

**HARDIN-JEFFERSON
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

Hardin-Jefferson Independent School District
Annual Financial Report
For The Year Ended June 30, 2022

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Introductory Section

CERTIFICATE OF BOARD

Hardin-Jefferson Independent School District
Name of School District

Hardin
County

100-905
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 June 30, 2022, at a meeting of the board of trustees of such school district on the 14th day of November, 2022.



Signature of Board Secretary



Signature of Board President

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

Financial Section

WEST, DAVIS & COMPANY, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759
www.westdavis.com / gary@westdavis.com

Independent Auditors' Report

To the Board of Trustees
Hardin-Jefferson Independent School District
Sour Lake, Texas

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 Hardin-Jefferson Independent School District ("the District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Hardin-Jefferson 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 Hardin-Jefferson Independent School District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hardin-Jefferson 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

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

Auditors' 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 Hardin-Jefferson Independent School District's basic financial statements. The introductory section and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts 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 individual nonmajor fund financial statements and 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 individual nonmajor fund financial statements and 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.

Other Information Included in the Annual Report

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

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2022 on our consideration of Hardin-Jefferson 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 Hardin-Jefferson Independent School District's internal control over financial reporting and compliance.



West, Davis & Company, LLP
Austin, Texas
November 6, 2022

Hardin-Jefferson Independent School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Hardin-Jefferson Independent School District (the District), discuss and analyze the District's financial performance for the year ended June 30, 2022. Please read it in conjunction with the independent auditors' report on page 2, and the District's Basic Financial Statements, which begin on page 10. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 and 11). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise. Fund financial statements (starting on page 12) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

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

The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's Net Position and changes in them. The District's Net Position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's Net Position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we classify the District's activities as Governmental activities:

- Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 12 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service funds report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 21 and 22. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental and business-type activities.

Net Position of the District's governmental activities increased by \$1.3 million.

Table I
Hardin-Jefferson Independent School District

	NET POSITION	
	in thousands	
	Governmental Activities	
	2022	2021
Current and other assets	31,085	45,997
Capital assets	64,648	40,077
Total assets	<u>95,733</u>	<u>86,074</u>
Deferred outflow related to pensions	2,874	1,958
Deferred outflow related to OPEB	2,917	1,319
Total deferred outflows of resources	<u>5,791</u>	<u>3,277</u>
Long-term liabilities	65,833	68,520
Other liabilities	8,664	7,167
Total liabilities	<u>74,497</u>	<u>75,687</u>
Deferred inflow related to pensions	3,160	1,064
Deferred inflow related to OPEB	5,479	5,110
Total deferred inflows of resources	<u>8,639</u>	<u>6,174</u>
Net position:		
Invested in capital assets, net of related debt	12,399	6,065
Restricted	5,662	4,314
Unrestricted	327	-2,889
Total net position	<u>18,388</u>	<u>7,490</u>

Table II
Hardin-Jefferson Independent School District

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	113	705
Operating grants and contributions	4,862	2,884
General revenues:		
Maintenance and operations taxes	10,094	9,797
Debt service taxes	3,498	3,074
State aid - formula grants	17,188	11,575
Investment Earnings	45	10
Miscellaneous	1,373	440
Total Revenues	<u>37,173</u>	<u>28,485</u>
Expenses:		
Instruction, curriculum and media services	13,009	14,101
Instructional and school leadership	1,405	1,506
Student support services	2,324	2,232
Child nutrition	1,240	934
Extracurricular activities	1,180	1,097
General administration	973	1,185
Plant maintenance, security & data processing	4,364	4,459
Debt services	1,484	1,389
Other	296	280
Total Expenses	<u>26,275</u>	<u>27,183</u>
Change in Net Position	<u>10,898</u>	<u>1,302</u>

NET PENSION AND OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) LIABILITY (GASB 75)

The District must assume their proportionate share of the Net Pension and Net OPEB liability. The District's net OPEB liability at year end totaled \$7.2 million. The net pension liability totaled \$2.6 million.

THE DISTRICT'S FUNDS

As the District completed this annual period, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$19.7 million.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in June 2020). The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

CAPITAL ASSET AND DEBT ADMINISTRATIONS

Capital Assets

At year-end, the District had \$64.6 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

More detailed information about the District's capital assets is presented in Note D to the financial statements.

Debt

At year-end, the District had \$54.7 million in bonds outstanding versus \$56.1 million last year. More detailed information about the District's long-term liabilities is presented in Note F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected officials considered many factors when setting the fiscal year 2023 budget and tax rates. Those factors include changes in enrollment, property values, the economy, and legislative mandates.

Over the past two years the District has seen a decline in enrollment due to the COVID pandemic, however, there was a 7.13% increase in enrollment for 2021-2022. Current trends in enrollment show a similar increase for 2022-2023. This, in addition to an increase in taxable property values of 8.5%, led the District to adopt a surplus budget of \$318 thousand. The 2023 Maintenance & Operations (M&O) tax rate was decreased to \$0.8755, while the Interest & Sinking (I&S) tax rate remained at \$0.30.

In 2022, the District continued construction of the fieldhouse and middle school, which were destroyed in 2017 by Hurricane Harvey, as well as, the new auditorium at the high school. Construction is expected to be complete in the summer of 2023.

The District is taking a conservative approach to budgeting for 2022-2023. Non-essential capital projects will not be funded, and fund balance will be preserved in order to compensate for any unforeseen issues.

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 show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Hardin-Jefferson Independent School District, P.O. Box 2003, Sour Lake, Texas 77659.

