	14,952,496
Governmental activities capital assets, net	12,676,386	(213,090)	-	12,463,296

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Depreciation was charged to governmental functions as follows:

Instruction	441,617
Instructional Resources	5,819
School Leadership	52,274
Counseling	14,506
Social Work Services	2,091
Health Services	3,364
Student Transportation	127,832
Food Services	35,964
Cocurricular/Extracurricular	367,914
General Administration	7,525
Plant Maintenance	73,605
Data Processing	7,368
Community Services	<u>19,313</u>
Total depreciation expense	<u><u>1,159,192</u></u>

**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, 2022 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 2021 issued in the original amount of \$3,550,000. Interest rates of 3.00%. The bonds final maturity is February 15, 2035.

During the current fiscal year, the District entered into a lease agreement for several high-capacity copiers. The lease has an interest rate of 3.00%, monthly payments of \$3,077, and a maturity date of October, 2025. The total net book value of the leased copiers at August 31, 2022 was \$83,246, including accumulated depreciation of \$41,623.

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Long term liability activity for the year ended August 31, 2022 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts due within one year</b>
Governmental Activities:					
Leases	-	124,869	32,403	92,466	33,839
Refunding Bonds 2016	7,205,000	-	435,000	6,770,000	450,000
Refunding Bonds 2020	3,400,000	-	155,000	3,245,000	160,000
Total long-term debt	10,605,000	124,869	622,403	10,107,466	643,839
Unamortized bond premium	1,168,422	-	87,498	1,080,924	-
Total long term debt	11,773,422	124,869	709,901	11,188,390	643,839

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:

<b>Year ending August 31,</b>	<b>School Building Bonds</b>		<b>Leases</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2023	610,000	354,600	33,839	2,774	1,037,826
2024	635,000	331,325	30,383	1,759	1,030,609
2025	655,000	307,200	27,005	847	1,017,904
2026	680,000	282,225	1,239	37	964,777
2027	710,000	256,225	-	-	966,225
2028-2032	3,970,000	855,075	-	-	4,825,075
2033-2036	2,755,000	139,700	-	-	2,894,700
Totals	10,015,000	2,526,350	92,466	5,417	12,737,116

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**G. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES**

For the year ended August 31, 2022, revenues from local and intermediate sources reported in the governmental funds consisted of the following:

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
Property Taxes	2,189,299	-	971,558	3,160,857
Food Sales	-	48,838	-	48,838
Investment Income	34,084	792	4,263	39,139
Penalties, interest, and other tax	5,604	-	373	5,977
Tuition	22,050	-	-	22,050
Co-curricular student activities	31,046	-	-	31,046
Campus activity receipts	-	156,185	-	156,185
Other	169,614	-	-	169,614
Total	<u>2,451,697</u>	<u>205,815</u>	<u>976,194</u>	<u>3,633,706</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). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension’s Board of Trustees does not have the authority to establish or amend benefit terms.

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

**Pension Plan Fiduciary Net Position.** Detail information about the Teacher Retirement System’s fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) 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](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 provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest



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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 in 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. Actuarial implications of the funding provided in the manner are determined by the System’s actuary.

**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 percent of the member’s annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	2022	2021
Member	8.00%	7.70%
Non-Employer Contribution Rate (State)	7.75%	7.50%
Employers	7.75%	7.50%
District’s 2022 Employer Contributions	\$ 223,725	
District’s 2022 Member Contributions	\$ 433,787	
District’s 2022 NECE On-Behalf Contributions	\$ 312,248	

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

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As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical 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 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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.6 percent of the member's salary beginning in fiscal year 2021, 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.

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**Actuarial Assumptions.** The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate	1.95%*
Inflation	2.30%
Salary Increases	3.05% to 9.05%, including inflation
Last Year Ending 8/31 in Projection Period	2120
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, 2021. 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 2021 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2021 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

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the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2021 are summarized below:

Asset Class*	Target Allocation**	Long-Term Expected Arithmetic Real Rate of Return***	Expected Contribution to Long-term Portfolio Returns
<b>Global Equity</b>			
U.S.	18.0%	3.6%	0.94%
Non-U.S. Developed	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
<b>Stable Value</b>			
Government Bonds	16.0%	(0.2)%	0.01%
Absolute Return	0.0%	1.1%	0.00%
Stable Value Hedge Funds	5.0%	2.2%	0.12%
<b>Real Return</b>			
Real Assets	15.0%	4.5%	1.00%
Energy and Natural Resources	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
<b>Risk Parity</b>			
Risk Parity	8.0%	2.8%	0.28%
<b>Asset Allocation Leverage</b>			
Cash	2.0%	(0.7)%	(0.01)%
Asset Allocation Leverage	(6.0)%	(0.5)%	0.03%
Inflation Expectation			2.20%
Volatility Drag****			(0.95)%
<b>Total</b>	<b>100%</b>		<b>6.90%</b>

\* Absolute Return includes Credit Sensitive Investments.

