

JIM HOGG COUNTY
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022



Lovvorn & Kieschnick

CERTIFIED PUBLIC ACCOUNTANTS

LOVVORN & KIESCHNICK, LLP

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT

DIRECTORY OF OFFICIALS

AUGUST 31, 2022

BOARD OF TRUSTEES

PEDRO P. LOPEZ, JR.	PRESIDENT
ELIAS MORALES	VICE-PRESIDENT
BELINDA MOLINA	SECRETARY
ETNA L. RAMIREZ	MEMBER
ELISEO CREMAR	MEMBER
RAMIRO J. MOLINA	MEMBER
ADEMAR D. GARZA	MEMBER

OTHER OFFICIALS

DR. SUSANA P. GARZA	SUPERINTENDENT
SALLY RAMIREZ	BUSINESS MANAGER

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CERTIFICATE OF BOARD

Jim Hogg County Independent School District
Name of School District

Jim Hogg
County

124-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ✓ approved _____disapproved for the year ended August 31, 2022, at a meeting of the board of trustees of such school district on the 18th day of January, 2023.

Belinda Molina
Signature of Board Secretary

[Signature]
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)

Jim Hogg County Independent School District
Annual Financial Report
For The Year Ended August 31, 2022

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Introductory Section

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Financial Section

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Lovvorn & Kieschnick, LLP
418 Peoples Street, Ste. 308
Corpus Christi, TX 78401

Independent Auditor's Report

To the Board of Trustees
Jim Hogg County Independent School District
210 West Lucile
Hebbronville, Texas 78361

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jim Hogg County Independent School District as of August 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Jim Hogg County Independent School 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

Jim Hogg County Independent School District's 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.

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 Jim Hogg County Independent School District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 including 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents 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 Jim Hogg County Independent School District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility

of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplementary information 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.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2023 on our consideration of Jim Hogg County Independent School 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 Jim Hogg County Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Lovvorn & Kieschnick, LLP

Corpus Christi, TX
January 16, 2023

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Management's Discussion and Analysis

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**JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022
UNAUDITED**

This section of Jim Hogg County Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

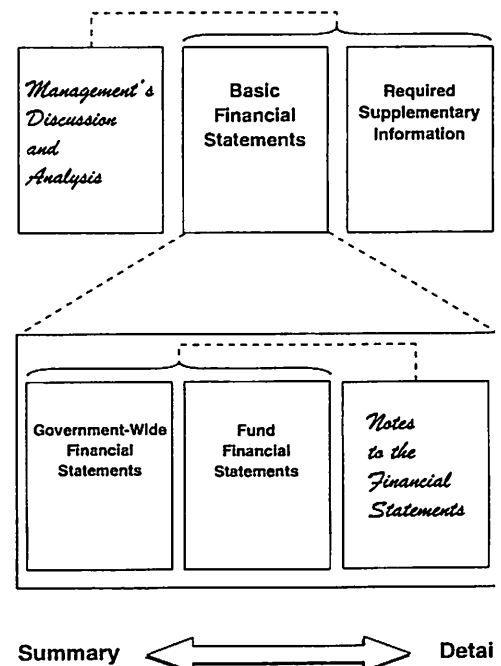
- The District's total combined net position was \$9,122,412 at August 31, 2022.
- During the year, the District's expenses were \$18,634,102 which was \$3,701,580 less than the \$22,335,682 generated in taxes, program revenues generated by charges for services, program revenues generated by operating grants and contributions, and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$4,987,881.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual 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 two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that 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.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or custodian* for the benefit of others, to whom the resources in question belong.

Figure A-1, Required Components of the District's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

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 the following 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 readily 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 funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary fund*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. 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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was approximately \$9,122,412 million at August 31, 2022. (See Table A-1.)

Table A-1
Jim Hogg County Independent School District's Net Position
(in millions of dollars)

	Governmental Activities		Total Percentage Change
	2022	2021*	2022-2021
Current Assets:			
Cash and Cash Equivalents	3.2	2.5	28.0%
Property Taxes Receivable (Net)	0.8	0.8	0.0%
Due from Other Governments	2.6	1.5	73.3%
Other Assets	-	-	0.0%
Inventories, at Cost	-	-	0.0%
Total Current Assets	6.6	4.8	37.5%
Noncurrent Assets:			
Land	0.4	0.4	0.0%
Buildings, Furniture, and Equipment, Net	27.5	28.7	-4.2%
Construction in Progress	1.4	-	0.0%
Total Noncurrent Assets	29.3	29.1	0.7%
Total Assets	35.9	33.9	5.9%
Deferred Outflows of Resources:			
Deferred Outflow Related to Pensions	2.0	2.7	-25.9%
Deferred Outflow Related to OPEB	2.9	2.7	7.4%
Total Deferred Outflows of Resources	4.9	5.4	-9.3%
Current Liabilities:			
Accounts Payable	-	0.1	-100.0%
Interest Payable	-	-	0.0%
Accrued Liabilities	0.3	0.5	-40.0%
Due to Other Governments	0.3	0.3	0.0%
Unearned Revenue	-	-	0.0%
Total Current Liabilities	0.6	0.9	-33.3%
Long-Term Liabilities:			
Due within One Year	1.3	1.4	-7.1%
Due in More Than One Year	16.1	17.5	-8.0%
Net Pension Liability	2.3	4.7	-51.1%
Net OPEB Liability	5.1	4.8	6.3%
Total Liabilities	25.4	29.3	-13.3%
Deferred Inflow of Resources:			
Deferred Inflow Related to Pensions	2.5	0.8	212.5%
Deferred Inflow Related to OPEB	3.8	3.8	0.0%
Total Deferred Inflow of Resources	6.3	4.6	37.0%
Net Position:			
Net Investment in Capital Assets	11.9	10.3	15.5%
Restricted For:			
State and Federal Programs	0.7	0.5	40.0%
Debt Service	0.3	0.3	0.0%
Unrestricted	(3.8)	(5.7)	33.3%
Total Net Position	9.1	5.4	68.5%

*Restated

The \$1.0 million of restricted net position is restricted for use in state and federal programs and debt service. The (\$3.8) million of unrestricted net position represents resources available to fund the programs of the District next year.

Revenue/Expense Analysis

The District's total revenues were \$22.3 million. A significant portion, 20%, of the District's revenue came from taxes. 41% of the revenue came from State aid not restricted to specific programs. 37% of the revenue came from operating grants and contributions that are tied to specific programs. Only 0% of the District's revenue came from charges for services. 1% of the District's revenue came from investment earnings and other miscellaneous revenues and 1% came from Chapter 313 payments.

The total cost of all programs and services was \$18.6 million; 66% of these costs were directly related to student instructional services.

Governmental Activities

- Property tax revenue decreased due to a decrease in property values.
- Investment earnings increased due to increased cash balances invested and an increase in interest rates.