Basic Financial Statements

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2022

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 23,539,791
1225	Property Taxes Receivable (Net)	2,764,458
1240	Due from Other Governments	4,404,876
1290	Other Receivables (Net)	8,454
1300	Inventories	38,367
1410	Unrealized Expenses	329,139
Capital Assets:		
1510	Land	469,474
1520	Buildings and Improvements, Net	33,673,515
1530	Furniture and Equipment, Net	1,400,158
1550	Right to Use Assets, Net	1,000
1580	Construction in Progress	<u>29,103,836</u>
1000	Total Assets	<u>95,733,068</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	Deferred Outflow Related to Pensions	2,874,184
	Deferred Outflow Related to OPEB	<u>2,917,245</u>
1700	Total Deferred Outflows of Resources	<u>5,791,429</u>
LIABILITIES:		
2110	Accounts Payable	1,938,782
2140	Interest Payable	535,309
2165	Accrued Liabilities	1,355,874
2180	Due to Other Governments	251,199
2300	Unearned Revenue	4,582,762
Noncurrent Liabilities:		
2501	Due Within One Year	2,050,000
2502	Due in More Than One Year	53,979,560
2540	Net Pension Liability	2,639,046
2545	Net OPEB Liability	<u>7,164,322</u>
2000	Total Liabilities	<u>74,496,854</u>
DEFERRED INFLOWS OF RESOURCES:		
	Deferred Inflow Related to Pensions	3,160,130
	Deferred Inflow Related to OPEB	<u>5,479,440</u>
2600	Total Deferred Inflows of Resources	<u>8,639,570</u>
NET POSITION:		
3200	Net Investment in Capital Assets	12,399,246
Restricted For:		
3820	State and Federal Programs	1,108,902
3850	Debt Service	4,203,041
3870	Campus Activities	195,705
3890	Other Purposes	153,725
3900	Unrestricted	<u>327,454</u>
3000	Total Net Position	<u>\$ 18,388,073</u>

The accompanying notes are an integral part of this statement.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICTSTATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 12,587,472	\$ 59,250	\$ 2,979,650	\$ (9,548,572)	
12	Instructional Resources and Media Services	182,482	--	--	(182,482)	
13	Curriculum and Staff Development	238,228	--	270	(237,958)	
21	Instructional Leadership	175,869	--	--	(175,869)	
23	School Leadership	1,228,876	--	--	(1,228,876)	
31	Guidance, Counseling, and Evaluation Services	843,553	--	233,177	(610,376)	
33	Health Services	151,604	--	--	(151,604)	
34	Student Transportation	1,328,895	--	--	(1,328,895)	
35	Food Service	1,239,874	--	1,550,748	310,874	
36	Cocurricular/Extracurricular Activities	1,180,187	50,724	--	(1,129,463)	
41	General Administration	973,457	--	--	(973,457)	
51	Facilities Maintenance and Operations	3,793,402	2,540	55,865	(3,734,997)	
52	Security and Monitoring Services	129,027	--	25,192	(103,835)	
53	Data Processing Services	441,722	--	--	(441,722)	
72	Interest on Long-term Debt	1,482,135	--	--	(1,482,135)	
73	Bond Issuance Costs and Fees	1,715	--	--	(1,715)	
81	Capital Outlay	--	--	17,377	17,377	
95	Payments to Juvenile Justice Alternative Ed. Programs	11,349	--	--	(11,349)	
99	Other Intergovernmental Charges	284,999	--	--	(284,999)	
TG	Total Governmental Activities	<u>26,274,846</u>	<u>112,514</u>	<u>4,862,279</u>	<u>(21,300,053)</u>	
TP	Total Primary Government	<u>\$ 26,274,846</u>	<u>\$ 112,514</u>	<u>\$ 4,862,279</u>	<u>(21,300,053)</u>	
	General Revenues:					
MT	Property Taxes, Levied for General Purposes				10,094,509	
DT	Property Taxes, Levied for Debt Service				3,497,663	
IE	Investment Earnings				45,307	
GC	Grants and Contributions Not Restricted to Specific Programs				17,187,756	
MI	Miscellaneous				1,372,720	
TR	Total General Revenues				<u>32,197,955</u>	
CN	Change in Net Position				10,897,902	
NB	Net Position - Beginning				7,490,171	
NE	Net Position - Ending				<u>\$ 18,388,073</u>	

The accompanying notes are an integral part of this statement.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

Data Control Codes	10 <u>General Fund</u>	Federally Funde Special Revenue Funds
ASSETS:		
1110 Cash and Cash Equivalents	\$ 14,737,419	\$ --
1225 Taxes Receivable, Net	2,148,130	--
1240 Due from Other Governments	3,313,869	--
1260 Due from Other Funds	1,838	--
1290 Other Receivables	8,454	--
1300 Inventories	<u>25,227</u>	<u>--</u>
1000 Total Assets	<u>20,234,937</u>	<u>--</u>
LIABILITIES:		
Current Liabilities:		
2110 Accounts Payable	\$ 206,489	\$ --
2150 Payroll Deductions and Withholdings	(2,626)	--
2160 Accrued Wages Payable	1,353,008	--
2170 Due to Other Funds	--	--
2180 Due to Other Governments	261,251	--
2200 Accrued Expenditures	--	--
2300 Unearned Revenue	<u>6,710,676</u>	<u>--</u>
2000 Total Liabilities	<u>8,528,798</u>	<u>--</u>
FUND BALANCES:		
Nonspendable Fund Balances:		
3410 Inventories	--	--
Restricted Fund Balances:		
3450 Federal/State Funds Grant Restrictions	--	--
3470 Capital Acquisitions and Contractual Obligations	--	--
3480 Retirement of Long-Term Debt	--	--
3490 Other Restrictions of Fund Balance	--	--
Committed Fund Balances:		
3545 Other Committed Fund Balance	4,242,742	--
3600 Unassigned	<u>7,463,397</u>	<u>--</u>
3000 Total Fund Balances	<u>11,706,139</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 20,234,937</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

id e	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
	\$ 4,076,608	\$ 4,140,576	\$ 382,983	\$ 23,337,586
	616,328	--	--	2,764,458
	--	--	1,091,007	4,404,876
	--	--	--	1,838
	--	--	--	8,454
	--	--	13,140	38,367
	<u>4,692,936</u>	<u>4,140,576</u>	<u>1,487,130</u>	<u>30,555,579</u>
	\$ --	\$ 1,727,475	\$ --	\$ 1,933,964
	--	--	--	(2,626)
	--	--	--	1,353,008
	--	1,838	--	1,838
	--	--	(10,052)	251,199
	--	--	5,492	5,492
	<u>616,328</u>	<u>--</u>	<u>20,218</u>	<u>7,347,222</u>
	<u>616,328</u>	<u>1,729,313</u>	<u>15,658</u>	<u>10,890,097</u>
	--	--	13,140	13,140
	--	--	1,157,923	1,157,923
	--	2,411,263	--	2,411,263
	4,076,608	--	--	4,076,608
	--	--	300,409	300,409
	--	--	--	4,242,742
	--	--	--	7,463,397
	<u>4,076,608</u>	<u>2,411,263</u>	<u>1,471,472</u>	<u>19,665,482</u>
	<u>\$ 4,692,936</u>	<u>\$ 4,140,576</u>	<u>\$ 1,487,130</u>	<u>\$ 30,555,579</u>