\*\*Target allocations are based on the FY2021 model.

\*\*\* Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021).

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

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**Discount Rate Sensitivity Analysis.** The following table presents the Net Pension Liability of the plan using the discount rate of 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	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:	\$2,259,950	\$1,034,227	\$39,793

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2022, the District reported a liability of \$1,034,227 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	\$1,034,227
State's proportionate share that is associated with the District	1,863,362
Total	\$2,897,589

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 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, 2020 through August 31, 2021.

At August 31, 2021 the employer's proportion of the collective net pension liability was 0.0040611%, compared to 0.0036091% as of August 31, 2020, which is an increase of 12.52%.

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

For the years ended August 31, 2022, the District recognized pension expense of \$7,449 and revenue of \$312,248 for support provided by the State in the Government-wide Statement of Activities.

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At August 31, 2022, 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	\$1,731	\$72,810
Changes in actuarial assumptions	365,579	159,361
Difference between projected and actual investment earnings	-	867,185
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	228,865	147,911
Contributions paid to TRS subsequent to the measurement date	233,725	-
Total	\$829,900	\$1,247,267

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:

Fiscal year:	Pension Expense Amount
2023	\$104,056
2024	(111,522)
2025	(187,890)
2026	(250,790)
2027	20,444
Thereafter	8,335

**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-Care program was established in 1986 by the Texas Legislature.

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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](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 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, 2021 - December 31, 2021		
	Medicare	Non-Medicare
Retiree (or surviving spouse)	\$135	\$200
Retiree and spouse	\$529	\$689
Retiree or surviving spouse and children	\$468	\$408
Retiree and family	\$1,020	\$999

**Contributions.** Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2022**

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.

	2022	2021
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 2022 Employer Contributions	\$	61,402
District’s 2022 Member Contributions	\$	35,246
District’s 2022 NECE On-Behalf Contributions	\$	75,890

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 \$5,520,343 in fiscal year 2021 for consumer protection against medical and health care billing by certain out-of-network providers.

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 \$21,897, \$22,823 and \$21,319 for the years ended August 31, 2022, 2021 and 2020, respectively.

**Actuarial Assumptions.** The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions:

*Roll Forward.* The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex.



**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2022**

In addition to the Demographic assumptions; salary increases, inflation rates used for members of TRS are identical to the assumptions employed in the August 31, 2021 TRS annual pension actuarial valuation.

*Demographic Assumptions.* The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of the Teacher Retirement System of Texas (TRS). The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

*Mortality Assumptions.* The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates 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 mortality projection scale MP-2018.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.

*Election Rates.* Normal Retirement - 65 percent participation rate prior to age 65 and 40 percent participation rate after age 65 Pre-65 retirees - 25 percent are assumed to discontinue coverage at age 65.

*Health Care Trend Rates.* The initial medical trend rates were 8.50 percent for Medicare retirees and 7.10 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 12 years.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2022**

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Ad hoc Post Employment Benefit Changes	None

**Discount Rate.** A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease of 0.38 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 (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District's proportionate share of the OPEB liability:	\$3,373,703	\$2,796,898	\$2,342,933

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At August 31, 2022, the District reported a liability of \$2,796,898 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, 2022**

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	\$2,796,898
State's proportionate share that is associated with the District	<u>3,747,219</u>
Total	<u><u>\$6,544,117</u></u>

The Net OPEB Liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 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, 2020 through August 31, 2021.

At August 31, 2021 the employer's proportion of the collective Net OPEB Liability was 0.00725064%, compared to 0.00646006% as of August 31, 2020, which is an increase of 12.24%.