Table A-2
Changes in Jim Hogg County Independent School District's Net Position
(in millions of dollars)

	Governmental Activities		Total Percentage Change
	2022	2021	2022-2021
Program Revenues:			
Charges for Services	-	0.1	-100.0%
Operating Grants and Contributions	8.3	5.0	66.0%
General Revenues:			
Property Taxes	4.5	4.6	-2.2%
State Aid – Formula	9.2	9.5	-3.2%
Chapter 313 Payments	0.2	0.1	100.0%
Other	0.1	0.1	0.0%
Total Revenues	<u>22.3</u>	<u>19.4</u>	14.9%
Expenses:			
Instruction	9.8	8.5	15.3%
Instructional Resources and Media Services	0.2	0.2	0.0%
Curriculum Dev. and Instructional Staff Dev.	0.3	1.0	-70.0%
Instructional Leadership	0.4	0.7	-42.9%
School Leadership	1.0	1.0	0.0%
Guidance, Counseling and Evaluation Services	0.4	0.4	0.0%
Health Services	0.1	0.1	0.0%
Student (Pupil) Transportation	0.3	0.1	200.0%
Food Services	1.2	1.0	20.0%
Curricular/Extracurricular Activities	0.7	0.7	0.0%
General Administration	0.8	0.7	14.3%
Plant Maintenance & Operations	1.7	1.7	0.0%
Security & Monitoring Services	0.2	0.1	100.0%
Data Processing Services	0.2	0.1	100.0%
Interest on Long-Term Debt	0.5	0.6	-16.7%
Payment to Shared Services Arrangements	0.6	0.6	0.0%
Other Intergovernmental Charges	0.2	0.2	0.0%
Total Expenses	<u>18.6</u>	<u>17.7</u>	5.1%
Increase (Decrease) in Net Position	<u>3.7</u>	<u>1.7</u>	117.6%

- The cost of all *governmental* activities this year was \$18.6 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$4.5 million.
- By grants and contributions \$8.3 million.

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

Table A-3
Net Cost of Selected Jim Hogg County Independent School District Functions
(in millions of dollars)

	Total Cost of Services			Net Cost of Services		
	2022	2021	% Change	2022	2021	% Change
Instruction	9.8	8.5	15.3%	5.1	6.5	-21.5%
School Leadership	1.0	1.0	0.0%	0.8	0.9	-11.1%
Guidance, Counseling, & Evaluation	0.4	0.4	0.0%	0.2	0.3	-33.3%
Extracurricular Activities	0.7	0.7	0.0%	0.5	0.6	-16.7%
General Administration	0.8	0.7	14.3%	0.6	0.7	-14.3%
Plant Maintenance & Operations	1.7	1.7	0.0%	1.0	1.3	-23.1%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$23.0 million. The increase of \$3,816,504 from FY2021 is primarily attributable to an increase in federal revenues.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget multiple times. Even with adjustments, actual expenditures were \$541,904 less than the final budget amounts in the General Fund. During the 2021-2022 year, the District saw savings for several reasons: constant monitoring of staff requirements and replacements, conservative use of substitutes, limits on overtime pay, monitoring of electricity usage, lower than expected insurance premiums, and technology procurements resulting in lower than budgeted prices.

Resources available were \$1,621,491 above the final budgeted amount in General Fund. This variance is attributed to using conservative estimates for forecasting.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the District had invested \$46.2 million in a broad range of capital assets, including land, equipment, buildings, vehicles, and construction in progress. (See Table A-4.)

Table A-4
Jim Hogg County Independent School District's Capital Assets
(in millions of dollars)

	Governmental Activities		Total Percentage Change
	2022	2021	2022-2021
Land	0.4	0.4	0.0%
Buildings and improvements	38.9	38.9	0.0%
Vehicles	2.6	2.5	4.0%
Equipment	2.8	2.8	0.0%
Construction in progress	1.5	-	0.0%
Totals at historical cost	46.2	44.6	3.6%
Total accumulated depreciation	(16.9)	(15.5)	9.0%
Net capital assets	29.3	29.1	0.7%

Long-Term Obligations

At year-end the District had \$24.8 million in long-term liabilities outstanding as shown in Table A-5. More detailed information about the District's obligations is presented in the notes to the financial statements.

The District had the following obligations at August 31, 2022:

Table A-5
Jim Hogg County Independent School District's Long-Term Obligations
(in millions of dollars)

	Governmental Activities		Total Percentage Change
	2022	2021	2022-2021
Bonds and notes payable	16.7	17.9	-6.7%
Loans payable	0.1	0.2	-50.0%
Bond premium	0.5	0.6	-16.7%
Net pension liability	2.3	4.7	-51.1%
Net OPEB liability	5.1	4.9	4.1%
Compensated absences	0.1	0.1	0.0%
Total Long-Term Obligations	24.8	28.4	-12.7%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The 2022 appraised values used for the 2023 budget preparation increased by \$13,769,021 from the 2021 values.
- Construction and renovation projects are completed and include: completion of the new welding building.
- The District's 2023 refined average daily attendance is expected to increase from the 2022 refined average daily attendance to approximately 998.02.

These factors were taken into account when adopting the general fund budget for 2022-2023.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Director of Finance, Jim Hogg County ISD, 210 W. Lucille, Hebbronville, TX 78361.

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Basic Financial Statements

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2022

Data Control Codes		1	Governmental Activities
ASSETS:			
1110	Cash and Cash Equivalents	\$	331,175
1120	Current Investments		2,892,776
1225	Property Taxes Receivable (Net)		761,932
1240	Due from Other Governments		2,587,760
1290	Other Receivables (Net)		479
1410	Unrealized Expenses		12,042
Capital Assets:			
1510	Land		374,941
1520	Buildings and Improvements, Net		26,170,500
1530	Furniture and Equipment, Net		1,339,705
1550	Right to Use Assets, Net		8,970
1580	Construction in Progress		1,446,192
1000	Total Assets		<u>35,926,472</u>
DEFERRED OUTFLOWS OF RESOURCES:			
1705	Deferred Outflow Related to Pensions		2,027,407
1706	Deferred Outflow Related to OPEB		2,880,982
1700	Total Deferred Outflows of Resources		<u>4,908,389</u>
LIABILITIES:			
2110	Accounts Payable		6,268
2140	Interest Payable		24,000
2165	Accrued Liabilities		254,786
2180	Due to Other Governments		309,458
Noncurrent Liabilities:			
2501	Due Within One Year		1,352,935
2502	Due in More Than One Year		16,116,468
2540	Net Pension Liability		2,268,746
2545	Net OPEB Liability		5,079,240
2000	Total Liabilities		<u>25,411,901</u>
DEFERRED INFLOWS OF RESOURCES:			
2605	Deferred Inflow Related to Pensions		2,519,663
2606	Deferred Inflow Related to OPEB		3,780,885
2600	Total Deferred Inflows of Resources		<u>6,300,548</u>
NET POSITION:			
3200	Net Investment in Capital Assets		11,962,999
Restricted For:			
3820	Federal and State Programs		677,091
3850	Debt Service		332,906
3900	Unrestricted		(3,850,584)
3000	Total Net Position	\$	<u>9,122,412</u>

The accompanying notes are an integral part of this statement.