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total fund balances - governmental funds balance sheet	\$ 19,665,482
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	64,647,983
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	2,764,460
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	195,666
Payables for bond principal which are not due in the current period are not reported in the funds.	(54,660,001)
Payables for bond interest which are not due in the current period are not reported in the funds.	(535,309)
Unrealized insurance premiums are amortized in the SNP but not in the funds.	329,139
Bond premiums are amortized in the SNP but not in the funds.	(2,094,838)
The accounting loss on refunding bonds is not reported in the funds.	725,278
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(2,639,046)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(3,160,130)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,874,184
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(7,164,322)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(5,479,440)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	2,917,245
Other reconciling items	<u>1,722</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 18,388,073</u>

The accompanying notes are an integral part of this statement.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	10 <u>General Fund</u>	Federally Funde <u>Special Revenue Funds</u>
REVENUES:		
5700 Local and Intermediate Sources	\$ 10,497,112	\$ --
5800 State Program Revenues	12,892,632	--
5900 Federal Program Revenues	<u>285,526</u>	<u>5,915,540</u>
5020 Total Revenues	<u>23,675,270</u>	<u>5,915,540</u>
EXPENDITURES:		
Current:		
0011 Instruction	10,960,848	--
0012 Instructional Resources and Media Services	158,693	--
0013 Curriculum and Staff Development	232,858	--
0021 Instructional Leadership	178,441	--
0023 School Leadership	1,209,438	--
0031 Guidance, Counseling, and Evaluation Services	643,246	--
0033 Health Services	153,436	--
0034 Student Transportation	1,608,287	--
0035 Food Service	4,350	--
0036 Cocurricular/Extracurricular Activities	926,609	--
0041 General Administration	975,607	--
0051 Facilities Maintenance and Operations	3,554,748	--
0052 Security and Monitoring Services	92,423	--
0053 Data Processing Services	438,743	--
0071 Principal on Long-term Debt	--	--
0072 Interest on Long-term Debt	--	--
0073 Bond Issuance Costs and Fees	--	--
0081 Capital Outlay	449,773	--
0095 Payments to Juvenile Justice Alternative		
0095 Education Programs	11,349	--
0099 Other Intergovernmental Charges	<u>284,999</u>	<u>--</u>
6030 Total Expenditures	<u>21,883,848</u>	<u>--</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>1,791,422</u>	<u>5,915,540</u>
Other Financing Sources and (Uses):		
7915 Transfers In	5,915,540	--
8911 Transfers Out	<u>(5,969,943)</u>	<u>(5,915,540)</u>
7080 Total Other Financing Sources and (Uses)	<u>(54,403)</u>	<u>(5,915,540)</u>
1200 Net Change in Fund Balances	1,737,019	--
0100 Fund Balances - Beginning	<u>9,969,120</u>	<u>--</u>
3000 Fund Balances - Ending	<u>\$ 11,706,139</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

.d e	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
	\$ 3,377,519	\$ 2,974	\$ 857,568	\$ 14,735,173
	58,323	--	224,235	13,175,190
	--	--	3,697,274	9,898,340
	<u>3,435,842</u>	<u>2,974</u>	<u>4,779,077</u>	<u>37,808,703</u>
	--	--	2,066,140	13,026,988
	--	--	28,759	187,452
	--	--	3,785	236,643
	--	--	--	178,441
	--	--	48,513	1,257,951
	--	--	232,993	876,239
	--	--	--	153,436
	--	--	675	1,608,962
	--	--	1,337,644	1,341,994
	--	--	247,479	1,174,088
	--	1,474	--	977,081
	--	--	49,585	3,604,333
	--	--	25,192	117,615
	--	--	--	438,743
	1,450,000	--	--	1,450,000
	1,442,151	--	--	1,442,151
	1,715	--	--	1,715
	--	25,657,793	15,000	26,122,566
	--	--	--	11,349
	--	--	--	284,999
	<u>2,893,866</u>	<u>25,659,267</u>	<u>4,055,765</u>	<u>54,492,746</u>
	<u>541,976</u>	<u>(25,656,293)</u>	<u>723,312</u>	<u>(16,684,043)</u>
	--	5,969,943	--	11,885,483
	--	--	--	(11,885,483)
	--	5,969,943	--	--
	<u>541,976</u>	<u>(19,686,350)</u>	<u>723,312</u>	<u>(16,684,043)</u>
	3,534,632	22,097,613	748,160	36,349,525
	<u>\$ 4,076,608</u>	<u>\$ 2,411,263</u>	<u>\$ 1,471,472</u>	<u>\$ 19,665,482</u>

HARDIN-JEFFERSON 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 JUNE 30, 2022

Net change in fund balances - total governmental funds	\$ (16,684,043)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	26,572,366
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,001,416)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	264,396
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,450,000
(Increase) decrease in accrued interest from beginning of period to end of period.	9,024
The net revenue (expense) of internal service funds is reported with governmental activities.	3,362
The accounting loss on refunding bonds is not reported in the funds.	(49,008)
Bond premiums are reported in the funds but not in the SOA.	123,144
GASB 68 requires certain expenditures to be de-expended and recorded as deferred resource outflows.	(375,151)
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	1,256,175
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	91,364
GASB 75 requires certain expenditures to be de-expended and recorded as deferred resource outflows.	(122,934)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	110,427
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	251,836
Other reconciling items	<u>(1,640)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 10,897,902</u>

The accompanying notes are an integral part of this statement.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND

JUNE 30, 2022

Data Control Codes		Nonmajor Internal Service Fund
		Workers' Compensation
	ASSETS:	
	Current Assets:	
1110	Cash and Cash Equivalents	\$ 202,205
	Total Current Assets	<u>202,205</u>
1000	Total Assets	<u>202,205</u>
	LIABILITIES:	
	Current Liabilities:	
2110	Accounts Payable	\$ 4,818
	Total Current Liabilities	<u>4,818</u>
2000	Total Liabilities	<u>4,818</u>
	NET POSITION:	
3900	Unrestricted	<u>197,387</u>
3000	Total Net Position	<u>\$ 197,387</u>