**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:	\$2,265,394	\$2,796,898	\$3,510,043

**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 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased 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 years ended August 31, 2022, the District recognized an OPEB benefit of \$138,301 and revenue of \$75,890 for support provided by the State.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2022**

At August 31, 2022, 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	\$120,420	\$1,353,894
Changes in actuarial assumptions	309,789	591,492
Difference between projected and actual investment earnings	3,037	-
Changes in proportion and difference between the employer’s contribution and the proportionate share of contributions	847,904	-
Contributions paid to TRS subsequent to the measurement date	61,406	-
Total	<u>\$1,342,556</u>	<u>\$1,945,386</u>

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:

Fiscal year:	OPEB Expense Amount
2023	(\$105,536)
2024	(167,011)
2025	(166,993)
2026	(93,370)
2027	6,302
Thereafter	(76,222)

**J. HEALTH CARE COVERAGE**

During the years August 31, 2022, 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 \$425 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

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2022**

Pool contracts with Midwest Employers Casualty Company for reinsurance. The District's administrative expenses for the years ended August 31, 2022 and 2021 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, 2022. Estimated total claims liability for the years ended August 31, 2022 and 2021, included estimated claims incurred but not reported, in the amount of \$28,091 and \$25,678. The estimated total liability for workers' compensation claims including incurred but not reported claims amounts to \$9,010 and \$9,325 for 2022 and 2021, respectively.

	2022	2021
Claims liability, beginning of year	25,678	24,452
Incurred claims:		
Provision for insured events of current year	8,571	8,193
Increase (Decrease) in provision for insured events of prior years	(2,764)	(3,363)
Total incurred claims	5,807	4,830
Payments:		
Claims expenses attributable to insured events of current year	491	486
Claims expenses attributable to insured events of prior years	2,903	3,118
Total payments	3,394	3,604
Total unpaid claims at the end of the year	28,091	25,678

**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, 2022 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	13,708
Shelbyville	12,737
Tenaha	8,220
Timpson	11,130
Total	45,795

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2022**

**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, 2022, 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 and the 2021-2022 school years 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.

## **Required Supplementary Schedules**





**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2022**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance	
				With Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Local and intermediate sources	2,129,000	2,383,000	2,451,697	68,697
5800	State program revenues	6,496,000	7,174,000	7,308,623	134,623
5900	Federal program revenues	-	168,000	172,202	4,202
5020	Total revenues	8,625,000	9,725,000	9,932,522	207,522
<b>EXPENDITURES:</b>					
0011	Instruction	4,380,762	4,209,762	4,177,379	32,383
0012	Instructional resources and media services	7,702	7,702	2,933	4,769
0013	Curriculum and staff development	104,736	72,736	59,120	13,616
0021	Instructional leadership	141,250	143,250	139,811	3,439
0023	School leadership	601,460	613,460	607,989	5,471
0031	Guidance, counseling, and evaluation services	221,385	254,385	250,076	4,309
0032	Social work services	36,795	37,795	36,998	797
0033	Health services	11,000	16,000	13,820	2,180
0034	Student transportation	490,964	505,964	488,785	17,179
0036	Cocurricular/extracurricular activities	574,569	646,569	605,626	40,943
0041	General administration	503,112	511,112	508,178	2,934
0051	Plant maintenance and operations	872,259	894,259	868,339	25,920
0052	Security and monitoring services	67,700	27,700	17,373	10,327
0053	Data processing services	173,306	143,306	115,345	27,961
0071	Principal on long-term debt	-	32,500	32,403	97
0072	Interest on long-term debt	-	3,500	3,171	329
0081	Facilities acquisition and construction	315,000	545,000	535,156	9,844
0093	Payments to fiscal agents	28,000	31,000	30,337	663
0099	Other intergovernmental charges	75,000	79,000	78,078	922
6030	Total expenditures	8,605,000	8,775,000	8,570,917	204,083
1100	Excess (deficiency) of revenues over expenditures	20,000	950,000	1,361,605	411,605
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers in (sources)	-	-	-	-
8911	Transfers out (uses)	(20,000)	-	-	-
7080	Total other financing sources (uses)	(20,000)	-	-	-
1200	Net change in fund balances	-	950,000	1,361,605	411,605
0100	Fund balance - September 1 (beginning)	3,926,088	3,926,088	3,926,088	-
3000	Fund balance - August 31 (ending)	3,926,088	4,876,088	5,287,693	411,605