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Program Revenues Charges for Services	Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 9,761,625	\$ 18,413	\$ 4,595,089	\$ (5,148,123)
12	Instructional Resources and Media Services	203,483	--	33,072	(170,411)
13	Curriculum and Staff Development	321,268	--	133,746	(187,522)
21	Instructional Leadership	427,155	--	122,936	(304,219)
23	School Leadership	992,298	--	171,330	(820,968)
31	Guidance, Counseling, and Evaluation Services	351,256	--	113,720	(237,536)
33	Health Services	119,184	--	109,917	(9,267)
34	Student Transportation	276,869	--	24,185	(252,684)
35	Food Service	1,168,686	22,983	1,306,352	160,649
36	Cocurricular/Extracurricular Activities	695,305	73,831	64,527	(556,947)
41	General Administration	853,813	--	298,735	(555,078)
51	Facilities Maintenance and Operations	1,698,039	--	657,940	(1,040,099)
52	Security and Monitoring Services	235,023	--	121,873	(113,150)
53	Data Processing Services	196,493	--	165,989	(30,504)
61	Community Services	14,882	--	2,726	(12,156)
72	Interest on Long-term Debt	531,288	--	7,452	(523,836)
73	Bond Issuance Costs and Fees	800	--	--	(800)
93	Payments Related to Shared Services Arrangements	618,564	--	326,412	(292,152)
99	Other Intergovernmental Charges	168,071	--	--	(168,071)
TG	Total Governmental Activities	<u>18,634,102</u>	<u>115,227</u>	<u>8,256,001</u>	<u>(10,262,874)</u>
TP	Total Primary Government	<u>\$ 18,634,102</u>	<u>\$ 115,227</u>	<u>\$ 8,256,001</u>	<u>(10,262,874)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				2,984,632
DT	Property Taxes, Levied for Debt Service				1,478,512
	Chapter 313 Payments				160,999
IE	Investment Earnings				29,974
GC	Grants and Contributions Not Restricted to Specific Programs				9,235,020
MI	Miscellaneous				75,317
TR	Total General Revenues				<u>13,964,454</u>
CN	Change in Net Position				3,701,580
NB	Net Position - Beginning (Restated)				<u>5,420,832</u>
NE	Net Position - Ending				<u>\$ 9,122,412</u>

The accompanying notes are an integral part of this statement.

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2022

Data Control Codes	10	
	General Fund	ESSER II
ASSETS:		
1110 Cash and Cash Equivalents	\$ 401,412	\$ --
1120 Current Investments	2,762,123	--
1225 Taxes Receivable, Net	603,187	--
1240 Due from Other Governments	557,160	330,996
1260 Due from Other Funds	1,866,132	--
1290 Other Receivables	480	--
1410 Unrealized Expenditures	12,042	--
1000 Total Assets	<u>6,202,536</u>	<u>330,996</u>
LIABILITIES:		
Current Liabilities:		
2110 Accounts Payable	\$ 6,268	\$ --
2150 Payroll Deductions and Withholdings	28,013	--
2160 Accrued Wages Payable	222,220	--
2170 Due to Other Funds	41,487	330,996
2180 Due to Other Governments	308,927	--
2200 Accrued Expenditures	4,553	--
2000 Total Liabilities	<u>611,468</u>	<u>330,996</u>
DEFERRED INFLOWS OF RESOURCES:		
2601 Unavailable Revenue - Property Taxes	603,187	--
2600 Total Deferred Inflows of Resources	<u>603,187</u>	<u>--</u>
FUND BALANCES:		
Nonspendable Fund Balances:		
3430 Prepaid Items	12,041	--
Restricted Fund Balances:		
3450 Federal/State Funds Grant Restrictions	609,497	--
3480 Retirement of Long-Term Debt	--	--
Assigned Fund Balances:		
3590 Other Assigned Fund Balance	--	--
3600 Unassigned	4,366,343	--
3000 Total Fund Balances	<u>4,987,881</u>	<u>--</u>
4000 Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 6,202,536</u>	<u>\$ 330,996</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

ESSER Fund III of the American Rescue Plan Act	Other Governmental Funds	98 Total Governmental Funds
\$ --	\$ (70,238)	\$ 331,174
--	130,653	2,892,776
--	158,745	761,932
1,067,655	631,949	2,587,760
--	41,487	1,907,619
--	--	480
--	--	12,042
<u>1,067,655</u>	<u>892,596</u>	<u>8,493,783</u>
 \$ --	 \$ --	 \$ 6,268
--	--	28,013
--	--	222,220
1,067,655	467,481	1,907,619
--	531	309,458
--	--	4,553
<u>1,067,655</u>	<u>468,012</u>	<u>2,478,131</u>
 --	 158,745	 761,932
<u>--</u>	<u>158,745</u>	<u>761,932</u>
 --	 --	 12,041
--	67,594	677,091
--	198,161	198,161
--	84	84
--	--	4,366,343
<u>--</u>	<u>265,839</u>	<u>5,253,720</u>
 \$ <u>1,067,655</u>	 \$ <u>892,596</u>	 \$ <u>8,493,783</u>

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JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2022

Total fund balances - governmental funds balance sheet	\$ 5,253,720
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	29,340,308
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	761,932
Payables for bond principal which are not due in the current period are not reported in the funds.	(16,726,000)
Payables for loans which are not due in the current period are not reported in the funds.	(142,351)
Payables for debt interest which are not due in the current period are not reported in the funds.	(24,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(92,091)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(2,268,746)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(2,519,663)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,027,407
Bond premiums are amortized in the SNA but not in the funds.	(508,961)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(5,079,240)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(3,780,885)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>2,880,982</u>
Net position of governmental activities - Statement of Net Position	\$ <u><u>9,122,412</u></u>

The accompanying notes are an integral part of this statement.

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		10 General Fund	ESSER II
REVENUES:			
5700	Local and Intermediate Sources	\$ 3,354,170	\$ --
5800	State Program Revenues	8,950,693	--
5900	Federal Program Revenues	1,906,104	698,461
5020	Total Revenues	<u>14,210,967</u>	<u>698,461</u>
EXPENDITURES:			
Current:			
0011	Instruction	5,677,721	425,676
0012	Instructional Resources and Media Services	188,468	11,391
0013	Curriculum and Staff Development	23,658	--
0021	Instructional Leadership	158,490	37,143
0023	School Leadership	912,930	46,768
0031	Guidance, Counseling, and Evaluation Services	258,966	15,438
0033	Health Services	40,168	6,233
0034	Student Transportation	309,009	311
0035	Food Service	1,039,169	46,144
0036	Cocurricular/Extracurricular Activities	662,413	6,712
0041	General Administration	685,323	33,636
0051	Facilities Maintenance and Operations	1,354,313	54,152
0052	Security and Monitoring Services	170,247	10,490
0053	Data Processing Services	95,801	4,367
0061	Community Services	474	--
0071	Principal on Long-term Debt	299,662	--
0072	Interest on Long-term Debt	123,857	--
0073	Bond Issuance Costs and Fees	--	--
0081	Capital Outlay	--	--
0093	Payments to Shared Service Arrangements	--	--
0099	Other Intergovernmental Charges	168,071	--
6030	Total Expenditures	<u>12,168,740</u>	<u>698,461</u>
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	<u>2,042,227</u>	--
1200	Net Change in Fund Balances	<u>2,042,227</u>	--
0100	Fund Balances - Beginning (Restated)	2,945,654	--
3000	Fund Balances - Ending	\$ <u>4,987,881</u>	\$ --