The accompanying notes are an integral part of this statement.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET POSITION - INTERNAL SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes		Nonmajor Internal Service Fund
		Workers' Compensation
	OPERATING REVENUES:	
5700	Local and Intermediate Sources	\$ 91
5020	Total Revenues	<u>91</u>
	OPERATING EXPENSES:	
6100	Payroll Costs	(2,082)
6400	Other Operating Costs	<u>452</u>
6030	Total Expenses	<u>(1,630)</u>
1300	Change in Net Position	1,721
0100	Total Net Position - Beginning	195,666
3300	Total Net Position - Ending	<u>\$ 197,387</u>

The accompanying notes are an integral part of this statement.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Internal Service Funds
Cash Flows from Operating Activities:	
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	\$ --
Interest and Dividends on Investments	91
Cash Payments to Other Suppliers for Goods and Services	<u>(452)</u>
Net Cash Provided (Used) by Operating Activities	<u>(361)</u>
Cash Flows from Non-capital Financing Activities:	
Transfers From (To) Primary Government	<u>--</u>
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(361)
Cash and Cash Equivalents at Beginning of Year	<u>202,566</u>
Cash and Cash Equivalents at End of Year	<u>\$ 202,205</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 1,721
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	--
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	--
Increase (Decrease) in Accounts Payable	<u>(2,082)</u>
Total Adjustments	<u>(2,082)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (361)</u>

The accompanying notes are an integral part of this statement.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2022

Data Control Codes	Private-purpose Trust Funds	Scholarship Fund	Custodial Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
1110 Cash and Cash Equivalents	\$ 34,894		\$ 43,833
1800 Restricted Assets	<u>63,000</u>		<u>--</u>
1000 Total Assets	<u>97,894</u>		<u>43,833</u>
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ <u>21,141</u>		\$ <u>1,634</u>
2000 Total Liabilities	<u>21,141</u>		<u>1,634</u>
NET POSITION:			
3800 Held in Trust	76,753		--
3800 Restricted for Other Purposes	<u>--</u>		<u>42,102</u>
3000 Total Net Position	<u>\$ 76,753</u>		<u>\$ 42,102</u>

The accompanying notes are an integral part of this statement.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	Private- Purpose Trusts	
	Scholarship Fund	Custodial Funds
Additions:		
Investment Income	\$ 155	\$ --
Student fund raising activities	--	87,507
Total Additions	<u>155</u>	<u>87,507</u>
Deductions:		
Scholarship Awards	1,000	--
Cocurricular/Extracurricular Activities	--	157,549
Total Deductions	<u>1,000</u>	<u>157,549</u>
Change in Net Assets	(845)	(70,042)
Net Position-Beginning of the Year	<u>77,598</u>	<u>112,144</u>
Net Position-End of the Year	<u>\$ 76,753</u>	<u>\$ 42,102</u>

The accompanying notes are an integral part of this statement.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

A. Summary of Significant Accounting Policies

The basic financial statements of Hardin-Jefferson 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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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.

Federally Funded Special Revenue Fund: This fund accounts for financial activity associated with grants from the Federal Emergency Management Administration (FEMA) Public Assistance Disaster Grants.

Debt Service Fund: This fund accounts for property tax revenue and expenditures to pay bonded principal and interest when due.

Capital Projects Fund: This fund reflects bond proceeds and construction projects costs approved by voters.

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of the fiduciary resources to individuals, private organizations, or other governments.

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, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements 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

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. 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.

c. 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, 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.

d. 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.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

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>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

e. 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.

f. 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.

There are no significant receivables which are not scheduled for collection within one year of year end.

g. 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 of net position.

h. Use of Estimates

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

i. 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.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

j. 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.

k. 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.

l. Fund Balance Flow Assumptions

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

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
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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.

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 did not implement any new standards from the Governmental Accounting Standards Board (GASB).

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain leases assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The District has no 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>
None reported	Not applicable

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:

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

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C. Deposits and Investments

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 June 30, 2022, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$7,113,710 and the bank balance was \$11,560,140. The District's cash deposits at June 30, 2022 and during the year ended June 30, 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:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

* Not all assets meeting the definition of an investment are required to be reported at fair value. Included among excepted investments are certain investments held by 2a7-like external investment pools. As detailed below, the District has invested funds in specific 2a7-like external investment pools that are valued at amortized cost and not subject to the fair value hierarchy levels.

The District's investments at June 30, 2022 are shown below.

<u>Investment or Investment Type</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
TexStar	AAAm	15 Days*	\$ 10,689,830
Lone Star	AAAm	12 Days*	3,258,405
Tex Pool	AAAm	18 Days*	2,477,846
Total Investments			<u>\$ 16,426,081</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

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.

At June 30, 2022, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

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

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.

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D. Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 469,474	\$ --	\$ --	\$ 469,474
Construction in progress	3,133,453	26,112,811	142,428	29,103,836
Total capital assets not being depreciated	<u>3,602,927</u>	<u>26,112,811</u>	<u>142,428</u>	<u>29,573,310</u>
Capital assets being depreciated:				
Buildings and improvements	48,827,003	235,915	42,674	49,020,244
Furniture and equipment	5,241,945	366,069	300,332	5,307,682
Capital lease assets	224,115	--	104,665	119,450
Total capital assets being depreciated	<u>54,293,063</u>	<u>601,984</u>	<u>447,671</u>	<u>54,447,376</u>
Less accumulated depreciation for:				
Buildings and improvements	(13,929,650)	(1,459,753)	(42,674)	(15,346,729)
Furniture and equipment	(3,666,193)	(541,663)	(300,332)	(3,907,524)
Capital lease assets	(223,115)	--	(104,665)	(118,450)
Total accumulated depreciation	<u>(17,818,958)</u>	<u>(2,001,416)</u>	<u>(447,671)</u>	<u>(19,372,703)</u>
Total capital assets being depreciated, net	<u>36,474,105</u>	<u>(1,399,432)</u>	<u>--</u>	<u>35,074,673</u>
Governmental activities capital assets, net	<u>\$ 40,077,032</u>	<u>\$ 24,713,379</u>	<u>\$ 142,428</u>	<u>\$ 64,647,983</u>