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, 2022**

	FY 2022 <u>Plan Year 2021</u>	FY 2021 <u>Plan Year 2020</u>
District's Proportion of the Net Pension Liability (Asset)	0.0040611%	0.0036091%
District's Proportionate share of the Net Pension Liability (Asset)	\$ 1,034,227	\$ 1,932,980
State's Proportionate share of the Net Pension Liability (Asset) associated with the District	<u>1,863,362</u>	<u>3,981,539</u>
<b>TOTAL</b>	<b><u>\$ 2,897,589</u></b>	<b><u>\$ 5,914,519</u></b>
District's Covered Payroll	\$ 5,282,272	\$ 5,093,364
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	19.58%	37.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	75.54%

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, 2021 for year 2022, 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 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>	<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>
0.0039051%	0.0040616%	0.0036933%	0.0037690%	0.0045352%	0.0029857%
\$ 2,030,005	\$ 2,235,603	\$ 1,180,920	\$ 1,424,277	\$ 1,603,133	\$ 797,522
<u>3,668,770</u>	<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>\$ 5,698,775</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>
\$ 4,767,395	\$ 4,813,798	\$ 4,444,025	\$ 4,388,769	\$ 4,688,907	\$ 4,726,758
42.58%	46.44%	26.57%	32.45%	34.19%	16.87%
75.24%	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 2022**

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	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 233,725	\$ 173,071
Contribution in Relation to Contractually Required Contribution	<u>(233,725)</u>	<u>(173,071)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 District's Covered Payroll	 \$ 5,422,335	 \$ 5,282,272
Contributions as a Percentage of Covered Payroll	4.31%	3.28%

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 148,444	\$ 136,786	\$ 136,795	\$ 121,032	\$ 116,903	\$ 68,903
<u>(148,444)</u>	<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>	<u>\$ -</u>
\$ 5,093,364	\$ 4,767,395	\$ 4,813,798	\$ 4,444,025	\$ 4,388,769	\$ 4,688,907
2.91%	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, 2022**

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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. The amounts reported for FY 2022 are for measurement date August 31, 2021. 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 August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

<u>FY 2022</u> <u>Plan Year 2021</u>	<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>
0.00725064%	0.00646006%	0.00640334%	0.00598544%	0.00536487%
\$ 2,796,898	\$ 2,455,762	\$ 3,028,220	\$ 2,988,586	\$ 2,332,979
<u>3,747,219</u>	<u>3,299,956</u>	<u>4,023,825</u>	<u>4,026,450</u>	<u>3,410,017</u>
\$ <u>6,544,117</u>	\$ <u>5,755,718</u>	\$ <u>7,052,045</u>	\$ <u>7,015,036</u>	\$ <u>5,742,996</u>
\$ 5,282,272	\$ 5,093,364	\$ 4,767,395	\$ 4,813,798	\$ 4,444,025
52.95%	48.21%	63.52%	62.08%	52.50%
4.56%	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 2022**

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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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$	61,406	\$ 56,651	\$ 49,101	\$ 45,446	\$ 40,756
	<u>(61,406)</u>	<u>(56,651)</u>	<u>(49,101)</u>	<u>(45,446)</u>	<u>(40,756)</u>
\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	5,422,335	\$ 5,282,272	\$ 5,093,364	\$ 4,767,395	\$ 4,813,798
	1.13%	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, 2022**

**A. Notes to Schedules for the TRS Pension**

*Changes of Benefit terms.*

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

*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 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the TOL.

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## **Combining Schedules**

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2022**

Data Control Codes	<b>Special Revenue Funds</b>				
	<b>211 ESEA Title I Part A</b>	<b>224 IDEA Part B Formula</b>	<b>225 IDEA Part B Preschool</b>	<b>240 School Lunch &amp; Breakfast Program</b>	
<b>ASSETS</b>					
1110	Cash and cash equivalents	-	-	-	162,112
1120	Investments - current	-	-	-	-
1220	Property taxes receivable - delinquent	-	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-	-
1240	Due from other governments	14,961	7,113	519	31,578
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	24,448
1000	Total Assets	<u>14,961</u>	<u>7,113</u>	<u>519</u>	<u>218,138</u>
<b>LIABILITIES</b>					
2110	Accounts payable	-	-	-	28,690
2170	Due to other funds	14,961	7,113	519	-
2180	Due to other governments	-	-	-	-
2000	Total Liabilities	<u>14,961</u>	<u>7,113</u>	<u>519</u>	<u>28,690</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable revenue - property taxes	-	-	-	-
2600	Total Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	24,448
Restricted Fund Balance:					
3450	Federal or state grant programs	-	-	-	165,000
3480	Retirement of long-term debt	-	-	-	-
Assigned Fund Balance:					
3590	Other assigned fund balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,448</u>
4000	Total Liabilities, Deferred Inflows and Fund Balances	<u>14,961</u>	<u>7,113</u>	<u>519</u>	<u>218,138</u>