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

ESSER Fund III of the American Rescue Plan Act	Other Governmental Funds	98 Total Governmental Funds
\$ --	\$ 1,464,814	\$ 4,818,984
--	9,945	8,960,638
3,407,221	3,243,457	9,255,243
<u>3,407,221</u>	<u>4,718,216</u>	<u>23,034,865</u>
1,303,099	2,029,175	9,435,671
--	2,061	201,920
53,386	220,153	297,197
--	212,833	408,466
--	28,946	988,644
--	71,200	345,604
33,086	36,183	115,670
109,122	392	418,834
--	--	1,085,313
--	--	669,125
106,526	1,458	826,943
223,164	8,755	1,640,384
49,717	--	230,454
81,369	4,513	186,050
1,560	11,717	13,751
--	1,002,000	1,301,662
--	497,342	621,199
--	800	800
1,446,192	--	1,446,192
--	618,564	618,564
--	--	168,071
<u>3,407,221</u>	<u>4,746,092</u>	<u>21,020,514</u>
--	(27,876)	2,014,351
--	(27,876)	2,014,351
--	293,715	3,239,369
<u>\$ --</u>	<u>\$ 265,839</u>	<u>\$ 5,253,720</u>

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Net change in fund balances - total governmental funds	\$ 2,014,351
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,621,222
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,383,430)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	25,678
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,205,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	96,662
(Increase) decrease in accrued interest from beginning of period to end of period.	1,649
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	529
The amortization of bond premium is an expense in the SOA but not the funds.	88,262
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	9,216
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	22,441
Change in net position of governmental activities - Statement of Activities	\$ <u>3,701,580</u>

The accompanying notes are an integral part of this statement.

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2022

<u>Data Control Codes</u>		<u>Custodial Funds</u>
ASSETS:		
1110	Cash and Cash Equivalents	\$ 199,288
1000	Total Assets	<u>199,288</u>
LIABILITIES:		
Current Liabilities:		
2000	Total Liabilities	<u>--</u>
NET POSITION:		
3800	Restricted for Student Scholarships	\$ 18,106
3800	Restricted for Individuals - Tax Escrow Deposits	58,848
3800	Restricted for Student Activities	<u>122,334</u>
3000	Total Net Position	<u>\$ 199,288</u>

The accompanying notes are an integral part of this statement.

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	<u>Custodial Funds</u>
ADDITIONS:	
Investment Income	\$ --
Tax Escrow Deposits	58,891
Student Group Fundraising Activities	312,007
Total Additions	<u>370,898</u>
DEDUCTIONS:	
Student Activities	275,472
Tax Escrow Disbursements	71,551
Student Scholarships Awarded	--
Total Deductions	<u>347,023</u>
Change in Fiduciary Net Position	23,875
Net Position-Beginning of the Year	175,413
Net Position-End of the Year	<u><u>\$ 199,288</u></u>

The accompanying notes are an integral part of this statement.

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

A. Summary of Significant Accounting Policies

The basic financial statements of Jim Hogg County Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

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

ESSER II: This fund is used to account for money received to address the areas most impacted by disruption and closure of school caused by delay.

ESSER III: This fund is used to account for money received to help safely reopen and sustain the safe operation of schools and address the impact of the coronavirus pandemic on students.

In addition, the District reports the following fund types:

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon 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.

b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned,

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. **Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building Improvements	25-50
Vehicles	8
Furniture and Equipment	5-10

d. **Deferred Outflows and Inflows of Resources**

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) 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 and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

e. **Receivable and Payable Balances**

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

Except for delinquent taxes, there are no significant receivables which are not scheduled for collection within one year of year end.

f. **Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

of net position.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

h. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

j. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

k. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

4. Pensions

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

At August 31, 2022, the District reported the following:

Net Pension Asset	\$	
Net Pension Liability	\$	2,268,746

5. Other Post-Employment Benefits

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.

6. Implementation of New Standards

In the current fiscal year, the District implemented GASB Statement No. 87, Leases. Management has determined that the District does not have any leases that meet the requirement to be recorded under the provisions of GASB Statement No. 87, leases.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
Function 35 in the Food Service Fund was over budget due to donated commodities not being budgeted.	In the future, the District will amend the budget to allow for recording of donated commodities.

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Deficit

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

<u>Fund Name</u>	<u>Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Texas Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities (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 savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and 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.

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities 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.

1. Cash Deposits:

At August 31, 2022, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was 530,463 and the bank balance was 1,294,443. 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.

2. Investments:

As of August 31, 2022 the District had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>			
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>
Investment Pools:				
Investment in Lone Star Pool	\$ 2,892,776	\$ 2,892,776	\$ --	\$ --
Total Fair Value	<u>\$ 2,892,776</u>	<u>\$ 2,892,776</u>	<u>\$ --</u>	<u>\$ --</u>

Interest Rate Risk - In accordance with state law and District policy, the District does not purchase any investments with maturities greater than 10 years.

Credit Risk - In accordance with state law and the District's investment policy investments in mutual funds, and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A. The District's investments in investment pools were rated AAA.

Concentration of Credit Risk - The District does not place a limit on the amount the District may invest in any

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one issuer. The District does not have a concentration of credit risk.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a custodial credit risk.

The local government investment pool, such as Lone Star Pool, is not evidenced by securities in physical form. It is managed conservatively to provide safe, efficient and liquid investments to Texas governmental entities. The pool seeks to maintain a \$1 value per share as required by the Texas Public Funds Investment Act. Lone Star Investment Pool is administered by FIRST Public. The fair value of the funds in Lone Star is also the same as the value of Lone Star shares.

Limitations exist for withdrawals in this way: ACH (Automated Clearing House) withdrawals from Lone Star are restricted to the account designated by the direct deposit form currently on record. The current authorized direct deposit form designates only the District Depository Bank as the entity to use for deposits or withdrawals by ACH. The Superintendent must authorize any new or replacement direct deposit form that would alter or replace the depository bank.

Limitations exist for wire transfers in this way: A Wire Transfer to or from Lone Star requires two signatures from authorized representatives in order to be processed.

a. Credit Risk

Credit risk 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. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

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 District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

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The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 374,941	\$ --	\$ --	\$ 374,941
Construction in progress	--	1,446,192	--	1,446,192
Total capital assets not being depreciated	<u>374,941</u>	<u>1,446,192</u>	<u>--</u>	<u>1,821,133</u>
Capital assets being depreciated:				
Buildings and improvements	38,938,194	11,665	--	38,949,859
Equipment	2,792,494	12,065	--	2,804,559
Vehicles	2,490,900	151,300	--	2,642,200
Total capital assets being depreciated	<u>44,221,588</u>	<u>175,030</u>	<u>--</u>	<u>44,396,618</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,796,124)	(983,234)	--	(12,779,358)
Equipment	(1,636,993)	(285,243)	--	(1,922,236)
Vehicles	(2,060,896)	(114,952)	--	(2,175,848)
Total accumulated depreciation	<u>(15,494,013)</u>	<u>(1,383,429)</u>	<u>--</u>	<u>(16,877,442)</u>
Total capital assets being depreciated, net	<u>28,727,575</u>	<u>(1,208,399)</u>	<u>--</u>	<u>27,519,176</u>
Governmental activities capital assets, net	<u>\$ 29,102,516</u>	<u>\$ 237,793</u>	<u>\$ --</u>	<u>\$ 29,340,309</u>

Depreciation was charged to functions as follows:

Instruction	\$ 780,886
Instructional Resources and Media Services	16,623
Curriculum and Staff Development	24,466
Instructional Leadership	33,626
School Leadership	81,388
Guidance, Counseling, & Evaluation Services	28,451
Health Services	9,522
Student Transportation	34,480
Food Services	85,389
Extracurricular Activities	55,084
General Administration	67,171
Plant Maintenance and Operations	126,809
Security and Monitoring Services	18,972
Data Processing Services	19,431
Community Services	1,131
	<u>\$ 1,383,429</u>

E. Interfund Balances and Activities

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1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2022, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	ESSER II	\$ 330,996	Short-term loans
General Fund	Other Governmental Funds	467,481	Short-term loans
General Fund	ESSER III	1,067,655	Short-term loans
Other Governmental Fund	General Fund	41,487	Short-term loans
	Total	<u>\$ 1,907,619</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

There were no transfers to or from other funds at August 31, 2022.

F. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2022, are as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 9/1/21	Issued	Retired	Amounts Outstanding 8/31/22	Amounts Due Within One Year
Unlimited Tax School Building Bonds Series 2014	2.00% to 4.00%	9,005,000	8,080,000	--	45,000	8,035,000	45,000
Unlimited Tax School Building Bonds Series 2015	2.00% to 4.00%	4,120,000	1,505,000	--	500,000	1,005,000	520,000
Unlimited Tax School Building Bonds Series 2019	2.08% to 3.53%	2,000,000	1,545,000	--	208,000	1,337,000	194,000
Unlimited Tax School Building Bonds Series 2019A	2.64%	4,000,000	3,532,000	--	249,000	3,283,000	249,000
Maintenance Tax Notes Series, 2019	3.46%	3,600,000	3,269,000	--	203,000	3,066,000	211,000
			<u>17,931,000</u>	<u>--</u>	<u>1,205,000</u>	<u>16,726,000</u>	<u>1,219,000</u>

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
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Loans Payable	239,015	--	96,666	142,349	45,673
Bond Premium	597,223	--	88,262	508,961	88,262
Net Pension Liability	4,710,902	(2,090,009)	352,147	2,268,746	--
Net OPEB Liability	4,853,657	321,672	96,089	5,079,240	--
Compensated Absences	92,620	--	529	92,091	--
Total governmental activities	<u>\$ 28,424,417</u>	<u>\$ (1,768,337)</u>	<u>\$ 1,838,693</u>	<u>\$ 24,817,387</u>	<u>\$ 1,352,935</u>

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2022, are as follows:

Year Ending August 31,	Governmental Activities					
	General Obligation Bonds			Maintenance Tax Debt		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 1,008,000	\$ 464,349	\$ 1,472,349	\$ 211,000	\$ 106,084	\$ 317,084
2023	1,017,000	431,184	1,448,184	218,000	98,783	316,783
2024	1,028,000	398,363	1,426,363	225,000	91,240	316,240
2025	1,041,000	365,807	1,406,807	233,000	83,455	316,455
2026	1,059,000	330,816	1,389,816	241,000	75,393	316,393
2027-2031	5,861,000	1,086,689	6,947,689	1,336,000	246,006	1,582,006
2032-2034	2,646,000	133,745	2,779,745	602,000	31,417	633,417
Totals	<u>\$ 13,660,000</u>	<u>\$ 3,210,953</u>	<u>\$ 16,870,953</u>	<u>\$ 3,066,000</u>	<u>\$ 732,378</u>	<u>\$ 3,798,378</u>

General obligation bonds are paid by the Debt Service Fund. Maintenance Tax Notes are paid by the General Fund.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions.

The District had no defeased bonds outstanding at August 31, 2022.

Jim Hogg County Independent School District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Events Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC rule 15c2-12 to enable investors to analyze the financial condition and operations of Jim Hogg County Independent School District.

3. Loans Payable

During 2020, the District entered into a loan agreement for the acquisition of 3 school buses at a cost of \$228,689. Beginning in 2021, the annual loan payment is \$51,145, payable in five equal annual installments at 3.844%.

Scheduled loan payments are as follows:

Year Ending August 31:	Principal	Interest	Total
2023	45,673	5,472	51,145
2024	47,429	3,716	51,145
2025	49,247	1,898	51,145
Total	<u>\$ 142,349</u>	<u>\$ 11,086</u>	<u>\$ 153,435</u>

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
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G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 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.

H. Pension Plan

1. 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 exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

2. 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 <https://www.trs.texas.gov/Pages/about%20publications.aspx> ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) 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.

4. 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

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
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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.

	<u>Contribution Rates</u>	
	<u>2021</u>	<u>2022</u>
Member	7.7%	8.00%
Non-Employer Contributing Entity (State)	7.5%	7.75%
Employers	7.5%	7.75%
District's 2022 Employer Contributions		\$ 414,812
District's 2022 Member Contributions		\$ 693,430
2021 NECE On-Behalf Contributions (State)		\$ 356,340

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

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

5. Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
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JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
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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 as of August 2020	1.95% *
Last year ending August 31 in Projection Period	2120
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

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

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. For a full description of these assumptions, please see the actuarial valuation report dated November 9, 2020.

6. Discount Rate

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

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

The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2021 are summarized below:

Asset Class *	Target Allocation **	Long-Term Expected Arithmetic Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	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%
Stable Value			
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%

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Real Return			
Real Estate	15.0%	4.5%	1.00%
Energy, Natural Resources and Infrastructure	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
Risk Parity	8.0%	2.8%	0.28%
Asset Allocation Leverage			
Cash	2.0%	(0.7)%	(0.01)%
Asset Allocation Leverage	(6.0%)	(0.5)%	0.03%
Inflation Expectation			2.20%
Volatility Drag ****	-		(0.95)%
Expected Return	<u>100.0%</u>		<u>6.90%</u>

* Absolute Return includes Credit Sensitive Investments.
 ** Target allocations are based on the FY2021 policy model.
 *** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021)
 **** The volatility drag results from the conversion between arithmetic and geometric mean returns.

7. Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using a discount rate of 7.25 percent, and what the net position liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) 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:	\$ 4,957,570	\$ 2,268,746	\$ 87,293

8. 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 \$2,268,746 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 2,268,746
State's proportionate share that is associated with District	<u>2,126,486</u>
Total	<u>\$ 4,395,232</u>

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 District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

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At August 31, 2021 the employer's proportion of the collective net pension liability was 0.0089087607%, which was an increase (decrease) of 0.0001128664% from its proportion measured as of August 31, 2020.

9. Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2022, the District recognized pension expense of \$414,097 and revenue of \$8,501 for support provided by the State.

At August 31, 2022, the District reported its proportionate share of the TRS 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 Actuarial Experience	\$ 3,797	\$ 159,722
Changes in Actuarial Assumptions	801,957	349,585
Difference Between Projected and Actual Investment Earnings	--	1,902,314
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	806,841	108,042
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	414,812	--
Total	<u>\$ 2,027,407</u>	<u>\$ 2,519,663</u>

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

Year ended August 31,	Pension Expense Amount
2023	\$ (100,060)
2024	\$ (120,284)
2025	\$ (274,441)
2026	\$ (432,194)
2027	\$ 21,697
Thereafter	\$ (1,786)

I. Defined Other Post-Employment Benefit Plans

1. 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 with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

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2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

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

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

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

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

4. Contributions

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 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 or charter school. 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.