Depreciation was charged to functions as follows:

Instruction	\$ 1,107,012
Instructional Resources and Media Services	15,180
Curriculum and Staff Development	21,707
Instructional Leadership	16,115
School Leadership	103,820
Guidance, Counseling, & Evaluation Services	57,393
Health Services	13,965
Student Transportation	137,992
Food Services	626
Extracurricular Activities	78,962
General Administration	87,250
Plant Maintenance and Operations	310,789
Security and Monitoring Services	11,412
Data Processing Services	39,193
	<u>\$ 2,001,416</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2022, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Capital Projects Fund	\$ 1,838	Reimburse expenditures
	Total	<u>\$ 1,838</u>	

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

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
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2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2022, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Capital Projects Fund	\$ 5,969,943	Provide resources for bond projects
Disaster Grant Funds	General fund	5,915,540	Reimburse expenditures
	Total	<u>\$ 11,885,483</u>	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 56,110,000	\$ --	\$ 1,450,000	\$ 54,660,000	\$ 2,050,000
Premium/Discount	2,217,982	--	123,144	2,094,838	--
Accounting loss on refunding	(774,286)	--	(49,008)	(725,278)	--
	57,553,696	--	1,524,136	56,029,560	2,050,000
Net Pension Liability *	4,791,705	(1,710,428)	442,231	2,639,046	--
Net OPEB Liability *	6,174,540	1,134,877	145,095	7,164,322	--
Total governmental activities	<u>\$ 68,519,941</u>	<u>\$ (575,551)</u>	<u>\$ 2,111,462</u>	<u>\$ 65,832,928</u>	<u>\$ 2,050,000</u>
			Due within one year	\$ 2,050,000	
			Due in more than one year	52,610,000	
				<u>\$ 54,660,000</u>	

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net Pension Liability *	Governmental	General
Net OPEB Liability *	Governmental	General

The following table displays total principal debt outstanding by issuance as of year end.

Date of Issue	Description	Interest Rates	Original Issue	Final Maturity Date	Debt Principal	Due In One Year
3/1/2015	Series 2015	3.75 to 5	\$ 9,239,998	8/15/2037	\$ 8,450,000	\$ 410,000
8/1/2016	Series 2016	2.0 to 3.0	9,410,000	8/15/2038	6,855,000	340,000
5/1/2017	Series 2017	3.5 to 4.75	9,390,000	8/15/2037	7,535,000	465,000
10/1/2018	Series 2018	3 to 4	8,310,000	8/15/2038	7,010,000	285,000
2/1/2021	Series 2021	1.2 to 4	24,810,000	8/15/2046	24,810,000	550,000
					<u>\$ 54,660,000</u>	<u>\$ 2,050,000</u>

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2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2022, are as follows:

Year Ending June 30,	Governmental Activities		
	Bonds		
	Principal	Interest	Total
2023	\$ 2,050,000	\$ 1,394,496	\$ 3,444,496
2024	2,115,000	1,326,021	3,441,021
2025	2,180,000	1,262,449	3,442,449
2026	2,240,000	1,200,821	3,440,821
2027	2,295,000	1,142,052	3,437,052
2028-2032	12,385,000	4,698,907	17,083,907
2033-2037	12,315,000	3,019,716	15,334,716
2038-2042	10,305,000	1,365,863	11,670,863
2043-2047	8,775,000	445,750	9,220,750
Totals	\$ 54,660,000	\$ 15,856,075	\$ 70,516,075

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

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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 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%	8.0%
Non-Employer Contributing Entity (State)	7.5%	7.75%
Employers	7.5%	7.75%
District's 2022 Employer Contributions		\$ 1,331,224
District's 2022 Member Contributions		\$ 1,245,875
2021 NECE On-Behalf Contributions (State)		\$ 912,711

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.

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- 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
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

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
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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%
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	100.0%		6.90%

* 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.

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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:	\$ 5,766,734	\$ 2,639,046	\$ 101,541

8. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported a liability of \$2,639,046 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	\$ 2,639,046
State's proportionate share that is associated with District	<u>5,446,667</u>
Total	<u>\$ 8,085,713</u>

The net pension liability was measured as of June 30, 2020 and rolled forward to June 30, 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.

At August 31, 2021 the employer's proportion of the collective net pension liability was 0.0103628286 percent which was an increase (decrease) of 0.0014160628 percent 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 June 30, 2022, the District recognized pension expense of \$305,562 and revenue of \$21,775 for support provided by the State.

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At June 30, 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	\$ 4,416	\$ 185,791
Changes in Actuarial Assumptions	932,851	406,643
Difference Between Projected and Actual Investment Earnings	--	2,212,806
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	680,742	354,890
Total as of August 31, 2021 measurement date	1,618,009	3,160,130
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	1,256,175	--
Total	\$ 2,874,184	\$ 3,160,130

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	\$ (270,338)
2024	\$ (290,868)
2025	\$ (454,883)
2026	\$ (619,869)
2027	\$ 66,581
Thereafter	\$ 27,256

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.

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.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

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	
	2022
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding remitted by Employers	1.25%

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

District's 2022 Employer Contributions	\$	132,538
District's 2022 Member Contributions	\$	91,704
2021 NECE On-Behalf Contributions (state)	\$	194,395

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

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

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:	\$ 8,641,823	\$ 7,164,322	\$ 6,001,480

8. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2022, the District reported a liability of \$729,430 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	\$ 7,164,322
State's proportionate share that is associated with the District	\$ <u>9,598,595</u>
Total	\$ <u><u>16,762,917</u></u>

The Net OPEB liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The 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, 2022 the District's proportion of the collective net OPEB liability was 0.0185727041, compared 0.0162425857 as of August 31, 2020.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 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:	\$ 5,802,863	\$ 7,164,322	\$ 8,991,061

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.

The amount of OPEB expense recognized by the District in the reporting period was \$(128,902).