**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2022**

Data Control Codes	<b>Special Revenue Funds</b>		<b>Total Special Revenue Funds</b>	
	<b>410 State Textbook Fund</b>	<b>461 Campus Activity Funds</b>		
<b>ASSETS</b>				
1110	Cash and cash equivalents	-	72,446	234,558
1120	Investments - current	-	-	-
1220	Property taxes receivable - delinquent	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-
1240	Due from other governments	-	-	488,001
1290	Other receivables	-	-	-
1300	Inventories	-	-	24,448
1000	Total Assets	-	72,446	747,007
<b>LIABILITIES</b>				
2110	Accounts payable	-	-	28,690
2170	Due to other funds	-	-	456,423
2180	Due to other governments	-	-	-
2000	Total Liabilities	-	-	485,113
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601	Unavailable revenue - property taxes	-	-	-
2600	Total Inflows of Resources	-	-	-
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410	Inventories	-	-	24,448
Restricted Fund Balance:				
3450	Federal or state grant programs	-	-	165,000
3480	Retirement of long-term debt	-	-	-
Assigned Fund Balance:				
3590	Other assigned fund balance	-	72,446	72,446
3000	Total Fund Balances	-	72,446	261,894
4000	Total Liabilities, Deferred Inflows and Fund Balances	-	72,446	747,007



<b>599 Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
27,390	261,948
369,274	369,274
256,549	256,549
(192,412)	(192,412)
-	488,001
5,671	5,671
-	24,448
<u>466,472</u>	<u>1,213,479</u>
-	28,690
-	456,423
973	973
<u>973</u>	<u>486,086</u>
64,137	64,137
<u>64,137</u>	<u>64,137</u>
-	24,448
-	165,000
401,362	401,362
-	72,446
<u>401,362</u>	<u>663,256</u>
<u>466,472</u>	<u>1,213,479</u>

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2022**

Data Control Codes	<b>Special Revenue Funds</b>				
	<b>211</b>	<b>224</b>	<b>225</b>	<b>240</b>	
	<b>ESEA</b>	<b>IDEA</b>	<b>IDEA</b>	<b>School Lunch</b>	
	<b>Title I</b>	<b>Part B</b>	<b>Part B</b>	<b>&amp; Breakfast</b>	
	<b>Part A</b>	<b>Formula</b>	<b>Preschool</b>	<b>Program</b>	
<b>REVENUES</b>					
5700	Total local and intermediate sources	-	-	-	49,630
5800	State program revenues	-	-	-	3,147
5900	Federal program revenues	240,198	158,496	9,101	514,068
5020	Total Revenues	240,198	158,496	9,101	566,845
<b>EXPENDITURES</b>					
0011	Instruction	160,377	153,496	9,101	-
0013	Curriculum and staff development	5,695	-	-	-
0021	Instructional leadership	6,005	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, & evaluation services	67,627	-	-	-
0033	Health services	494	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	444,550
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance & operations	-	-	-	24,043
0052	Security and monitoring services	-	-	-	-
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 SSA	-	5,000	-	-
6030	Total Expenditures	240,198	158,496	9,101	468,593
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	98,252
<b>OTHER FINANCING SOURCES (USES)</b>					
7915	Transfers in	-	-	-	-
8911	Transfers out (uses)	-	-	-	-
7080	Total other financing sources and uses	-	-	-	-
1200	Net change in fund balances	-	-	-	98,252
0100	Fund balances, beginning	-	-	-	91,196
3000	Fund balances, ending	-	-	-	189,448