Contribution Rates	
	<u>2022</u>
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

Federal/Private Funding remitted by Employers	1.25%
---	-------

District's 2022 Employer Contributions	\$	106,305
District's 2022 Member Contributions	\$	56,978
2021 NECE On-Behalf Contributions (state)	\$	137,819

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to *(regardless of whether they participate in the TRS Care OPEB Program)*. When hiring a TRS retiree, employers are required to pay TRS Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

5. 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:

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 Disability
Rates of Retirement	General Inflation
Rates of Termination	Wage Inflation

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.

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.
Projected Salary Increases	3.05% to 9.05%, including inflation
Health Care Trend Rates	8.5% to 4.25%
Election Rates	Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65.

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

	Pre-65 retirees - 25% are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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.

6. Discount Rate

A single discount rate of 1.95 percent was used to measure the Total OPEB Liability. This 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 used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District's proportionate share of the Net OPEB Liability:	\$ 6,126,734	\$ 5,079,240	\$ 4,254,828

8. 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 \$5,079,240 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 5,079,240
State's proportionate share that is associated with the District	\$ 6,805,049
Total	\$ 11,884,289

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 District's proportion of the Net OPEB Liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the District's proportion of the collective net OPEB liability was 0.0131673617%, which was an increase (decrease) of 0.0003994566% from its proportion measured as of August 31, 2020.

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1 percent less than and 1 percent greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 4,114,016	\$ 5,079,240	\$ 6,374,330

9. 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 was changed from 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the Total OPEB Liability.

Changes of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

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	\$ 218,685	\$ 2,458,707
Changes in actuarial assumptions	562,585	1,074,165
Difference between projected and actual investment earnings	5,515	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,987,892	248,013
Contributions paid to TRS subsequent to the measurement date	106,305	
Total	<u>\$ 2,880,982</u>	<u>\$ 3,780,885</u>

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

Year ended August 31:	OPEB Expense Amount
2023	\$ (281,805)
2024	\$ (281,929)
2025	\$ (281,898)
2026	\$ (148,197)
2027	\$ 32,810
Thereafter	\$ (45,189)

For the year ended August 31, 2022, the District recognized OPEB expense of \$(167,294) and revenue of

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

\$(251,158) for support provided by the State.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2022, the subsidy payment received by TRS-Care on behalf of the District was \$40,814.

J. Employee Health Care Coverage

During the year ended August 31, 2022, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$415 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable September 1, 2022, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Blue Cross Blue Shield are available and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. Contingencies

The District participates in 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, refunds of any money received may be required and the collectibility of any related receivable 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 basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at August 31, 2022.

L. Shared Services Arrangements

The District receives 21st Century Community Learning Centers and Career & Technical funds from TEA and serves as SSA fiscal agent for the school districts listed below. The District has accounted for these funds using Model 1, in the SSA section of the Resource Guide. Expenditure of the SSA are summarized below.

Member Districts	Career & Technical Fund No. 244	Career & Technical Fund No. 338	21st Century Community Learning Ctr Fund No. 352
Jim Hogg County ISD	\$ 192,346	\$ 233,110	\$ 869,024
Benavides ISD	60,221	--	--
San Diego ISD	147,562	76,395	--
Webb County ISD	--	--	333,969
Total	\$ 400,129	\$ 309,505	\$ 1,202,993

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

M. Subsequent Events

The District has evaluated subsequent events through January 16, 2023, which is the date these financial statements were available to be issued. There were no subsequent events that required disclosure.

N. Restatement of Beginning Fund Balance and Net Position

For Fiscal Year 2021-2022, management determined that payments for attorney fees for tax protest services were inadvertently coded to a clearing account instead of as an expenditure of the District in prior years.

The restatement is as follows:

	General Fund	Government-wide Net position
Beginning equity as originally stated	3,064,557	5,539,735
Restatement for tax protest services	(118,903)	(118,903)
Beginning equity as restated	<u>2,945,654</u>	<u>5,420,832</u>

O. Due From Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2022, are reported on the combined financial statements as Due from Other Governments and are summarized below:

Fund	State Entitlements	Federal Grants	Total
General	\$ 485,493	\$ 71,667	\$ 557,160
ESSR II	--	330,996	330,996
ESSR III	--	1,067,655	1,067,655
Other Governmental	--	631,949	631,949
Total	<u>\$ 485,493</u>	<u>\$ 2,102,267</u>	<u>\$ 2,587,760</u>

P. Fund Balances

The following is a summary of Governmental Fund fund balances of the District at the year ended August 31, 2022:

General Fund

Nonspendable:	
Prepaid items	12,041
Restricted:	
Child Nutrition	609,497
Unassigned:	4,366,343
Total General Fund fund balance	<u>4,987,881</u>

Other Governmental Funds

Restricted:	
Retirement of Long Term Debt	198,161
Summer Feeding Program	3,147

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

Advanced Placement Incentives	800
State Textbook Fund	63,647
	<u>265,755</u>
Assigned:	
Capital Projects	84
	<u>265,839</u>
Total Other Governmental Fund fund balance	
Total Governmental fund balance	<u>\$ 5,253,720</u>

Q. Tax Abatements

The Jim Hogg County ISD Board of Trustees has approved an agreement with one company for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) under the Chapter 313 agreement must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the projects. The applications, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>.

After approval, the applicant company must maintain a viable presence in the district for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that a company terminates this Agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Sec 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Sec. 33.01(c), or its successor statute. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

Below is the abatement information that is required by GASB Statement No. 77 for M&O purposes. It includes the net benefit to the District but does not include any I&S impact.

	< A >	< B >	< C >	< D >	< E >	< F >	< G >
	Project	Project's	Amount of	Amount of	Company	Company	Net Benefit
	Value	Value	Applicant's	Applicant's	Revenue Loss	Supplemental	(Loss) to the
		Limitation	Applicant's	Applicant's	Payment to	Payment to	School District
		Amount	M&O Taxes	M&O Taxes	School District	School District	2021
Project	2021	2021	Paid 2021	Reduced 2021	2021	2021	(C+E+F)

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

1. \$106,798,460 \$10,000,000 \$96,340 \$932,556 \$69,356 \$91,643 \$160,997

Project Description

1. Sendero Wind Energy, LLC (Application #327)
 First Year Value Limitation: 2016

R. Food Service Operations Reported in General Fund

Beginning in 2011 fiscal year end, the District entered into a Provision #2 program with Child Nutrition, and such Districts do not charge students for meals. As required by the Financial Accountability System Resource Guide, revenues and expenditures for the Provision #2 Child Nutrition Program have been reported in the General Fund for 2021-2022. The following is a summary of the Food Service Operations included in the General Fund.