At June 30, 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	\$ 308,458	\$ 3,468,033
Changes in actuarial assumptions	793,533	1,515,121
Difference between projected and actual investment earnings	7,778	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,697,049	496,286
Total as of August 31, 2021 measurement date	2,806,818	5,479,440
Contributions paid to TRS subsequent to the measurement date	110,427	
Total	\$ 2,917,245	\$ 5,479,440

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	\$ (622,373)
2024	\$ (622,549)
2025	\$ (622,503)
2026	\$ (433,919)
2027	\$ (178,607)
Thereafter	\$ (192,671)

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

For the year ended June 30, 2022, the District recognized OPEB expense of \$(128,902) and revenue of \$0 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 June 30, 2022, the subsidy payment received by TRS-Care on behalf of the District was \$66,871.

J. Employee Health Care Coverage

During the current fiscal year, employees of the District were covered by a statewide health insurance plan, TRS Active Care. The District paid premiums of \$278 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. Administration is provided by Aetna.

The latest financial information on TRS Active Care is available from TRS (see note on pension plan).

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 June 30, 2022.

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.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 10,006,827	\$ 10,146,844	\$ 10,497,112	\$ 350,268
5800	State Program Revenues	11,180,178	14,096,131	12,892,632	(1,203,499)
5900	Federal Program Revenues	200,000	200,000	285,526	85,526
5020	Total Revenues	<u>21,387,005</u>	<u>24,442,975</u>	<u>23,675,270</u>	<u>(767,705)</u>
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	12,044,543	13,094,724	10,960,848	2,133,876
0012	Instructional Resources and Media Services	164,557	179,557	158,693	20,864
0013	Curriculum and Staff Development	85,286	256,774	232,858	23,916
	Total Instruction and Instr. Related Services	<u>12,294,386</u>	<u>13,531,055</u>	<u>11,352,399</u>	<u>2,178,656</u>
Instructional and School Leadership:					
0021	Instructional Leadership	182,712	190,622	178,441	12,181
0023	School Leadership	1,246,343	1,228,072	1,209,438	18,634
	Total Instructional and School Leadership	<u>1,429,055</u>	<u>1,418,694</u>	<u>1,387,879</u>	<u>30,815</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	679,019	678,900	643,246	35,654
0033	Health Services	147,005	165,186	153,436	11,750
0034	Student (Pupil) Transportation	1,401,432	1,632,292	1,608,287	24,005
0035	Food Services	4,905	7,405	4,350	3,055
0036	Cocurricular/Extracurricular Activities	634,028	934,028	926,609	7,419
	Total Support Services - Student (Pupil)	<u>2,866,389</u>	<u>3,417,811</u>	<u>3,335,928</u>	<u>81,883</u>
Administrative Support Services:					
0041	General Administration	1,199,571	1,032,071	975,607	56,464
	Total Administrative Support Services	<u>1,199,571</u>	<u>1,032,071</u>	<u>975,607</u>	<u>56,464</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	3,052,995	3,676,290	3,554,748	121,542
0052	Security and Monitoring Services	125,000	135,000	92,423	42,577
0053	Data Processing Services	508,607	463,607	438,743	24,864
	Total Support Services - Nonstudent Based	<u>3,686,602</u>	<u>4,274,897</u>	<u>4,085,914</u>	<u>188,983</u>
Capital Outlay:					
0081	Capital Outlay	--	1,137,180	449,773	687,407
	Total Capital Outlay	<u>--</u>	<u>1,137,180</u>	<u>449,773</u>	<u>687,407</u>
Intergovernmental Charges:					
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	11,349	11,349	11,349	--
0099	Other Intergovernmental Charges	247,000	292,000	284,999	7,001
	Total Intergovernmental Charges	<u>258,349</u>	<u>303,349</u>	<u>296,348</u>	<u>7,001</u>
6030	Total Expenditures	<u>21,734,352</u>	<u>25,115,057</u>	<u>21,883,848</u>	<u>3,231,209</u>

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 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		
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>(347,347)</u>	<u>(672,082)</u>	<u>1,791,422</u>	<u>2,463,504</u>
Other Financing Sources (Uses):				
7915 Transfers In	<u>--</u>	<u>--</u>	<u>5,915,540</u>	<u>5,915,540</u>
8911 Transfers Out	<u>--</u>	<u>--</u>	<u>(5,969,943)</u>	<u>(5,969,943)</u>
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>(54,403)</u>	<u>(54,403)</u>
1200 Net Change in Fund Balance	<u>(347,347)</u>	<u>(672,082)</u>	<u>1,737,019</u>	<u>2,409,101</u>
0100 Fund Balance - Beginning	<u>9,969,120</u>	<u>9,969,120</u>	<u>9,969,120</u>	<u>--</u>
3000 Fund Balance - Ending	<u>\$ 9,621,773</u>	<u>\$ 9,297,038</u>	<u>\$ 11,706,139</u>	<u>\$ 2,409,101</u>

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS *

	Measurement Year Ended August 31,				
	2021	2020	2019	2018	2017
District's proportion of the net pension liability (asset)	0.0103628%	0.0089468%	0.0099471%	0.0095316%	0.0093608%
District's proportionate share of the net pension liability (asset)	\$ 2,639,046	\$ 4,791,705	\$ 5,170,806	\$ 5,246,416	\$ 2,993,066
State's proportionate share of the net pension liability (asset) associated with the District	5,446,667	11,381,100	10,077,111	10,952,021	6,521,824
Total	\$ 8,085,713	\$ 16,172,805	\$ 15,247,917	\$ 16,198,437	\$ 9,514,890
District's covered-employee payroll	\$ 14,740,806	\$ 13,865,662	\$ 12,697,454	\$ 12,265,233	\$ 11,872,338
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	17.90%	34.56%	40.72%	42.77%	25.21%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.24%	75.24%	82.17%	82.17%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

EXHIBIT G-2

Measurement Year Ended August 31,				
2016	2015	2014	2013	2012
0.0099897%	0.0102275%	0.0049221%	--	--
\$ 3,774,958	\$ 3,615,285	\$ 1,314,761	--	\$ --
7,991,312	7,621,686	6,770,880	--	--
<u>\$ 11,766,270</u>	<u>\$ 11,236,971</u>	<u>\$ 8,085,641</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 11,924,213	\$ 11,499,882	\$ 11,118,545	--	\$ --
31.66%	31.44%	11.82%	--	--
78.00%	78.43%	83.25%	--	--