<b>Special Revenue Funds</b>							
<b>255</b>	<b>269</b>	<b>281</b>	<b>282</b>	<b>284</b>	<b>285</b>	<b>289</b>	<b>331</b>
<b>Title II A, Training/ Recruiting</b>	<b>Title V Rural &amp; Low Income</b>	<b>ESSER II CRRSA Act</b>	<b>ESSER III ARP Act</b>	<b>IDEA B Formula ARP</b>	<b>IDEA Preschool ARP</b>	<b>Other Federal Programs</b>	<b>SSA - Career &amp; Technical Basic Grant</b>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
39,789	20,709	298,208	661,436	30,113	1,930	17,071	45,795
39,789	20,709	298,208	661,436	30,113	1,930	17,071	45,795
38,794	-	218,286	291,797	30,113	1,930	16,730	43,963
-	-	20,823	26,996	-	-	-	-
995	-	-	8,844	-	-	341	1,832
-	-	5,579	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	507	74,592	-	-	-	-
-	-	4,823	3,368	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	3,043	-	-	-	-	-
-	-	12,005	154,943	-	-	-	-
-	20,709	-	-	-	-	-	-
-	-	33,142	100,896	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
39,789	20,709	298,208	661,436	30,113	1,930	17,071	45,795
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2022**

Data Control Codes	<b>Special Revenue Funds</b>		<b>Total Special Revenue Funds</b>	
	<b>410 State Textbook Fund</b>	<b>461 Campus Activity Funds</b>		
<b>REVENUES</b>				
5700	Total local and intermediate sources	-	156,185	205,815
5800	State program revenues	23,091	-	26,238
5900	Federal program revenues	-	-	2,036,914
5020	Total Revenues	23,091	156,185	2,268,967
<b>EXPENDITURES</b>				
0011	Instruction	20,291	-	984,878
0013	Curriculum and staff development	2,800	-	56,314
0021	Instructional leadership	-	-	18,017
0023	School leadership	-	-	5,579
0031	Guidance, counseling, & evaluation services	-	-	67,627
0033	Health services	-	-	75,593
0034	Student transportation	-	-	8,191
0035	Food service	-	-	444,550
0036	Extracurricular activities	-	139,947	139,947
0041	General administration	-	-	3,043
0051	Facilities maintenance & operations	-	-	190,991
0052	Security and monitoring services	-	-	20,709
0053	Data processing services	-	-	134,038
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 SSA	-	-	5,000
6030	Total Expenditures	23,091	139,947	2,154,477
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	16,238	114,490
<b>OTHER FINANCING SOURCES (USES)</b>				
7915	Transfers in	-	-	-
8911	Transfers out (uses)	-	-	-
7080	Total other financing sources and uses	-	-	-
1200	Net change in fund balances	-	16,238	114,490
0100	Fund balances, beginning	-	56,208	147,404
3000	Fund balances, ending	-	72,446	261,894

599 Debt Service Fund	Total Nonmajor Governmental Funds
976,194	1,182,009
77,080	103,318
-	2,036,914
<u>1,053,274</u>	<u>3,322,241</u>
-	984,878
-	56,314
-	18,017
-	5,579
-	67,627
-	75,593
-	8,191
-	444,550
-	139,947
-	3,043
-	190,991
-	20,709
-	134,038
590,000	590,000
373,219	373,219
5,000	5,000
-	5,000
<u>968,219</u>	<u>3,122,696</u>
85,055	199,545
-	-
-	-
<u>-</u>	<u>-</u>
85,055	199,545
316,307	463,711
<u>401,362</u>	<u>663,256</u>

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**Required TEA Schedules**





**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
AUGUST 31, 2022**

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							
2013 & Prior	Various	Various	-	277,491		2,013	581	(2,828)	272,069
2014	1.04000	0.56600	181,033,577	57,737		1,326	714	-	55,697
2015	1.04000	0.41550	185,871,151	46,226		949	380	-	44,897
2016	1.04000	0.51970	185,600,539	45,807		1,436	718	-	43,653
2017	1.17000	0.42730	165,961,342	49,442		2,657	970	-	45,815
2018	1.17000	0.42730	173,883,303	46,321		3,831	1,399	-	41,091
2019	1.17000	0.45140	187,681,568	57,310		3,657	1,411	-	52,242
2020	1.06830	0.47340	228,121,034	88,316		9,353	4,144	(1,951)	72,868
2021	1.05470	0.47470	200,586,937	117,954		25,827	10,913	(1,937)	79,277
2022 (Current)	1.05170	0.46680	211,082,318	-	3,205,285	2,138,250	950,328	-	116,707
1000	Totals			786,604	3,205,285	2,189,299	971,558	(6,716)	824,316