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
	Revenue:				
5700	Local	\$ 10,000	\$ 10,000	\$ 22,984	\$ 12,984
5800	State Program	4,400	4,400	16,799	12,399
5900	Federal Program	835,860	835,860	1,313,350	477,490
5020	Total Revenue	850,260	850,260	1,353,133	502,873
	Expenditures:				
0035	Food Services	776,460	897,628	1,039,169	(141,541)
0051	Plant Maintenance and Operations	73,800	73,800	57,644	16,156
6030	Total Expenditures	850,260	971,428	1,096,813	(125,385)
7915	Operating Transfer In	--	--	--	--
1200	Net Change in Fund Balance	--	(121,168)	256,320	377,488
0100	Fund Balance - Beginning	429,410	429,410	429,410	--
3000	Fund Balance - Ending	\$ 429,410	\$ 308,242	\$ 685,730	\$ 377,488

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Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT G-1
Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 3,216,711	\$ 3,216,711	\$ 3,354,170	\$ 137,459
5800	State Program Revenues	8,427,395	8,427,395	8,950,693	523,298
5900	Federal Program Revenues	945,370	945,370	1,906,104	960,734
5020	Total Revenues	12,589,476	12,589,476	14,210,967	1,621,491
EXPENDITURES:					
Current:					
	Instruction and Instructional Related Services:				
0011	Instruction	5,929,474	5,902,234	5,677,721	224,513
0012	Instructional Resources and Media Services	221,000	221,000	188,468	32,532
0013	Curriculum and Staff Development	37,600	37,600	23,658	13,942
	Total Instruction and Instr. Related Services	6,188,074	6,160,834	5,889,847	270,987
	Instructional and School Leadership:				
0021	Instructional Leadership	170,000	170,000	158,490	11,510
0023	School Leadership	920,000	920,000	912,930	7,070
	Total Instructional and School Leadership	1,090,000	1,090,000	1,071,420	18,580
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	275,000	275,000	258,966	16,034
0033	Health Services	77,000	77,000	40,168	36,832
0034	Student (Pupil) Transportation	425,661	410,661	309,009	101,652
0035	Food Services	776,460	897,628	1,039,169	(141,541)
0036	Cocurricular/Extracurricular Activities	890,000	792,564	662,413	130,151
	Total Support Services - Student (Pupil)	2,444,121	2,452,853	2,309,725	143,128
	Administrative Support Services:				
0041	General Administration	675,556	685,556	685,323	233
	Total Administrative Support Services	675,556	685,556	685,323	233
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	1,364,832	1,444,832	1,354,313	90,519
0052	Security and Monitoring Services	135,000	172,194	170,247	1,947
0053	Data Processing Services	105,000	105,000	95,801	9,199
	Total Support Services - Nonstudent Based	1,604,832	1,722,026	1,620,361	101,665
	Ancillary Services:				
0061	Community Services	500	500	474	26
	Total Ancillary Services	500	500	474	26
	Debt Service:				
0071	Principal on Long-Term Debt	299,667	299,668	299,662	6
0072	Interest on Long-Term Debt	123,857	123,857	123,857	--
	Total Debt Service	423,524	423,525	423,519	6
0099	Other Intergovernmental Charges	162,868	175,350	168,071	7,279
	Total Intergovernmental Charges	162,868	175,350	168,071	7,279
6030	Total Expenditures	12,589,475	12,710,644	12,168,740	541,904
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	1	(121,168)	2,042,227	2,163,395

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT G-1
Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1200	Net Change in Fund Balance	1	(121,168)	2,042,227	2,163,395
0100	Fund Balance - Beginning	2,945,654	2,945,654	2,945,654	--
3000	Fund Balance - Ending	<u>\$ 2,945,655</u>	<u>\$ 2,824,486</u>	<u>\$ 4,987,881</u>	<u>\$ 2,163,395</u>

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	Measurement Year Ended August 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0089087607%	0.0087958943%	0.0074086020%	0.0058003465%	0.0065723720%	0.0063484396%	0.0064664000%	0.0040533000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,268,746	\$ 4,710,902	\$ 3,851,223	\$ 3,192,651	\$ 2,101,490	\$ 2,398,981	\$ 2,285,786	\$ 1,082,692
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	2,126,486	6,358,208	6,369,062	5,968,075	3,462,863	3,945,207	3,927,686	3,476,795
Total	\$ 4,395,232	\$ 11,069,110	\$ 10,220,285	\$ 9,160,726	\$ 5,564,353	\$ 6,344,188	\$ 6,213,472	\$ 4,559,487
District's Covered Payroll	\$ 8,471,218	\$ 9,495,773	\$ 9,022,022	\$ 7,972,807	\$ 6,835,502	\$ 6,960,084	\$ 6,341,945	\$ 6,303,589
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	26.78%	49.61%	42.69%	40.04%	30.74%	34.47%	36.04%	17.18%
Plan Fiduciary Net Position as a % of Total Pension Liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	Fiscal Year Ended August 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 414,812	\$ 428,999	\$ 317,541	\$ 274,528	\$ 240,096	\$ 213,938	\$ 194,726	\$ 190,724
Contribution in Relation to Contractually Required Contribution	(414,812)	(428,999)	(317,541)	(274,528)	(240,096)	(213,938)	(194,726)	(190,724)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 8,667,851	\$ 8,471,218	\$ 9,495,773	\$ 9,022,022	\$ 7,972,807	\$ 6,827,962	\$ 6,960,084	\$ 6,341,945
Contributions as a % of Covered Payroll	4.79%	5.06%	3.34%	3.04%	3.01%	3.13%	2.80%	3.01%

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

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	Measurement Year Ended August 31,				
	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0131673617%	0.0127679051%	0.0113962741%	0.0087571763%	0.0094783409%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 5,079,240	\$ 4,853,657	\$ 5,389,438	\$ 4,372,538	\$ 4,121,775
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	6,805,049	6,522,152	7,161,357	5,683,678	5,148,627
Total	\$ 11,884,289	\$ 11,375,809	\$ 12,550,795	\$ 10,056,216	\$ 9,270,402
District's Covered Payroll	\$ 8,471,218	\$ 9,495,773	\$ 9,022,022	\$ 7,972,807	\$ 6,835,502
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	59.96%	51.11%	59.74%	54.84%	60.30%
Plan Fiduciary Net Position as a % of Total OPEB Liability	6.18%	4.99%	2.66%	1.57%	0.91%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	Fiscal Year Ended August 31,				
	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 106,305	\$ 102,971	\$ 93,606	\$ 82,955	\$ 73,652
Contribution in Relation to Contractually Required Contribution	(106,305)	(102,971)	(93,606)	(82,955)	(73,652)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 8,667,851	\$ 8,471,218	\$ 9,495,773	\$ 9,022,022	\$ 7,972,807
Contributions as a % of Covered Payroll	1.23%	1.22%	0.99%	0.92%	0.92%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2022

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

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

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2022

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2013 and Prior Years	\$	Various	\$	Various	\$	Various
2014		1.0401		.1201		366,105,330
2015		1.0401		.2946		343,907,580
2016		1.0401		.3095		323,194,280
2017		1.0401		.2391		304,352,910
2018		1.0401		.2282		313,840,288
2019		1.0401		.2399		304,980,970
2020		.9701		.3846		342,367,092
2021		.9564		.3376		340,406,569
2022 (School Year Under Audit)		.9634		.3618		334,629,414

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/21	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/22
\$ 549,688	\$ --	\$ 4,944	\$ 543	\$ (46,445)	\$ 497,756
47,521	--	966	112	(75)	46,368
81,158	--	1,615	457	(122)	78,964
55,062	--	2,108	627	(525)	51,802
41,592	--	3,492	803	(541)	36,756
58,420	--	6,632	1,455	(689)	49,644
66,724	--	11,843	2,731	(782)	51,368
111,610	--	19,858	7,873	(1,171)	82,708
173,216	--	55,392	19,553	(799)	97,472
--	4,434,509	3,050,556	1,145,619	(27,587)	210,747
<u>\$ 1,184,991</u>	<u>\$ 4,434,509</u>	<u>\$ 3,157,406</u>	<u>\$ 1,179,773</u>	<u>\$ (78,736)</u>	<u>\$ 1,203,585</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF AUGUST 31, 2022

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 1,473,857
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30, 34)	\$ 729,987
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 35,394
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 81,225

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		1	2	3 Variance Positive (Negative)
		<u>Budget</u>	<u>Actual</u>	<u></u>
REVENUES:				
5700	Local and Intermediate Sources	\$ 1,561,319	\$ 1,464,814	\$ (96,505)
5800	State Program Revenues	--	7,452	7,452
5020	Total Revenues	<u>1,561,319</u>	<u>1,472,266</u>	<u>(89,053)</u>
EXPENDITURES:				
Debt Service:				
0071	Principal on Long-Term Debt	1,013,000	1,002,000	11,000
0072	Interest on Long-Term Debt	548,319	497,342	50,977
0073	Bond Issuance Costs and Fees	800	800	--
	Total Debt Service	<u>1,562,119</u>	<u>1,500,142</u>	<u>61,977</u>
6030	Total Expenditures	<u>1,562,119</u>	<u>1,500,142</u>	<u>61,977</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(800)</u>	<u>(27,876)</u>	<u>(27,076)</u>
1200	Net Change in Fund Balance	<u>(800)</u>	<u>(27,876)</u>	<u>(27,076)</u>
0100	Fund Balance - Beginning	226,037	226,037	--
3000	Fund Balance - Ending	<u>\$ 225,237</u>	<u>\$ 198,161</u>	<u>\$ (27,076)</u>

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Lovvorn & Kieschnick, LLP
418 Peoples Street, Ste. 308
Corpus Christi, TX 78401

Independent Auditor's Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards*

Board of Trustees
Jim Hogg County Independent School District
210 West Lucile
Hebbronville, Texas 78361

Members of the Board of Trustees:

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jim Hogg County Independent School District, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Jim Hogg County Independent School District's basic financial statements, and have issued our report thereon dated January 16, 2023.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jim Hogg County Independent School 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be

reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Respectfully submitted,

A handwritten signature in black ink that reads "Lovvorn & Kieschnick, LLP". The signature is written in a cursive, flowing style.

Lovvorn & Kieschnick, LLP

Corpus Christi, TX
January 16, 2023

Lovvorn & Kieschnick, LLP
418 Peoples Street, Ste. 308
Corpus Christi, TX 78401

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

Board of Trustees
Jim Hogg County Independent School District
210 West Lucile
Hebbronville, Texas 78361

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jim Hogg County Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Jim Hogg County Independent School District's major federal programs for the year ended August 31, 2022. Jim Hogg County Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Jim Hogg County Independent School District complied, in all material respects, with the 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.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Jim Hogg County Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Jim Hogg County Independent School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Jim Hogg County Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Jim Hogg County Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Jim Hogg County Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

Lovvorn + Kieschnick, LLP

Lovvorn & Kieschnick, LLP

Corpus Christi, TX
January 16, 2023

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2022

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

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

Version of compliance supplement used in audit: April 2022

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)?? Yes X No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425W	ARP Homeless II
84.425D	CRRSA ESSER II
84.425U	ARP ESSER III
84.287C	21st Century Community Learning Center

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2022

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A - No prior findings		

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2022

Program

Corrective Action Plan

N/A

No corrective action required

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT K-1

(1)	(2)	(2A)	(3)	
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Pass- Through Entity Identifying Number	Passed Through to Subre- cipients	Federal Expenditures
U. S. Department of Education				
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010A	22610101124901	\$ --	\$ 479,513
IDEA-B Cluster:				
IDEA-Part B, Formula	84.027A	226600011249016000	--	256,183
IDEA - Part B, Formula - American Rescue Plan (ARP) Act of 2021	84.027X	225350011249015000	--	51,200
IDEA-Part B, Preschool	84.173A	226610011249016000	--	14,476
IDEA - Part B, Preschool - American Rescue Plan (ARP) Act of 2021	84.173X	225360011249015000	--	2,742
Total IDEA-B Cluster			--	324,601
Career and Technical Education - Basic Grant	84.048A	21420006124901	400,129	400,129
21-22 Perkins V: Strengthening CTE for 21st Century	84.048A	22420006124901	--	23,351
SSA Career and Technical - Quality Work Force	84.048A	224200287110008	309,505	328,755
Total ALN Number 84.048A			709,634	752,235
SSA Title IV Part B 21st Century Community Learning Centers	84.287C	226950267110026	1,138,334	1,164,240
SSA Title IV Part B 21st Century Community Learning Centers	84.287C	226950267110026	64,659	64,659
Total ALN Number 84.287C			1,202,993	1,228,899
GEAR UP	84.334B	P334A180024	--	6,001
GEAR UP	84.334B	P334A180024	--	92,125
Total ALN Number 84.334B			--	98,126
ESEA, Title V, Part B, Subpart 2-Rural and Low Income School Grant Program	84.358B	22696001124901	--	25,917
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	22694501124901	--	60,297
IDEA - Part B, Preschool - American Rescue Plan (ARP) Act of 2021	84.374A	U374A160002	--	219,967
Title IV, Part A, Subpart 1	84.424A	22680101124901	--	41,842
ESSER Fund II of the CRRSA Act	84.425D	21521001124901	--	830,618
ESSER Fund III of the American Rescue Plan Act of 2021	84.425U	21528001124901	--	3,596,876
American Rescue Plan (ARP) Act - Homeless II - Education for Homeless Children and Youth Program	84.425W	21533002124901	--	153
Total Passed Through State Department of Education			1,912,627	7,659,044
Passed Through Education Service Center Region 1 Title III, Part A - ELA	84.365A	22671001108950	--	2,218
Total Passed Through Education Service Center Region 1			--	2,218
Total U. S. Department of Education			1,912,627	7,661,262
U. S. Department of Health and Human Services				
COVID-19 School Health Support Grant	93.323	39352201	--	44,047
Total Passed Through State Department of Education			--	44,047
Total U. S. Department of Health and Human Services			--	44,047
U. S. Department of Agriculture				
Passed Through Texas Department of Agriculture:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	124-901	--	412,507
National School Lunch Program	10.555	124-901	--	804,829
Total Child Nutrition Cluster			--	1,217,335
Commodity Supplemental Food Program	10.565	124-901	--	96,015
Total Passed Through Texas Department of Agriculture			--	1,313,350
Total U. S. Department of Agriculture			--	1,313,350
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,912,627	\$ 9,018,659

The accompanying notes are an integral part of this schedule.

JIM HOGG COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

Federal Assistance Reconciliation

Federal Grants and Contracts Revenues per Exhibit C-2	9,255,243
Less: School Health & Related Services (SHARS) reported in General Fund	<u>(236,584)</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u><u>9,018,659</u></u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Jim Hogg County Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Jim Hogg County Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.