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year				
	2022	2021	2020	2019	2018
Contractually required contribution	\$ 1,331,224	\$ 1,085,688	\$ 1,026,947	\$ 794,157	\$ 766,788
Contributions in relation to the contractually required contribution	(1,331,224)	(1,085,688)	(1,026,947)	(794,157)	(766,788)
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 15,669,172	\$ 14,475,834	\$ 13,692,631	\$ 12,578,783	\$ 12,185,386
Contributions as a percentage of covered-employee payroll	8.50%	7.50%	7.50%	6.31%	6.29%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

EXHIBIT G-3

		Fiscal Year							
		2017	2016	2015	2014	2013			
\$	808,751	\$	810,846	\$	759,461	\$	--	\$	--
	(808,751)		(810,846)		(759,461)		--		--
\$	<u>--</u>	\$	<u>--</u>	\$	<u>--</u>	\$	<u>--</u>	\$	<u>--</u>
\$	11,893,403	\$	11,843,038	\$	11,467,710	\$	--	\$	--
	6.80%		6.85%		6.62%		--		--

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Measurement Year Ended August 31,				
	2021	2020	2019	2018	2017
District's proportion of the collective net OPEB liability	0.018573%	0.016243%	0.016447%	0.015436%	0.016587%
District's proportionate share of the collective net OPEB liability	\$ 7,164,322	\$ 6,174,540	\$ 7,777,977	\$ 7,707,167	\$ 7,213,148
State proportionate share of the collective net OPEB liability associated with the District	\$ 9,598,595	\$ 8,297,102	\$ 10,335,191	\$ 10,441,366	\$ 9,268,863
Total	\$ 16,762,917	\$ 14,471,642	\$ 18,113,168	\$ 18,148,533	\$ 16,482,011
District's covered-employee payroll	\$ 14,741,045	\$ 13,865,297	\$ 12,693,860	\$ 12,265,233	\$ 11,872,338
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	48.60%	44.53%	61.27%	62.84%	60.76%
Plan fiduciary net position as a percentage of the total OPEB liability	6.180%	4.990%	2.660%	1.570%	0.910%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

Measurement Year Ended August 31,					
	2016	2015	2014	2013	2012
	--	--	--	--	--
\$	--	\$ --	\$ --	\$ --	\$ --
\$	--	\$ --	\$ --	\$ --	\$ --
\$	--	\$ --	\$ --	\$ --	\$ --
\$	--	\$ --	\$ --	\$ --	\$ --
	--	--	--	--	--
	--	--	--	--	--

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year Ended			
	2022	2021	2020	2019
Statutorily or contractually required District contribution	\$ 132,538	\$ 141,463	\$ 125,026	\$ 104,175
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	<u>(132,538)</u>	<u>(141,463)</u>	<u>(125,026)</u>	<u>(104,175)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 208,350</u>
District's covered-employee payroll	\$ 14,057,940	\$ 14,476,025	\$ 13,692,282	\$ 12,185,485
Contributions as a percentage of covered-employee payroll	0.94%	0.98%	0.91%	0.85%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

<u>2018</u>	Fiscal Year Ended				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
104,175	\$ --	\$ --	\$ --	\$ --	\$ --
<u>(104,175)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u><u>208,350</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>
12,185,485	\$ --	\$ --	\$ --	\$ --	\$ --
0.85%	--	--	--	--	--

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 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 June 20 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.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED JUNE 30, 2022

Year Ended June 30	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2013 and Prior Years	\$	Various	\$	Various	\$	Various
2014		1.04		.23		805,809,952
2015		1.04		.26		806,914,394
2016		1.04		.28		791,045,682
2017		1.04		.28		749,102,773
2018		1.04		.33		834,187,036
2019		1.04		.30		825,617,812
2020		.97		.30		997,926,929
2021		.9565		.30		1,018,252,845
2022 (School Year Under Audit)		.8816		.30		1,157,674,509

1000 Totals

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

EXHIBIT J-1

10 Beginning Balance 7/1/21	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/22
\$ 842,187	\$ --	\$ 6,209	\$ 1,456	\$ (37,817)	\$ 796,705
88,780	--	1,862	412	--	86,507
101,042	--	2,179	545	--	98,319
112,612	--	2,310	622	--	109,680
147,182	--	5,683	1,530	47	140,016
142,928	--	9,429	2,992	83	130,591
188,645	--	14,889	4,295	1,032	170,492
305,728	--	28,159	8,709	(13,574)	255,286
675,126	--	248,871	78,057	(27,398)	320,801
--	13,679,082	9,567,513	3,255,732	(84,591)	771,246
<u>\$ 2,604,231</u>	<u>\$ 13,679,082</u>	<u>\$ 9,887,103</u>	<u>\$ 3,354,349</u>	<u>\$ (162,218)</u>	<u>\$ 2,879,643</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF JUNE 30, 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?	No
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 1,423,037
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)	\$ 1,047,090
<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?	No
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 48,659
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 23,381

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 396,000	\$ 446,647	\$ 50,647
5800 State Program Revenues	35,000	61,487	26,487
5900 Federal Program Revenues	1,409,000	1,623,990	214,990
5020 Total Revenues	<u>1,840,000</u>	<u>2,132,124</u>	<u>292,124</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 Food Services	1,497,350	1,337,644	159,706
Total Support Services - Student (Pupil)	<u>1,497,350</u>	<u>1,337,644</u>	<u>159,706</u>
Support Services - Nonstudent Based:			
0051 Plant Maintenance and Operations	91,000	48,189	42,811
Total Support Services - Nonstudent Based	<u>91,000</u>	<u>48,189</u>	<u>42,811</u>
Capital Outlay:			
0081 Capital Outlay	40,000	15,000	25,000
Total Capital Outlay	<u>40,000</u>	<u>15,000</u>	<u>25,000</u>
6030 Total Expenditures	<u>1,628,350</u>	<u>1,400,833</u>	<u>227,517</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	211,650	731,291	519,641
1200 Net Change in Fund Balance	211,650	731,291	519,641
0100 Fund Balance - Beginning	317,729	317,729	--
3000 Fund Balance - Ending	<u>\$ 529,379</u>	<u>\$ 1,049,020</u>	<u>\$ 519,641</u>