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
CHILD NUTRITION FUND  
FOR THE YEAR ENDED AUGUST 31, 2022**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Local and intermediate sources	20,200	39,200	49,630	10,430
5800	State program revenues	1,800	1,800	3,147	1,347
5900	Federal program revenues	323,000	549,000	514,068	(34,932)
5020	Total revenues	345,000	590,000	566,845	(23,155)
<b>EXPENDITURES:</b>					
0035	Food service	343,500	450,500	444,550	5,950
0051	Facilities maintenance and operations	21,500	24,500	24,043	457
6030	Total expenditures	365,000	475,000	468,593	6,407
1100	Excess (deficiency) of revenues over expenditures	(20,000)	115,000	98,252	(16,748)
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	(20,000)	115,000	98,252	(16,748)
0100	Fund balance - September 1 (beginning)	91,196	91,196	91,196	-
3000	Fund balance - August 31 (ending)	71,196	206,196	189,448	(16,748)

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2022**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Local and intermediate sources	925,129	970,129	976,194	6,065
5800	State program revenues	39,890	69,890	77,080	7,190
5020	Total revenues	965,019	1,040,019	1,053,274	13,255
<b>EXPENDITURES:</b>					
0071	Debt service - principal on long-term debt	590,000	590,000	590,000	-
0072	Debt service - interest on long-term debt	373,219	373,219	373,219	-
0073	Debt service - bond issuance costs and fees	1,800	6,800	5,000	1,800
6030	Total expenditures	965,019	970,019	968,219	1,800
1100	Excess (deficiency) of revenues over expenditures	-	70,000	85,055	15,055
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	70,000	85,055	15,055
0100	Fund balance - September 1 (beginning)	316,307	316,307	316,307	-
3000	Fund balance - August 31 (ending)	316,307	386,307	401,362	15,055

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
USE OF FUNDS REPORT - STATE ALLOTMENT PROGRAMS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**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>\$ 620,774</u>
AP4	List the actual direct program expenditures for state compensatory education	<u>\$ 326,468</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>\$ 27,105</u>
AP8	List the actual direct program expenditures for bilingual education programs	<u>\$ 15,199</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, 2022, 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, 2022.

**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, 2022

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, 2022





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, 2022. 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, 2022.

**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, 2022  
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**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, 2022

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2022**

**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)
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Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as a low risk auditee?	<u>X</u> yes    ___no
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**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, 2022**

There were no findings reported for the prior year.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2022**

None required.

**JOAQUIN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2022**

(1) Federal Grantor/ Pass-Through Grantor/ Program title	(2) Federal Assistance Listing Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. Department of Education</b>			
Impact Aid - Federal Forest	84.041	2022FF210902	48,635
REAP, Small Rural School Achievement Program	84.358A	S358A213888	20,709
Total Direct			<u>69,344</u>
<i>Passed through Texas Education Agency:</i>			
Title 1, Part A	84.010A	22610101210902	240,198
IDEA Part B Formula	84.027A	226600012109026000	158,496
IDEA Part B Preschool	84.173A	226610012109026000	9,101
ARP - IDEA Part B Formula	84.027X	225350012109025000	30,113
ARP - IDEA Part B Preschool	84.173X	225360012109025000	1,930
Total Special Education Cluster (IDEA)			<u>199,640</u>
CRRSA - Elementary and Secondary School Relief (ESSER II) Fund	84.425D	21521001210902	298,208
ARP - Elementary and Secondary School Relief (ESSER III) Fund	84.425U	21528001210902	661,436
Total Education Stabilization Fund (ESF) cluster			<u>959,644</u>
Title IV, Part A, Subpart 1	84.424A	22680101210902	17,071
Carl D. Perkins Basic Grant	84.048A	22420006210902	45,795
Title II, Part A	84.367A	22694501210902	39,789
Total Passed through Texas Education Agency			<u>1,502,137</u>
<b>Total Department of Education</b>			<u>1,571,481</u>
<b>U.S. Department of Agriculture</b>			
<i>Passed through Texas Education Agency:</i>			
School Breakfast Program	10.553	71402201	79,042
School Lunch Program	10.555	71302201	399,092
Commodities	10.555	210002A	35,934
Total Child Nutrition Cluster			<u>514,068</u>
<b>Total Department of Agriculture</b>			<u>514,068</u>
<b>Total Expenditures of Federal Awards</b>			<u>2,085,549</u>

\$48,635 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, 2022**

**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, 2022. 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, 2022.

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	\$2,085,549
School Health and Related Services (SHARS)	123,567
Total Federal Revenues, Exhibit C-3	\$2,209,116

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