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT J-4

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 3,097,427	\$ 3,377,519	\$ 280,092
5800 State Program Revenues	44,195	58,323	14,128
5020 Total Revenues	<u>3,141,622</u>	<u>3,435,842</u>	<u>294,220</u>
EXPENDITURES:			
Debt Service:			
0071 Principal on Long-Term Debt	1,450,000	1,450,000	--
0072 Interest on Long-Term Debt	1,442,151	1,442,151	--
0073 Bond Issuance Costs and Fees	5,000	1,715	3,285
Total Debt Service	<u>2,897,151</u>	<u>2,893,866</u>	<u>3,285</u>
6030 Total Expenditures	<u>2,897,151</u>	<u>2,893,866</u>	<u>3,285</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	244,471	541,976	297,505
1200 Net Change in Fund Balance	<u>244,471</u>	<u>541,976</u>	<u>297,505</u>
0100 Fund Balance - Beginning	3,534,632	3,534,632	--
3000 Fund Balance - Ending	<u>\$ 3,779,103</u>	<u>\$ 4,076,608</u>	<u>\$ 297,505</u>

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Independent Auditors' 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
Hardin-Jefferson Independent School District
Sour Lake, Texas

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 Hardin-Jefferson Independent School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Hardin-Jefferson Independent School District's basic financial statements, and have issued our report thereon dated November 6, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hardin-Jefferson 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 Hardin-Jefferson Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Hardin-Jefferson 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 Hardin-Jefferson 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.



West, Davis & Company, LLP
Austin, Texas
November 6, 2022

WEST, DAVIS & COMPANY, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759
www.westdavis.com / gary@westdavis.com

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

Board of Trustees
Hardin-Jefferson Independent School District
Sour Lake, Texas

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hardin-Jefferson 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 Hardin-Jefferson Independent School District's major federal program for the year ended June 30, 2022. Hardin-Jefferson Independent School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hardin-Jefferson Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 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 Hardin-Jefferson 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 Hardin-Jefferson 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 Hardin-Jefferson 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 Hardin-Jefferson 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 Hardin-Jefferson 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 Hardin-Jefferson 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 Hardin-Jefferson 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 Hardin-Jefferson 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.

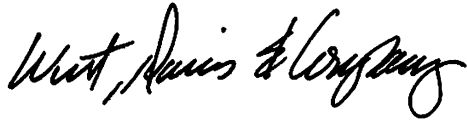
Report on Internal Control Over Compliance

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.

A handwritten signature in black ink that reads "West, Davis & Company". The signature is written in a cursive, flowing style.

West, Davis & Company, LLP
Austin, Texas
November 6, 2022

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 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 No

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

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes 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 No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	ESSER Fund II of the CRRSA Act
84.425U	ESSER III of the American Rescue Pan Act of 2021
94.036	Public Assistance Disaster Grant, Texas Hurricane Harvey

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

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings
 NONE

C. Federal Award Findings and Questioned Costs
 NONE

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None.		

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2022

Not applicable.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT K-1
 Page 1 of 2

(1)	(2)	(2A)	(3)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
School Breakfast Program	10.553	100-905	\$ _____	\$ 268,945
National School Lunch Program	10.555	100-905	--	1,220,052
National School Lunch Program (Non-cash)	10.555	100-905	--	134,993
Total CFDA Number 10.555			--	1,355,045
Total Passed Through State Department of Education			--	1,623,990
Total U. S. Department of Agriculture			--	1,623,990
Total Child Nutrition Cluster			--	1,623,990
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
IDEA-Part B, Formula	84.027A	216600011009056000	--	89,182
IDEA-Part B, Formula - American Rescue Plan (ARP) Act of 2021	84.027A	22535001009055000	--	50,640
IDEA-Part B, Formula	84.027A	226600011009056600	--	540,380
Total CFDA Number 84.027A			--	680,202
IDEA-Part B, Preschool	84.173A	216610011009056000	--	3,301
IDEA-Part B, Preschool	84.173A	226610011009056000	--	17,394
Total CFDA Number 84.173A			--	20,695
Total Passed Through State Department of Education			--	700,897
Total U. S. Department of Education			--	700,897
Total Special Education (IDEA) Cluster			--	700,897
OTHER PROGRAMS:				
<u>U. S. Department of Health and Human Services</u>				
Passed Through State Department of Education:				
ESEA, Title IV, Part A - Safe & Drug-Free Schools & Communities /	84.424A	21680101100905	--	8,464
Child Care and Development Block Grant	84.424A	22680101100905	--	16,728
Total CFDA Number 84.424A			--	25,192
Total Passed Through State Department of Education			--	25,192
Total U. S. Department of Health and Human Services			--	25,192
<u>U. S. Department of Education</u>				
Total Direct Programs				
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010A	216101011009005	--	41,288
ESEA Title I Part A - Improving Basic Programs	84.010A	22610101100905	--	198,044
Total CFDA Number 84.010A			--	239,332
Career and Technical Education - Basic Grant	84.048A	21420006100905	--	103
Career and Technical Education - Basic Grant	84.048A	22420006100905	--	22,570
Total CFDA Number 84.048A			--	22,673

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT K-1
 Page 2 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients
			Federal Expenditures
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	21694501100905	--
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	2269450110905	--
Total CFDA Number 84.367A			--
ESSER Fund II of the CRRSA Act	84.425D	21521001100905	--
ESSER Fund III of the American Rescue Plan Act of 2021	84.425U	2152800100905	--
Total CFDA Number 84.425			--
Total Passed Through State Department of Education			--
Total U. S. Department of Education			--
Federal Emergency Management Administration (FEMA)			
Passed Through State Division of Emergency Management:			
Public Assistance Disaster Grant, Texas Hurricane Harvey	94.036	P6100/PW6313	--
Public Assistance Disaster Grant, Texas Hurricane Harvey	94.036	P63075/PW4532	--
Total CFDA Number 94.036			--
Total Passed Through State Division of Emergency Management			--
Total Federal Emergency Management Administration			--
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --
			\$ 9,612,814

The accompanying notes are an integral part of this schedule.

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2022

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Hardin-Jefferson 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.

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

Reconciliation of Federal Awards

The following reconciles federal expenditures per the Schedule of Expenditures of Federal Awards (SEFA) to the federal revenue reported on Exhibit C-2:

Federal expenditures per SEFA	\$	9,612,814
SHARS		<u>285,526</u>
Federal revenue per Exhibit C-2	\$	<u><u>9,898,340</u></u>

HARDIN-JEFFERSON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2022

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ --