

**JIM NED**  
**CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**TAYLOR COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED AUGUST 31, 2021**



**JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2021**

**TABLE OF CONTENTS**

<b><u>Exhibit</u></b>		<b><u>Page</u></b>
	<b><u>FINANCIAL SECTION</u></b>	
	Certificate of Board	3
	Independent Auditor's Report	4
	Management's Discussion and Analysis (Required Supplementary Information)	7
	<b><u>Basic Financial Statements</u></b>	
	Government Wide Statements:	
A-1	Statement of Net Position	17
B-1	Statement of Activities	18
	Governmental Fund Financial Statements:	
C-1	Balance Sheet	19
C-2	Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	21
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance	22
C-4	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balance to the Statement of Activities	24
	Proprietary Fund Financial Statements:	
D-1	Statement of Net Position	25
D-2	Statement of Revenues, Expenses, and Changes in Fund Net Position	26
D-3	Statement of Cash Flows	27
	Fiduciary Fund Financial Statements:	
E-1	Statement of Fiduciary Net Position	28
E-2	Statement of Changes in Fiduciary Net Position	29
	Notes to the Financial Statements	30
	<b><u>Required Supplementary Information</u></b>	
G-1	Budgetary Comparison Schedule - General Fund	66
G-2	Schedule of the District's Proportionate Share of the Net Pension Liability (TRS)	67
G-3	Schedule of the District Contributions for Pensions (TRS)	69
G-4	Schedule of the District's Proportionate Share of the Net OPEB Liability (TRS)	71
G-5	Schedule of the District OPEB Contributions (TRS)	72
	Notes to Required Supplementary Information	73
	<b><u>Combining and Individual Schedules</u></b>	
	Nonmajor Governmental Funds:	
H-1	Combining Balance Sheet	76
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	79
	<b><u>Required TEA Schedules</u></b>	
J-1	Schedule of Delinquent Taxes	83
J-2	Budgetary Comparison Schedule – Child Nutrition Fund	85
J-3	Budgetary Comparison Schedule – Debt Service Fund	86
J-4	State Compensatory Education and Bilingual Education Program Expenditures	87

**JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2021**

**Reports on Compliance, Internal Controls, and Federal Awards**

	Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	89
	Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with Title 2 Uniform Guidance	91
	Schedule of Findings and Questioned Costs	93
	Schedule of Status of Prior Findings	95
	Corrective Action Plan	96
K-1	Schedule of Expenditures of Federal Awards	97
	Notes on Accounting Policies for Federal Awards	98
L-1	Schools First Questionnaire	99

## **CERTIFICATE OF BOARD**

**Jim Ned Consolidated  
Independent School District**

\_\_\_\_\_  
Name of School District

**Taylor**

\_\_\_\_\_  
County

**221911**

\_\_\_\_\_  
County – District Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended **August 31, 2021**, at a meeting of the Board of Trustees of such school district on the **16th** day of **December 2021**.

  
\_\_\_\_\_  
Signature of Board President

  
\_\_\_\_\_  
Signature of Board Secretary

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is(are):  
(Attach list as necessary)

---

# James E. Rodgers and Company, P.C.

## Certified Public Accountants

20 Southwest Third Street • PO Box 669 • Hamlin, Texas 79520 • Tel: 325-576-2356 • Fax: 325-576-3525

E-mail: [rodgerscpa@att.net](mailto:rodgerscpa@att.net)

Member of Texas Society of CPA's and American Institute of CPA's

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

---

December 16, 2021

### **Report on Financial Statements Issued in Accordance with Government Auditing Standards and a Single Audit Accompanied by Required Supplementary Information, Supplementary Information, and Other Information**

#### **Independent Auditor's Report**

To the Board of Trustees

Jim Ned Consolidated Independent School District

Tuscola, Texas 79562

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jim Ned Consolidated Independent School District (the District) as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Jim Ned Consolidated Independent School District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

# James E. Rodgers and Company, P.C.

---

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jim Ned Consolidated Independent School District, as of August 31, 2021, 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.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and GASB 68 and 75 schedules for pension and OPEB liabilities and contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jim Ned Consolidated Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements, and the Texas Education Agency required information in conformity with laws and regulations of the State of Texas in Exhibits J-1 through J-4, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Texas Education Agency required information in conformity with laws and regulations of the state of Texas in Exhibits J-1 through J-4, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Texas Education Agency required 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.

# James E. Rodgers and Company, P.C.

---

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021, on our consideration of the Jim Ned Consolidated 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 Jim Ned Consolidated Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jim Ned Consolidated Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

*James E. Rodgers and Company*

James E. Rodgers and Company, P.C.



# JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

830 Garza Street  
PO Box 9  
Tuscola, Texas 79562



Phone: 325-554-7577 \* Fax: 325-554-7740

## MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the administration of **Jim Ned Consolidated Independent School District**, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2021. Please read it in conjunction with the independent auditor's report and the District's Basic Financial Statements.

### FINANCIAL HIGHLIGHTS

#### Highlights of Current Fiscal Year Finances

District's Total Net Position at the End of the Year	\$17,080,528
Total District Revenues for the Current Fiscal Year	\$18,105,232
Total District Expenses for the Current Fiscal Year	\$18,252,070
Fund Balance in the General Fund at the End of Year	\$12,154,548

#### Changes in the District's Finances from the Previous Fiscal Year

Increase (Decrease)	
\$	%

#### Change in Net Position:

Change in the District's Total Net Position	\$	(149,802)	-0.87%
---	----	-----------	--------

#### Revenue Changes:

Change in the District's Total Revenues	\$	396,670	2.24%
Change in the District's Property Tax Revenues	\$	1,275,431	22.67%
Change in the District's State Aid Formula Grants	\$	(518,839)	-7.74%
Change in Operating Grants and Contributions	\$	(186,626)	-6.79%

#### Expense Changes:

Change in the District's Total Expenses	\$	1,024,676	5.95%
---	----	-----------	-------

#### Other Information:

Change in the District's General Fund Balance	\$	672,643	5.86%
Excess (Deficit) of Actual Revenue over Budgeted Revenue	\$	929,010	7.40%



## **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. These statements 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 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 combining statements for non-major funds contain even more information about the District's individual funds. These are not required by TEA. 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 with the Statement of Net Position (Exhibit A-1). 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 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, deferred outflows, liabilities, and deferred inflows) 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 non-financial 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 combine the District into one kind of activity (all governmental activities).

Governmental activities—All of the District's basic services are reported here, including 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 with the Governmental Funds Balance Sheet (Exhibit C-1) 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 funds 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 a reconciliation schedule 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. In fact, the District's enterprise funds (one category of proprietary funds which the District does not have at present) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds in Exhibits D-1, D-2, and D-3) 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***

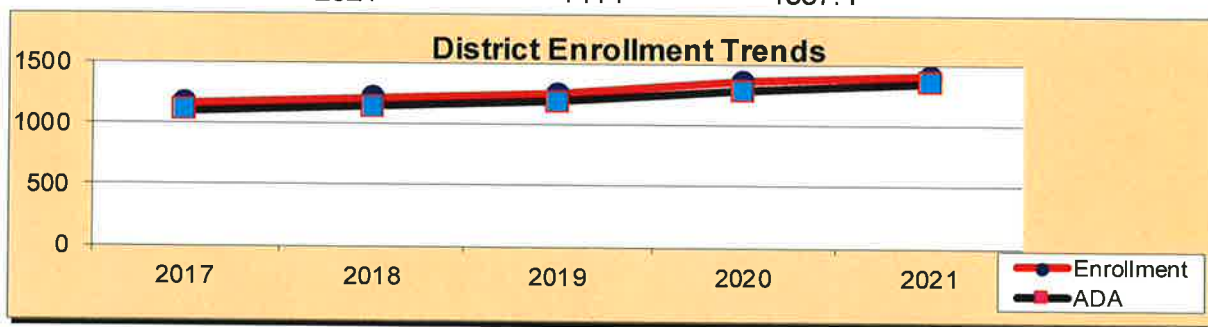
The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position (Exhibit E-1 and E-2). We exclude these resources from the District's other financial 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

State funding in Texas is based upon the District's average daily attendance, thus the District's revenue is highly dependent on enrollment trends. The District receives additional weighted funding for students enrolled in career and technology coursework, gifted and talented, special, bilingual, and compensatory education programs. The demographics of the District and the types of coursework students pursue are continuing to evolve in the District. The following chart details the enrollment trends of the District.

### ENROLLMENT TRENDS

Year	Enrollment	ADA
2017	1166	1104.0
2018	1219	1150.0
2019	1254	1191.4
2020	1366	1289.1
2021	1414	1357.4



The following table indicates the Net Position of the District at the end of the previous and current year.

**Table I**  
**JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 13,507,609	\$ 37,797,947	\$ -	\$ -	\$ 13,507,609	\$ 37,797,947
Capital assets	26,606,777	26,503,183	-	-	26,606,777	26,503,183
Deferred Outflows of Resources	2,412,425	2,408,570	-	-	2,412,425	2,408,570
<b>Total assets &amp; deferred outflows</b>	<b>\$ 42,526,811</b>	<b>\$ 66,709,700</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 42,526,811</b>	<b>\$ 66,709,700</b>
Long-term liabilities	\$ 12,683,024	\$ 36,821,225	\$ -	\$ -	\$ 12,683,024	\$ 36,821,225
Other liabilities	1,027,981	1,043,279	-	-	1,027,981	1,043,279
Net pension liability	3,770,696	3,691,243	-	-	3,770,696	3,691,243
Net OPEB liability	4,936,796	4,253,133	-	-	4,936,796	4,253,133
Deferred Inflows Unavailable Revenue	2,877,984	3,820,292	-	-	2,877,984	3,820,292
<b>Total liabilities &amp; deferred inflows</b>	<b>\$ 25,296,481</b>	<b>\$ 49,629,172</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,296,481</b>	<b>\$ 49,629,172</b>
Net Position:						
Net Investment in Capital Assets	\$ 13,940,128	\$ 13,199,255	\$ -	\$ -	\$ 13,940,128	\$ 13,199,255
Restricted	639,472	969,917	-	-	639,472	969,917
Unrestricted	2,650,730	2,911,356	-	-	2,650,730	2,911,356
<b>Total net position</b>	<b>\$ 17,230,330</b>	<b>\$ 17,080,528</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,230,330</b>	<b>\$ 17,080,528</b>

The following table indicates the changes in Net Position of the District during the previous and current years.

<b>Table II</b> <b>JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT</b> <b>Changes in Net Position</b>						
	Governmental Activities		Business-Type Activities		Totals	
	2020	2021	2020	2021	2020	2021
<b>Program Revenues:</b>						
Charges for Services	\$ 1,601,460	\$ 1,877,706	\$ -	\$ -	\$ 1,601,460	\$ 1,877,706
Operating grants & contributions	2,748,918	2,562,292	-	-	2,748,918	2,562,292
<b>General Revenues:</b>						
Maintenance & operations taxes	4,880,731	6,041,672	-	-	4,880,731	6,041,672
Debt service taxes	745,823	860,313	-	-	745,823	860,313
State aid - formula grants	6,701,822	6,182,983	-	-	6,701,822	6,182,983
Investment earnings	180,717	42,318	-	-	180,717	42,318
Miscellaneous Income	849,091	537,948	-	-	849,091	537,948
<b>Total Revenues</b>	<b>\$ 17,708,562</b>	<b>\$ 18,105,232</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,708,562</b>	<b>\$ 18,105,232</b>
<b>Expenses</b>						
Instruction, curriculum & media services	\$ 9,828,827	\$ 9,922,365	\$ -	\$ -	\$ 9,828,827	\$ 9,922,365
Instructional & school leadership	934,322	1,079,919	-	-	934,322	1,079,919
Student support services	1,850,143	1,911,281	-	-	1,850,143	1,911,281
Food Services	522,732	557,504	-	-	522,732	557,504
Co-curricular activities	911,503	1,074,931	-	-	911,503	1,074,931
General administration & data processing	821,611	671,908	-	-	821,611	671,908
Plant maintenance & security	1,589,777	1,625,988	-	-	1,589,777	1,625,988
Interest on long term debt	352,739	948,825	-	-	352,739	948,825
Other business-type activities & intergovernmental	415,740	459,349	-	-	415,740	459,349
<b>Total Expenses</b>	<b>\$ 17,227,394</b>	<b>\$ 18,252,070</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,227,394</b>	<b>\$ 18,252,070</b>
<b>Increase in net position before transfers and special items</b>	<b>\$ 481,168</b>	<b>\$ (146,838)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 481,168</b>	<b>\$ (146,838)</b>
Transfers	-	-	-	-	-	-
Extraordinary & special items - Loss on Disposition of Capital Assets	-	(2,964)	-	-	-	(2,964)
Prior period adjustment - Campus Activities	189,207	-	-	-	189,207	-
Net position at 9/1	16,559,955	17,230,330	-	-	16,559,955	17,230,330
<b>Total Net Position</b>	<b>\$ 17,230,330</b>	<b>\$ 17,080,528</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,230,330</b>	<b>\$ 17,080,528</b>

An analysis of the change in the Net Position for governmental activities is as follows:

<b>Excess of Revenues Over Expenditures for Governmental Funds</b>	<b>\$ 24,278,090</b>
<b>Change in Net Position of Internal Service Funds</b>	<b>11,337</b>
<b>Current Year Purchases of Capital Assets</b>	<b>852,709</b>
<b>Current Year Bonds &amp; Premium Issued</b>	<b>(24,632,832)</b>
<b>Current Year Debt Principal Payments</b>	<b>450,000</b>
<b>Depreciation</b>	<b>(947,539)</b>
<b>Other Modified to Full Accrual Revenue Adjustments</b>	<b>21,480</b>
<b>Net Adjustment to Pension Expense Per GASB 68</b>	<b>(285,631)</b>
<b>Net adjustment for OPEB plan required by GASB 75</b>	<b>102,584</b>
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (149,802)</b>

## THE DISTRICT'S FUNDS

A financial summary of the District's funds for the current year is as follows:

Governmental Fund Financial Statements					
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Revenues	\$ 13,490,658	\$ 3,640,076	\$ 876,168	\$ -	\$ 18,006,902
Expenditures	(12,813,102)	(3,574,527)	(1,005,150)	(968,865)	(18,361,644)
Other Financing Sources	90,668	95,581	187,125	24,445,707	24,819,081
Other Financing Uses	(95,581)	(90,668)	-	-	(186,249)
Net Change in Fund Balance	\$ 672,643	\$ 70,462	\$ 58,143	\$ 23,476,842	\$ 24,278,090
Beginning Fund Balance	11,481,905	405,547	359,450	-	12,246,902
<b>Ending Fund Balance</b>					
<b>All Governmental Funds</b>	\$ 12,154,548	\$ 476,009	\$ 417,593	\$ 23,476,842	\$ 36,524,992

The District modified its budget several times during the year resulting in a net increase in budgeted revenues between the original and final budget in the District's General Fund. Significant amendments were made during the current year in the facilities acquisition and construction function as per Exhibit G-1.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of the current year, the District had invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics and maintenance. This year's major additions and the net change in total capital assets are as follows:

2021 Dodge Ram Pickup	\$ 57,270
2 - Bad Boy 60" Mower	8,723
Bad Boy 61" Mower	7,617
Prodigy Cuber Ice Machine	6,144
Wascomat OPL 100G Washer	8,980
4'x8' CNC Plasma Cam	34,083
MIG Welder Millermatic	16,985
CIP - New School Improvements Project	712,907
<b>TOTAL</b>	<b>\$ 852,709</b>
Total Additions	\$ 852,709
Total Deletions	(13,313)
<b>Net Change</b>	<b>\$ 839,396</b>

The District's next fiscal year general fund capital budget indicates no significant capital outlay.



**Debt**

The District's long term debt at the end of the current year is as follows:

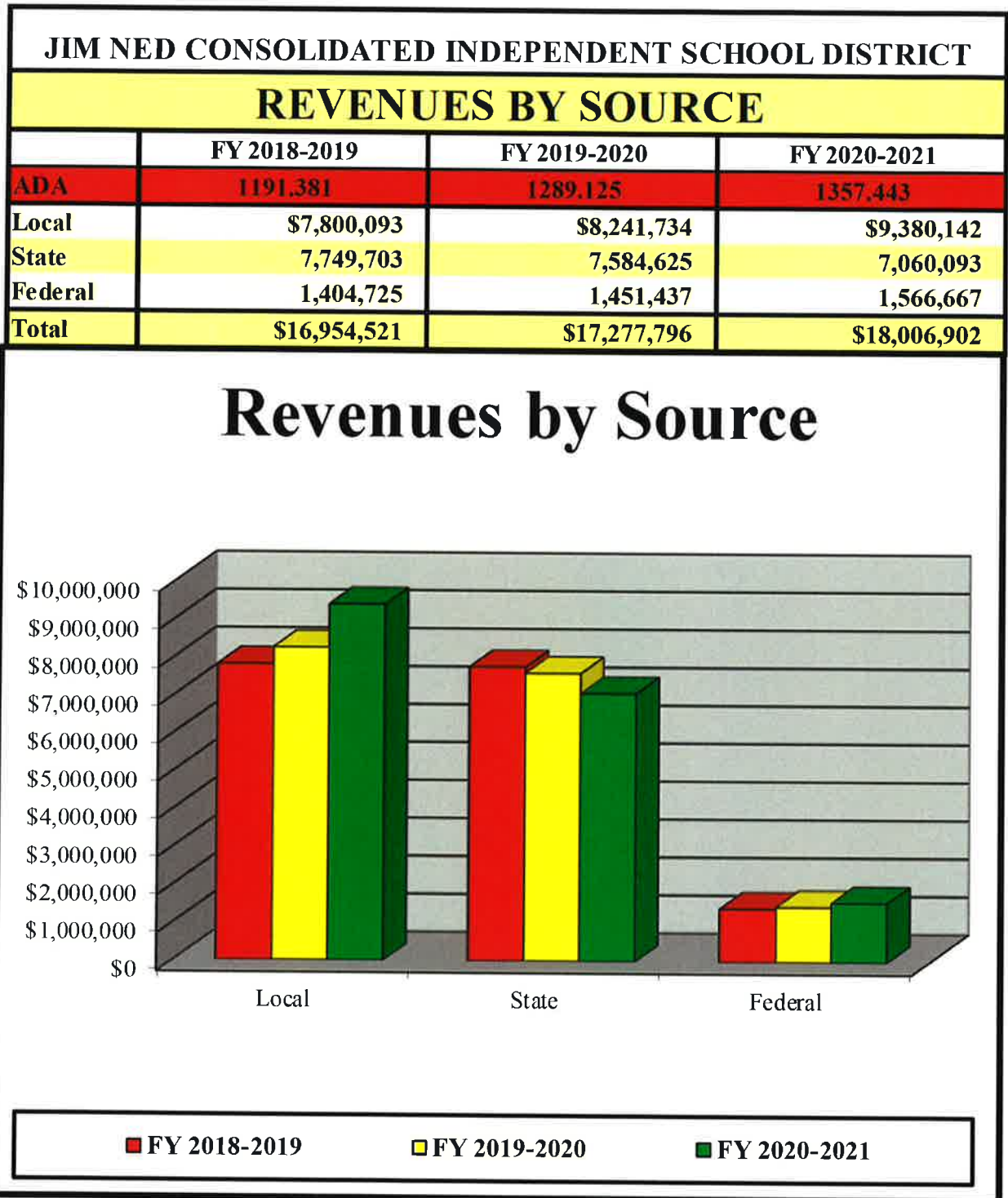
	Interest Rate on Issue	Amounts Original Issue	Interest Current Year	Outstanding 8/31/2021	Next Year's Total Principal and Interest Requirement
2015 School Tax Bonds	3.00-3.50%	9,370,000	252,875	7,935,000	558,575
2016 School Tax Bonds	2.00-4.00%	4,420,000	114,650	3,725,000	261,700
2021 School Tax Bonds	1.375-4.00%	23,570,000	187,125	23,570,000	1,213,075
<b>Totals</b>		<b>\$ 37,360,000</b>	<b>\$ 554,650</b>	<b>\$ 35,230,000</b>	<b>\$ 2,033,350</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the next fiscal year budget and tax rates. Changes in property tax valuations and expected student enrollment were implicit in the expected revenue and expenditures when adopting the budget for next year. A summary of the subsequent fiscal year budget for funds legally required to be budgeted is as follows:

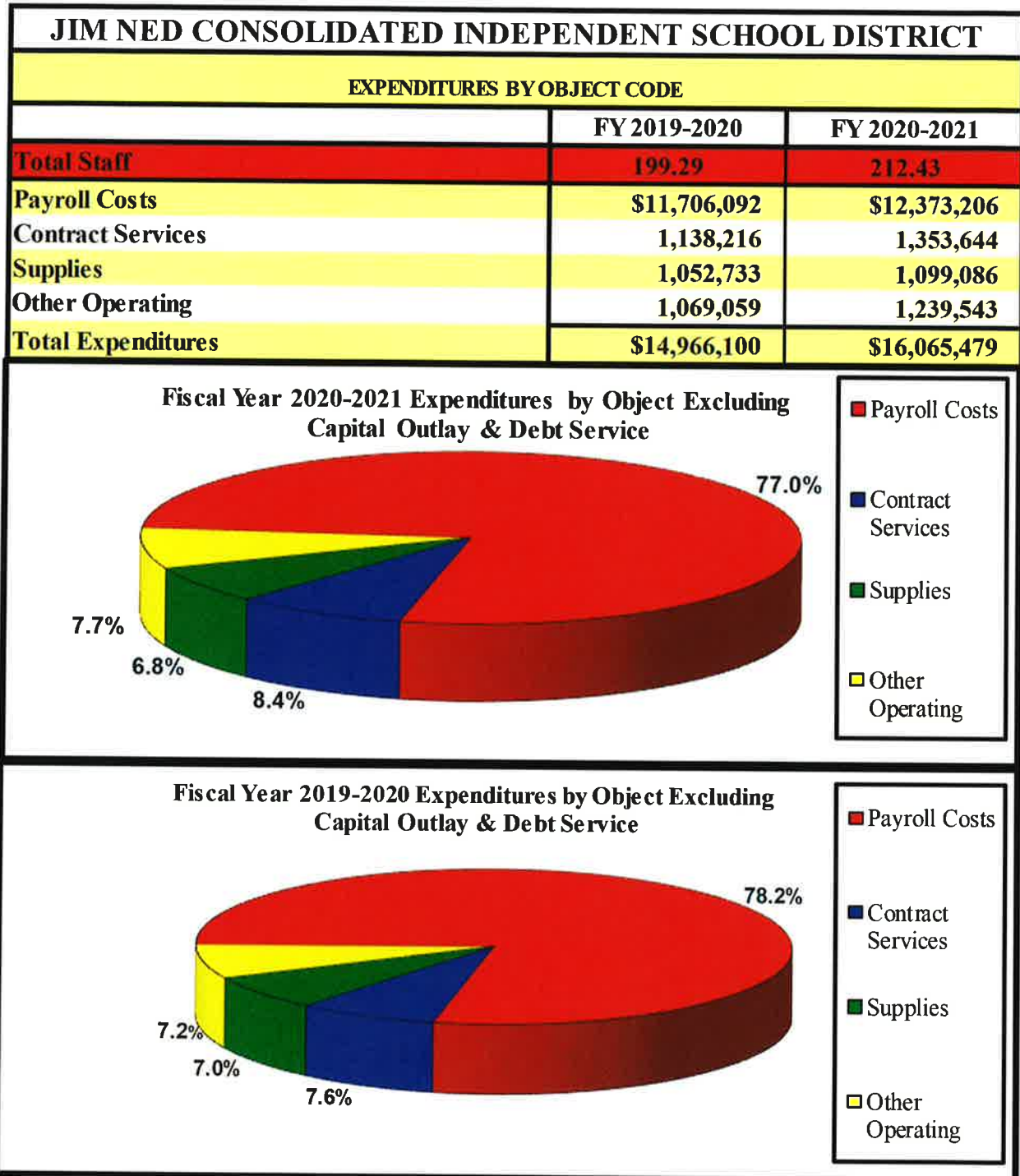
Fiscal Year 2021 - 2022 Adopted Budget				
	General Fund	Child Nutrition Fund	Debt Service Fund	TOTALS
Revenues	\$ 13,379,207	\$ 387,870	\$ 2,061,467	\$ 15,828,544
Expenditures	(7,920,904)	(282,381)	(2,061,467)	(10,264,752)
Other Financing Sources	-	80,000	-	80,000
Other Financing Uses	(80,000)	-	-	(80,000)
Net Change in Fund Balance	\$ 5,378,303	\$ 185,489	\$ -	\$ 5,563,792
Beginning of Year Fund Balance	12,154,548	-	417,593	12,572,141
Projected End of Year Fund Balance	\$ 17,532,851	\$ 185,489	\$ 417,593	\$ 18,135,933

The following graph indicates the District's revenues by source for the last three years.





The following graph indicates the District's operating expenditures by object for the last two years.



#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to 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 Jim Ned Consolidated Independent School District, PO Box 9, Tuscola Texas 79562, (325) 554-7500.

## **BASIC FINANCIAL STATEMENTS**

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2021

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 4,102,389
1120 Current Investments	32,937,840
1220 Property Taxes - Delinquent	231,516
1230 Allowance for Uncollectible Taxes	(57,879)
1240 Due from Other Governments	566,153
1250 Accrued Interest	17,928
Capital Assets:	
1510 Land	698,711
1520 Buildings, Net	24,044,163
1530 Furniture and Equipment, Net	894,058
1580 Construction in Progress	866,251
1000 Total Assets	64,301,130
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Outflow Related to TRS Pension	1,399,832
1706 Deferred Outflow Related to TRS OPEB	1,008,738
1700 Total Deferred Outflows of Resources	2,408,570
<b>LIABILITIES</b>	
2110 Accounts Payable	68,583
2160 Accrued Wages Payable	604,575
2180 Due to Other Governments	113,082
2190 Due to Student Groups	170
2200 Accrued Expenses	43,837
2300 Unearned Revenue	213,032
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	1,170,455
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	35,650,770
2540 Net Pension Liability (District's Share)	3,691,243
2545 Net OPEB Liability (District's Share)	4,253,133
2000 Total Liabilities	45,808,880
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	657,199
2606 Deferred Inflow Related to TRS OPEB	3,163,093
2600 Total Deferred Inflows of Resources	3,820,292
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	13,199,255
Restricted:	
3820 Restricted for Federal and State Programs	210,801
3850 Restricted for Debt Service	437,869
3870 Restricted for Campus Activities	265,208
3890 Restricted for Other Purposes	56,039
3900 Unrestricted	2,911,356
3000 Total Net Position	\$ 17,080,528

The notes to the financial statements are an integral part of this statement.

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT B-1

FOR THE YEAR ENDED AUGUST 31, 2021					Net (Expense) Revenue and Changes in Net Position
Data Control Codes		1	Program Revenues		6
			3	4	Primary Gov. Governmental Activities
		Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 9,653,336	\$ 1,597,240	\$ 1,633,316	\$ (6,422,780)
12	Instructional Resources and Media Services	265,441	-	18,600	(246,841)
13	Curriculum and Instructional Staff Development	3,588	-	-	(3,588)
21	Instructional Leadership	392,187	-	18,439	(373,748)
23	School Leadership	687,732	-	41,413	(646,319)
31	Guidance, Counseling, and Evaluation Services	1,115,088	-	413,359	(701,729)
33	Health Services	204,389	-	12,828	(191,561)
34	Student (Pupil) Transportation	591,804	-	24,250	(567,554)
35	Food Services	557,504	163,405	278,803	(115,296)
36	Extracurricular Activities	1,074,931	114,611	23,004	(937,316)
41	General Administration	657,203	-	20,611	(636,592)
51	Facilities Maintenance and Operations	1,618,380	2,450	75,575	(1,540,355)
52	Security and Monitoring Services	7,608	-	2,094	(5,514)
53	Data Processing Services	14,705	-	-	(14,705)
72	Debt Service - Interest on Long-Term Debt	510,019	-	-	(510,019)
73	Debt Service - Bond Issuance Cost and Fees	438,806	-	-	(438,806)
93	Payments Related to Shared Services Arrangements	369,350	-	-	(369,350)
99	Other Intergovernmental Charges	89,999	-	-	(89,999)
[TP] TOTAL PRIMARY GOVERNMENT:		\$ 18,252,070	\$ 1,877,706	\$ 2,562,292	(13,812,072)
Data Control Codes					
	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes				6,041,672
DT	Property Taxes, Levied for Debt Service				860,313
SF	State Aid - Formula Grants				6,182,983
IE	Investment Earnings				42,318
MI	Miscellaneous Local and Intermediate Revenue				537,948
FR	Gain (Loss) on Disposal of Property				(2,964)
TR	Total General Revenues & Transfers				13,662,270
CN	Change in Net Position				(149,802)
NB	Net Position - Beginning				17,230,330
NE	Net Position - Ending				\$ 17,080,528

The notes to the financial statements are an integral part of this statement.

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2021

Data Control Codes	10 General Fund	Major SSA Section 504 Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 3,049,124	\$ 214,293	\$ 6,293
1120 Investments - Current	9,165,277	-	23,476,842
1220 Property Taxes - Delinquent	204,481	-	-
1230 Allowance for Uncollectible Taxes	(51,120)	-	-
1240 Due from Other Governments	371,608	-	-
1250 Accrued Interest	17,928	-	-
1260 Due from Other Funds	395,183	-	-
1000 Total Assets	<u>\$ 13,152,481</u>	<u>\$ 214,293</u>	<u>\$ 23,483,135</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 63,706	\$ 957	\$ -
2160 Accrued Wages Payable	464,163	17,132	-
2170 Due to Other Funds	194,528	-	6,293
2180 Due to Other Governments	112,257	-	-
2190 Due to Student Groups	170	-	-
2200 Accrued Expenditures	9,748	361	-
2300 Unearned Revenue	-	195,843	-
2000 Total Liabilities	<u>844,572</u>	<u>214,293</u>	<u>6,293</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	153,361	-	-
2600 Total Deferred Inflows of Resources	<u>153,361</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3470 Capital Acquisition and Contractual Obligation	-	-	23,476,842
3480 Retirement of Long-Term Debt	-	-	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3510 Construction	9,000,000	-	-
3600 Unassigned Fund Balance	3,154,548	-	-
3000 Total Fund Balances	<u>12,154,548</u>	<u>-</u>	<u>23,476,842</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 13,152,481</u>	<u>\$ 214,293</u>	<u>\$ 23,483,135</u>

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 751,208	\$ 4,020,918
295,721	32,937,840
27,035	231,516
(6,759)	(57,879)
194,545	566,153
-	17,928
194,528	589,711
<u>\$ 1,456,278</u>	<u>\$ 38,306,187</u>
\$ 3,549	\$ 68,212
123,280	604,575
388,890	589,711
825	113,082
-	170
8,667	18,776
17,189	213,032
<u>542,400</u>	<u>1,607,558</u>
20,276	173,637
<u>20,276</u>	<u>173,637</u>
-	23,476,842
417,593	417,593
476,009	476,009
-	9,000,000
-	3,154,548
<u>893,602</u>	<u>36,524,992</u>
<u>\$ 1,456,278</u>	<u>\$ 38,306,187</u>

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2021

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 36,524,992</b>
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase (decrease) net position.	56,039
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$38,880,222 and the accumulated depreciation was \$12,273,445. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.	13,923,753
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current capital outlays and debt principal payments is to increase (decrease) net position.	(23,330,123)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$1,399,832, a deferred resource inflow in the amount of \$657,199, and a net pension liability in the amount of \$3,691,243. This resulted in a decrease in net position.	(2,948,610)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$1,008,738, a deferred resource inflow in the amount of \$3,163,093, and a net OPEB liability in the amount of \$4,253,133. This resulted in a decrease in net position.	(6,407,488)
6 The current depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(947,539)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unearned revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	209,504
<b>19 Net Position of Governmental Activities</b>	<b>\$ 17,080,528</b>

The notes to the financial statements are an integral part of this statement.



JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	10 General Fund	Major SSA Section 504 Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 6,516,239	\$ 662,389	\$ -
5800 State Program Revenues	6,933,819	33,754	-
5900 Federal Program Revenues	40,600	-	-
5020 Total Revenues	13,490,658	696,143	-
EXPENDITURES:			
Current:			
0011 Instruction	7,422,206	227,264	-
0012 Instructional Resources and Media Services	260,342	-	-
0013 Curriculum and Instructional Staff Development	3,588	-	-
0021 Instructional Leadership	114,472	138,592	-
0023 School Leadership	673,586	-	-
0031 Guidance, Counseling, and Evaluation Services	298,093	284,563	-
0033 Health Services	199,696	-	-
0034 Student (Pupil) Transportation	549,184	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	794,405	-	-
0041 General Administration	635,844	-	-
0051 Facilities Maintenance and Operations	1,200,073	45,137	-
0052 Security and Monitoring Services	5,098	587	-
0053 Data Processing Services	14,705	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	-	-
0072 Interest on Long-Term Debt	-	-	-
0073 Bond Issuance Cost and Fees	-	-	438,306
Capital Outlay:			
0081 Facilities Acquisition and Construction	182,461	-	530,559
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	369,350	-	-
0099 Other Intergovernmental Charges	89,999	-	-
6030 Total Expenditures	12,813,102	696,143	968,865
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	677,556	-	(968,865)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	-	23,570,000
7915 Transfers In	90,668	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	875,707
8911 Transfers Out (Use)	(95,581)	-	-
7080 Total Other Financing Sources (Uses)	(4,913)	-	24,445,707
1200 Net Change in Fund Balances	672,643	-	23,476,842
0100 Fund Balance - September 1 (Beginning)	11,481,905	-	-
3000 Fund Balance - August 31 (Ending)	\$ 12,154,548	\$ -	\$ 23,476,842

The notes to the financial statements are an integral part of this statement.

		Total	
Other		Governmental	
Funds		Funds	
\$	2,201,514	\$	9,380,142
	92,520		7,060,093
	1,526,067		1,566,667
	3,820,101		18,006,902
	1,438,762		9,088,232
	-		260,342
	-		3,588
	131,663		384,727
	-		673,586
	504,187		1,086,843
	-		199,696
	-		549,184
	523,544		523,544
	241,137		1,035,542
	59		635,903
	37,164		1,282,374
	1,868		7,553
	-		14,705
	450,000		450,000
	554,650		554,650
	500		438,806
	-		713,020
	-		369,350
	-		89,999
	3,883,534		18,361,644
	(63,433)		(354,742)
	-		23,570,000
	95,581		186,249
	187,125		1,062,832
	(90,668)		(186,249)
	192,038		24,632,832
	128,605		24,278,090
	764,997		12,246,902
\$	893,602	\$	36,524,992

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 24,278,090</b>
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position.	11,337
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase (decrease) net position.	(23,330,123)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(947,539)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unearned revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	21,480
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$309,574. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$277,336. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$317,869. The net result is a decrease in the change in net position.	(285,631)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$89,012. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$84,085. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by \$97,657. The net result is an decrease in the change in net position.	102,584
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (149,802)</b>

The notes to the financial statements are an integral part of this statement.

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2021

EXHIBIT D-1

	Governmental Activities -
	Internal Service Fund
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 81,471
Total Assets	81,471
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	371
Accrued Expenses	25,061
Total Liabilities	25,432
<b>NET POSITION</b>	
Restricted for Other Purposes	56,039
Total Net Position	\$ 56,039

The notes to the financial statements are an integral part of this statement.

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2021

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 43,139
Total Operating Revenues	43,139
OPERATING EXPENSES:	
Payroll Costs	15,492
Professional and Contracted Services	16,310
Total Operating Expenses	31,802
Operating Income	11,337
Total Net Position - September 1 (Beginning)	44,702
Total Net Position - August 31 (Ending)	\$ 56,039

The notes to the financial statements are an integral part of this statement.

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 57,439
Cash Payments for Insurance Claims	(18,096)
Cash Payments for Other Operating Expenses	(16,309)
Net Cash Provided by Operating Activities	23,034
Net Increase in Cash and Cash Equivalents	23,034
Cash and Cash Equivalents at Beginning of Year	58,437
Cash and Cash Equivalents at End of Year	\$ 81,471
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 11,337
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	14,300
Increase (decrease) in Accounts Payable	(296)
Increase (decrease) in Accrued Expenses	(2,307)
Net Cash Provided by Operating Activities	\$ 23,034
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents on Balance Sheet	\$ 81,471

The notes to the financial statements are an integral part of this statement.

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2021

	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$     3,606
Total Assets	<u>          3,606</u>
NET POSITION	
Restricted for Campus Activities	<u>          3,606</u>
Total Net Position	<u><u>          \$     3,606</u></u>

The notes to the financial statements are an integral part of this statement.



JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2021

	Custodial Fund
<b>ADDITIONS:</b>	
Miscellaneous Revenue - Student	\$ 11,172
Total Additions	<u>11,172</u>
<b>DEDUCTIONS:</b>	
Other Deductions	<u>11,892</u>
Total Deductions	<u>11,892</u>
Change in Fiduciary Net Position	(720)
Total Net Position - September 1 (Beginning)	<u>4,326</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 3,606</u></u>

The notes to the financial statements are an integral part of this statement.

# JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Jim Ned Consolidated Independent School District (the "District")** is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District also complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

#### **A. REPORTING ENTITY**

The Board of Trustees (the "Board") is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the **Jim Ned Consolidated Independent School District** non-fiduciary activities with most of the Inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues.

Inter-fund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as inter-fund transfers. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental and enterprise funds major and report their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 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, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

#### **D. FUND ACCOUNTING**

The District reports the following major governmental funds:

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

**Special Revenue Fund** – The District did maintain major special revenue governmental funds during the current year.

**Capital Projects Fund** - The District did maintain major capital project governmental funds during the current year.

**Debt Service Fund** - The District did not maintain major debt service governmental funds during the current year.

**Other Governmental Fund** - The District did not maintain other major governmental funds during the current year.

The District reports the following major enterprise fund(s):

**The District does not maintain major enterprise funds at present.**

Additionally, the District reports the following fund type(s):

##### **Governmental Funds:**

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

**Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund when applicable.

**Capital Projects Funds** – Proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund when applicable.

##### **Proprietary Funds:**

**Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund when applicable.

**Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis (such as workers' compensation) are accounted for in an internal service fund when applicable.

## **Fiduciary Funds:**

**Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. When applicable, the District maintains a private purpose trust fund to provide scholarships for students that have graduated from the District.

**Custodial Funds** – The District accounts for resources held for others in a custodial capacity in custodial funds including funds used to account for student activities.

All balances due to the special revenue funds resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the current year, the District did not make a one-time transfer of funds from the general fund to the debt service fund to subsidize, in part, the District's obligation of interest and sinking fund requirements.

## **E. OTHER ACCOUNTING POLICIES**

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have maturity of three months or less when purchased.
2. The District reports inventories of supplies using the first-in, first-out inventory cost method. The supplies include consumable maintenance, instructional, office, athletic, and transportation items. Under the purchase method, supplies are recorded as expenditures when they are purchased. Inventories of food commodities are recorded at market values supplied by the Department of Agriculture. Although commodities are received at no cost, their fair market value is supplied by the Department of Agriculture and recorded as revenue and expenditures when received. Material inventories (if any) including food commodities are recorded as an asset and a corresponding amount of expenditures are reduced at year-end.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures and expenses in the year the bonds are issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
5. Capital assets, which include land, buildings, furniture and equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
<b>Buildings</b>	<b>40</b>
<b>Buildings and Improvements</b>	<b>40</b>
<b>Infrastructure</b>	<b>40</b>
<b>Vehicles</b>	<b>10</b>
<b>Office Equipment</b>	<b>10</b>
<b>Computer Equipment</b>	<b>10</b>

6. Since Internal Service Funds in the District support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
7. Restricted assets, if applicable, of the District are limited to cash and certificates of deposit which have been gifted to the District with the stipulation that only the earnings are available for current and future scholarship recipients.
8. The Districts that participate in self-funded workers' compensation programs execute inter-local agreements that define the responsibilities of the parties. The program, if applicable, provides statutory workers' compensation benefits to its members and their injured employees.

**9. Net Position and Fund Balances:**

**Government-wide and Proprietary Fund Net Position:**

Government-wide and proprietary fund net positions are divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position—consist of assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

**Governmental Fund Balances:**

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable—Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted—Amounts that can be spent only for specific purposes because of the District's state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed—Amounts that can be used only for specific purposes determined by a formal action by Board of Trustees' ordinance.
- Assigned—Amounts that are designated by the Superintendent for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Board of Trustees.
- Unassigned—All amounts not included in other spendable classifications.

**10. Use of Restricted Resources:**

When an expenditure/expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expenditure/expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

11. The District has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Market Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

12. Investment income reported in one fund has not been assigned directly to another fund by the District.

13. The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.

**14. Deferred Outflows of Resources:**

The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The deferred outflow of resources reported in this year's financial statements results from GASB 68 and 75 accruals for Pension and OPEB liabilities. No deferred outflows of resources affect the governmental funds financial statements in the current year.



15. Deferred Inflows of Resources:

The District's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The District will not recognize the related revenues until a future event occurs. The District has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred property taxes and grants are reported in the governmental funds balance sheet. The District did have deferred inflows of resources to report in its government-wide or proprietary fund financial statements for the current year resulting from GASB 68 and 75 accruals for Pension and OPEB liabilities.

16. 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's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

17. TRS-Care Plan:

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resource measurement focus and full accrual basis of accounting. This includes for purposes of measuring the new OPEB liability, deferred outflows of resources and deferred inflows or 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.

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### **A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<b>Capital Assets at the Beginning of the Year</b>	<b>Historical Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Value at Beginning of Year</b>	<b>Change in Net Position</b>
Land	\$ 698,711	\$ -	\$ 698,711	
Buildings and Improvements	33,941,001	(9,117,331)	24,823,670	
Furniture and Equipment	4,087,166	(3,156,114)	931,052	
Construction in Progress	153,344	-	153,344	
<b>Change in Net Position</b>				\$ 26,606,777
<b>Long-term Liabilities at the Beginning of the Year</b>			<b>Payable at Beginning of Year</b>	
Bonds Payable			\$ 12,110,000	
Add Unamortized Bond Premium			556,649	
Notes and Capital Leases Payable			-	
Accrued Interest - Bonds			16,375	
<b>Change in Net Position</b>				12,683,024
<b>Net Adjustment to Net Position</b>				<b>\$13,923,753</b>

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position shown in Exhibit C-2 and Exhibit C-4. The details of this adjustment are as follows:

	Amount	Adjustments To Changes in Net Position	Adjustments to Net Position
<b>Current Year Capital Outlay</b>			
Land	\$ -		
Buildings & Improvements	-		
Furniture & Equipment	139,802		
Construction in Progress	712,907		
<b>Total Capital Outlay</b>	<b>\$ 852,709</b>	<b>\$ 852,709</b>	<b>\$ 852,709</b>
<b>Debt Principal Payments</b>			
Bond Principal	\$ (24,182,832)		
Note Principal Payments	-		
<b>Total Principal Payments</b>	<b>\$ (24,182,832)</b>	<b>(24,182,832)</b>	<b>(24,182,832)</b>
<b>Total Adjustment to Net Position</b>		<b>\$ (23,330,123)</b>	<b>\$ (23,330,123)</b>

Another element of the reconciliation on Exhibits C-2 and C-4 are described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details of this adjustment are as follows:

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
<b>Adjustments to Revenue, Deferred Revenue, Beg. Net Position</b>			
Beginning of Year Unavailable Tax Revenue	\$ 188,024		\$ 188,024
Property tax adjustments to convert from the modified accrual	(14,387)	\$ (14,387)	(14,387)
Other Revenue/Expense Adjustments	-	-	-
<b>Reclassify Proceeds of Bonds, Loans &amp; Capital Leases</b>			
New Bond Issue	-	-	-
Discount (Premium) on Issuance of Bonds	-	-	-
New Loans / Capital Leases Issued	-	-	-
<b>Reclassify Liabilities Incurred but not Liquidated This Year</b>			
Unused Vacation Pay and/or Unused Sick Leave	-	-	-
<b>Reclassify Certain Expenditures to Full Accrual From Modified</b>			
Adjust for Current Year Amortization of Bond Premium	68,711	68,711	68,711
Adjust Interest Expense on Long-term Debt	(24,080)	(24,080)	(24,080)
Basis on Disposition of Capital Assets	(8,764)	(8,764)	(8,764)
<b>Totals</b>		<b>\$ 21,480</b>	<b>\$ 209,504</b>

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### **A. BUDGETARY DATA**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund (if applicable) and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. **The General Fund Budget report appears in Exhibit G-1 and the other two reports are in the J Exhibits as reported in the required TEA Exhibits.**

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. **These amendments included additional appropriation for capital assets and facility repairs.**
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as adopted and amended by the Board of Trustees. All budget appropriations lapse at year-end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	<b>August 31, 2021 Fund Balance</b>
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ -
Non-appropriated Budget Funds	476,009
<b>All Special Revenue Funds</b>	<b>\$ 476,009</b>

#### **B. BUDGETARY STEWARDSHIP, COMPLIANCE and ACCOUNTABILITY**

The District has disclosed budgetary stewardship, compliance, and accountability in Section C of the Notes to Required Supplementary Information.

#### **C. DEFICIT FUND EQUITY**

The District **did not incur a deficit fund balance** in any fund during the current school year.

#### IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

##### A. CASH, CASH EQUIVALENTS AND INVESTMENTS

###### Cash and Cash Equivalents

The carrying amount of the District's cash and temporary investments at the end of the fiscal year follows:

<b>CASH AND CASH EQUIVALENTS BY ACCOUNT TYPE</b>	<b>8/31/2021</b>
Cash Deposits in Bank	\$ 4,105,995
Certificates of Deposit Maturity to 3 months	
Cash on Hand	-
Restricted Cash Deposits in Bank	
<b>Total Cash and Cash Equivalents by Account Type</b>	<b>\$ 4,105,995</b>
<b>CASH AND CASH EQUIVALENTS BY FUND</b>	<b>8/31/2021</b>
Cash and Cash Equivalents:	
General Fund	\$ 3,049,124
Major Governmental Funds	220,586
Non-Major Governmental Funds	751,208
Enterprise Funds	-
Internal Service Funds	81,471
Custodial Funds	3,606
Trust Funds	-
Other Funds	-
<b>Total Cash and Cash Equivalents by Fund</b>	<b>\$ 4,105,995</b>

###### District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The District's cash deposits subject to custodial credit risk at the date of the highest cash balance and at year end were:

<b>CUSTODIAL CREDIT RISK</b>	<b>HIGHEST CASH BALANCE</b>	<b>8/31/2021</b>
Name of Depository Bank: Texas National Bank, Tuscola, TX		
Total amount of FDIC Insurance (FDIC)	\$ 500,000	\$ 500,000
Amount of Bond or Securities Pledged	7,146,305	6,831,628
Total FDIC, Bond or Securities Pledged	\$ 7,646,305	\$ 7,331,628
Cash Deposits and Cash Investments in Bank	\$ 5,895,429	\$ 4,458,370
<b>Excess or (Shortage) FDIC and Bond or Pledged Securities Pledged</b>	<b>\$ 1,750,876</b>	<b>\$ 2,873,258</b>
The District's cash deposits were entirely covered by FDIC Insurance or by bond or pledged collateral by the Depository Bank	<b>YES</b>	<b>YES</b>

**Foreign Currency Risk:** The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by limiting all deposits denominated in a foreign currency.

## **Investments**

### **District Policies and Legal and Contractual Provisions Governing Investments**

#### **Compliance with the Public Funds Investment Act**

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for the District are specified below:

**Credit Risk:** To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, and mutual bond funds to the top 2 or 3 ratings issued by nationally recognized statistical rating organizations (NRSROs). As of the current fiscal year, the district's investments were rated by Standard & Poor's, Fitch Ratings, etc.

**Custodial Credit Risk for Investments:** To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer to 20% when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government.

Interest Rate Risk: To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for Investments: The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding all investments denominated in a foreign currency.

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The *Lone Star* and *TexStar* investment pools are external investment pools measured at net asset value. Lone Star and TexStar's strategy are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Lone Star and TexStar have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. LoneStar and TexStar are subject to regulatory oversight by the State Treasurer, although the pools are not registered with the Securities and Exchange Commission.

As of the end of the current fiscal year, the District had the following investments:

Investments	August 31, 2020 Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Investments measured at amortized cost -							
Investment pools:							
Texpool	\$ -	\$ -	\$ -	\$ -	0.00%	33	AAAm*
Investments measured at net asset value (NAV)-							
Investment pools:							
LoneStar	32,937,840	-	-	-	100.00%	54	AAAm*
TexStar	-	-	-	-	0.00%	42	AAAm*
Investments measured by fair value level -							
U.S. Government Agency Securities:							
Federal Home Loan Bank	-	-	-	-	0.00%		AA+ to Aaa
Fannie Mae	-	-	-	-	0.00%		AAAm*
U.S. Treasury Bonds	-	-	-	-	0.00%		AAAm*
Money Market Mutual Funds	-	-	-	-	0.00%	1	Not rated
Certificates of Deposit	-	-	-	-	0.00%	146	BBB+ to AA-
Commercial Paper	-	-	-	-	0.00%	-	BBB+ to AA-
Restricted Investments-	-	-	-	-	0.00%	-	BBB+ to AA-
Scholarship Funds-Certificates of Deposit	-	-	-	-	0.00%	-	BBB+ to AA-
Education Foundation-Certificates of Deposit	-	-	-	-	0.00%	-	BBB+ to AA-
<b>Total Investments</b>	<b>\$ 32,937,840</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>100.00%</b>		

## 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 located in the District 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 31 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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

## C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.



**D. INTERFUND BALANCES AND TRANSFERS**

Inter-fund balances at year end consisted of the following amounts:

<b>FUND</b>	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
<b>General Fund</b>		
Major Governmental Funds	\$ 6,293	\$ -
Non-major Governmental Funds	-	194,528
Internal Service Funds	-	-
All Others	-	-
Total General Fund	<u>\$ 6,293</u>	<u>\$ 194,528</u>
<b>Major Governmental Funds</b>		
General Fund	\$ -	\$ 6,293
Non-major Governmental Funds	-	-
Internal Service Funds	-	-
All Others	-	-
Total Major Governmental Funds	<u>\$ -</u>	<u>\$ 6,293</u>
<b>Non-major Governmental Funds</b>		
General Fund	\$ 194,528	\$ -
Other Major Governmental Funds	-	-
Other Non-Major Governmental Funds	-	-
Internal Service Funds	-	-
Total Non-major Governmental Funds	<u>\$ 194,528</u>	<u>\$ -</u>
<b>Internal Service Funds</b>		
General Fund	\$ -	\$ -
Major Governmental Fund	-	-
Non-major Governmental Funds	-	-
All Others	-	-
Total Internal Service Funds	<u>\$ -</u>	<u>\$ -</u>
<b>All Other Funds</b>		
General Fund	\$ -	\$ -
Major Governmental Funds	-	-
Non-major Governmental Funds	-	-
All Others	-	-
Total All Other Funds	<u>\$ -</u>	<u>\$ -</u>
<b>Total Interfund Receivables / Payables</b>	<u><b>\$ 200,821</b></u>	<u><b>\$ 200,821</b></u>

The balance of \$6,293 due to the general fund from the major special revenue fund resulted from short-term cash loans; \$0 of the balance is not scheduled to be collected in the subsequent year. The balance of \$194,528 due to the non-major special revenue funds from the general fund and other non-major special revenue funds resulted from short-term cash loans; \$0 of the balance is not scheduled to be collected in the subsequent year.

Inter-fund transfers for the current year end consisted of the following individual amounts:

<b>FUND</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>General Fund</b>		
Major Governmental Funds	\$ -	\$ -
Non-major Governmental Funds	90,668	95,581
Internal Service Funds	-	-
All Others	-	-
Total General Fund	<u>\$ 90,668</u>	<u>\$ 95,581</u>
<b>Major Governmental Funds</b>		
General Fund	\$ -	\$ -
Non-major Governmental Funds	-	-
Internal Service Funds	-	-
All Others	-	-
Total Major Governmental Funds	<u>\$ -</u>	<u>\$ -</u>
<b>Non-major Governmental Funds</b>		
General Fund	\$ 95,581	\$ 90,668
Other Major Governmental Funds	-	-
Internal Service Funds	-	-
All Others	-	-
Total Non-major Governmental Funds	<u>\$ 95,581</u>	<u>\$ 90,668</u>
<b>Internal Service Funds</b>		
General Fund	\$ -	\$ -
Major Governmental Fund	-	-
Non-major Governmental Funds	-	-
All Others	-	-
Total Internal Service Funds	<u>\$ -</u>	<u>\$ -</u>
<b>All Other Funds</b>		
General Fund	\$ -	\$ -
Major Governmental Funds	-	-
Non-major Governmental Funds	-	-
Internal Service Funds	-	-
Total All Other Funds	<u>\$ -</u>	<u>\$ -</u>
<b>Total Interfund Transfers</b>	<u><b>\$ 186,249</b></u>	<u><b>\$ 186,249</b></u>

**Inter-fund transfers for the current year end consisted of the following individual amounts:**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to cover operating deficits in funds such as the Food Service Funds. The District did make an operating transfer to the Food Service Fund during the current year of \$95,581. \$90,668 was transferred from the non-major special revenue fund to the general fund to refund a portion of the SSA special education benefits transferred in previous years.

During the current year ended, the District did not make a one-time transfer of funds from the general fund to the debt service fund to subsidize, in part, the District's obligation of interest and sinking fund requirements.

During the current year ended, the District did not make a one-time transfer of funds from the general fund to the debt service fund to subsidize, in part, the District's obligation of interest and sinking fund requirements.

#### **E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

**Receivables at year end were as follows:**

	<b>Property Taxes</b>	<b>Other Governments</b>	<b>Due From Other Funds</b>	<b>Other</b>	<b>Total Receivables</b>
<b>Governmental Activities:</b>					
General Fund	\$ 204,481	\$ 371,608	\$ 6,293	\$ 17,928	\$ 600,310
Major Governmental Fund	-	-	-	-	-
Non-major Governmental Funds	27,035	194,545	194,528	-	416,108
Internal Service Funds	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 231,516</b>	<b>\$ 566,153</b>	<b>\$ 200,821</b>	<b>\$ 17,928</b>	<b>1,016,418</b>

**Payables at year end were as follows:**

	<b>Accounts Payable</b>	<b>Accrued Wages Payable</b>	<b>Accrued Expenditures / Expenses</b>	<b>Due To Other Funds</b>	<b>Due To Other Govt.</b>	<b>Other</b>	<b>Total Payables</b>
<b>Governmental Activities:</b>							
General Fund	\$ 63,706	\$ 464,163	\$ 9,748	\$ 194,528	\$ 112,257	\$ 170	\$ 844,572
Major Governmental Fund	957	17,132	361	6,293	-	-	24,743
Non-major Governmental Funds	3,549	123,280	8,667	-	825	-	136,321
Internal Service Funds	371	-	25,061	-	-	-	25,432
<b>Total Governmental Type Activities</b>	<b>\$ 68,583</b>	<b>\$ 604,575</b>	<b>\$ 43,837</b>	<b>\$ 200,821</b>	<b>\$ 113,082</b>	<b>\$ 170</b>	<b>\$ 1,031,068</b>

## F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the current year end was as follows:

Primary Government				
	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 698,711	\$ -	\$ -	\$ 698,711
Construction In Progress	153,344	712,907	-	866,251
Depreciable Assets:				
Buildings and Improvements	33,941,001	-	-	33,941,001
Furniture and Equipment	4,087,166	139,802	13,313	4,213,655
Infrastructure	-	-	-	-
<b>Totals at Historic Cost</b>	<b>\$ 38,880,222</b>	<b>\$ 852,709</b>	<b>\$ 13,313</b>	<b>\$ 39,719,618</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	\$ 9,117,331	\$ 779,507	\$ -	\$ 9,896,838
Furniture and Equipment	3,156,114	168,032	4,549	3,319,597
Infrastructure	-	-	-	-
<b>Total Accumulated Depreciation</b>	<b>\$ 12,273,445</b>	<b>\$ 947,539</b>	<b>\$ 4,549</b>	<b>\$ 13,216,435</b>
<b>Governmental Activities Capital Assets-Net</b>	<b>\$ 26,606,777</b>	<b>\$ (94,830)</b>	<b>\$ 8,764</b>	<b>\$ 26,503,183</b>
<b>Depreciation expense was charged to governmental functions as follows:</b>				
Instruction			\$	415,919
Instructional Resources and Media Services				450
Curriculum Development and Instructional Staff Development				-
Instructional Leadership				-
School Leadership				-
Guidance, Counseling and Evaluation Services				-
Social Work Services				-
Health Services				-
Student (Pupil) Transportation				93,824
Food Services				34,385
Cocurricular/Extracurricular Activities				30,901
General Administration				10,580
Plant Maintenance and Operations				361,480
Security and Monitoring Service				-
Data Processing Services				-
Community Services				-
Contracted Instructional Services Between Schools				-
In addition, depreciation on capital assets held by the District's Internal Service Fund(s) is charged to the various functions based on their usage of the assets				-
<b>Total Depreciation Expense</b>			<b>\$</b>	<b>947,539</b>

## G. SHORT-TERM DEBT PAYABLE

The District accounts for short-term debts for maintenance purposes through the General Fund. Short-term debts include notes made in accordance with the provisions of the Texas Education Code Section 45.108. The proceeds from loans are shown in the governmental fund financial statements as Other Resources and principal payments are shown as Other Uses. The District had no short-term debt obligations at any time during the current fiscal year.

## H. BONDS AND LONG-TERM NOTES PAYABLE

The following is a summary of the District's long-term debt for the year ended August 31, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds and Notes Payable:</b>					
General Obligation Bonds	\$ 12,110,000	\$ 23,570,000	\$ 450,000	35,230,000	\$ 1,130,000
Premium on Bond Issuance	556,649	1,062,832	68,711	1,550,770	-
Maintenance Tax Notes	-	-	-	-	-
Capital Leases	-	-	-	-	-
<b>Total Bonds and Notes Payable</b>	<b>\$ 12,666,649</b>	<b>\$ 24,632,832</b>	<b>\$ 518,711</b>	<b>\$ 36,780,770</b>	<b>\$ 1,130,000</b>
<b>Other Liabilities:</b>					
Accretion Interest	\$ -	\$ -	\$ -	-	\$ -
Accrued Interest Payable	16,375	40,455	16,375	40,455	40,455
<b>Total Other Liabilities</b>	<b>\$ 16,375</b>	<b>\$ 40,455</b>	<b>\$ 16,375</b>	<b>\$ 40,455</b>	<b>\$ 40,455</b>
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$ 12,683,024</b>	<b>\$ 24,673,286</b>	<b>\$ 535,086</b>	<b>\$ 36,821,225</b>	<b>\$ 1,170,455</b>

### Debt Payable - Governmental Activities:

Description	Interest Rate	Original Issue	Interest Current Year	Beginning Balance 9/1/2020	Additions	Reductions	Ending Balance 8/31/2021
<b>General Obligation Bonds Payable:</b>							
TAX SCHOOL BUILDING BONDS 2015 SERIES	3.00-3.50%	\$ 9,370,000	\$ 252,875	\$ 8,240,000	\$ -	\$ 305,000	\$ 7,935,000
TAX SCHOOL BUILDING BONDS 2016 SERIES	2.00-4.00%	\$ 4,420,000	114,650	3,870,000	-	145,000	3,725,000
TAX SCHOOL BUILDING BONDS 2021 SERIES	1.375-4.00%	\$ 23,570,000	187,125	-	23,570,000	-	23,570,000
N/A	0.00-0.00%	\$ -	-	-	-	-	-
<b>Total General Obligation Bonds</b>			<b>\$ 554,650</b>	<b>\$ 12,110,000</b>	<b>\$ 23,570,000</b>	<b>\$ 450,000</b>	<b>\$ 35,230,000</b>
<b>Premium on Bond Issuance</b>				<b>\$ 556,649</b>	<b>\$ 1,062,832</b>	<b>\$ 68,711</b>	<b>\$ 1,550,770</b>
<b>Maintenance Tax Notes Payable:</b>							
NO MAINTENANCE TAX NOTES		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A		-	-	-	-	-	-
<b>Total Maintenance Tax Notes</b>			<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Capital Leases Payable:</b>							
NO CAPITAL LEASE PAYABLE	0.00-0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A		\$ -	-	-	-	-	-
<b>Total Capital Leases</b>			<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Debt Payable - Governmental Activities</b>			<b>\$ 554,650</b>	<b>\$ 12,666,649</b>	<b>\$ 24,632,832</b>	<b>\$ 518,711</b>	<b>\$ 36,780,770</b>

The following table summarizes the annual debt service requirements of the District's Governmental Activities long-term debt August 31, 2021:

	General Obligation Bonds		Maintenance Tax Notes		Capital Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,130,000	\$ 903,350	\$ -	\$ -	\$ -	\$ -	\$ 1,130,000	\$ 903,350
2023	1,130,000	864,400	-	-	-	-	1,130,000	864,400
2024	1,210,000	823,975	-	-	-	-	1,210,000	823,975
2025	1,245,000	790,222	-	-	-	-	1,245,000	790,222
2026	1,270,000	764,881	-	-	-	-	1,270,000	764,881
2027-2031	7,060,000	3,134,619	-	-	-	-	7,060,000	3,134,619
2032-2036	8,105,000	2,082,881	-	-	-	-	8,105,000	2,082,881
2037-2041	8,295,000	1,070,338	-	-	-	-	8,295,000	1,070,338
2042-2046	5,785,000	305,891	-	-	-	-	5,785,000	305,891
2047-2051	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 35,230,000</b>	<b>\$ 10,740,557</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35,230,000</b>	<b>\$ 10,740,557</b>

In prior years, the District has not defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, no trust account assets and liabilities for the defeased bonds exist and none are included in the District's financial statements. As of the current year end, \$0 of bonds considered defeased are still outstanding.

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

#### **I. COMMITMENTS UNDER OPERATING LEASES**

Commitments under operating (non-capitalized) lease agreements for facilities and equipment provide for minimum future rental payments at year end as follows (the imputed interest on the leases range from 4.50% to 5.25%:

<b>Year Ending August 31</b>	
2022	37,924
2023	37,246
2024	18,821
2025	18,821
2026	18,821
2027-2031	-
2032-2036	-
<b>Total Minimum Future Rentals</b>	<b>\$ 131,633</b>
<b>Rental Expenditures in Fiscal Year 2021</b>	<b>\$ 40,526</b>

#### **J. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS**

Upon retirement or death of certain employees, the District pays any accrued sick leave and vacation leave in "lump sum" cash payment to such employee or his/her estate. Individuals employed after October 1, 1985, are not eligible to receive the lump sum payments.

#### **K. HEALTH CARE COVERAGE**

The District provided health insurance coverage for employees under the provisions of the Teacher Retirement System of Texas (TRS) active care health insurance plan during the current year. The District paid premiums per month per employee to the plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

#### **L. DEFERRED INFLOWS - UNAVAILABLE REVENUE – GOVERNMENTAL FUNDS**

Deferred Inflows and Unavailable revenue at year-end consisted of the following:

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Total</b>
Deferred inflow: Property Tax Rev.	\$ 153,361	\$ -	\$ 20,276	\$ 173,637
Unearned Rev. State & Fed. Grants	-	213,032	-	213,032
<b>Total Unearned Revenue</b>	<b>\$ 153,361</b>	<b>\$ 213,032</b>	<b>\$ 20,276</b>	<b>\$ 386,669</b>

## M. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments at year end are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as "Due from State Agencies" except for some federal programs which are received directly from the federal government for grants such as the REAP Program.

FUND	Due From State - Foundation Entitlements	Due From State - State & Federal Grants	Due From Other Governments	Totals
General	\$ 363,612	\$ -	\$ 7,996	\$ 371,608
Major Governmental	-	-	-	-
Special Revenue	-	184,455	9,148	193,603
Debt Service	-	-	942	942
<b>Totals</b>	<b>\$ 363,612</b>	<b>\$ 184,455</b>	<b>\$ 18,086</b>	<b>\$ 566,153</b>

## N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 5,998,725	\$ -	\$ 862,832	\$ -	\$ 6,861,557
Penalties, Interest and Other Tax- Related Income Less Tax Rebates	54,813	-	-	-	54,813
Investment Income	39,402	1,611	1,305	-	42,318
Food Sales	-	163,405	-	-	163,405
SSA Local Revenue Member Districts	-	1,514,187	-	-	1,514,187
Co-curricular Student Activities	114,611	-	-	-	114,611
Insurance Recovery & Other	308,688	320,563	-	-	629,251
<b>Totals</b>	<b>\$ 6,516,239</b>	<b>\$ 1,999,766</b>	<b>\$ 864,137</b>	<b>\$ -</b>	<b>\$ 9,380,142</b>

## O. LITIGATION

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is aware of pending exposure to claims related to these areas; however, legal counsel and the District do not expect any financial exposure to assets of the District.

## P. CONSTRUCTION & OTHER SIGNIFICANT COMMITMENTS & CONTINGENCIES

The District issued bonds during the current year for \$23,570,000 for new construction and existing facility renovation. Construction is expected to proceed toward completion for the next fiscal year. No other obligations were incurred and no additional commitments and/or contingencies in connection with construction or other areas of significance were incurred.

## Q. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District is a member of the Taylor Callahan Education Shared Services Arrangement ("SSA"). The SSA provides services for special education to member districts. Jim Ned Consolidated Independent School District is the fiscal agent for the SSA. In addition to the District, other member districts participate in the special education cooperative. The fiscal agent provides SSA services. The member districts provide the funds to the fiscal agent. The Shared Services Arrangements - Special Education has been accounted for using Model 3 in the SSA section of the TEA Resource Guide. The District has accounted for the payments to the fiscal agent of the SSA in the General Fund as intergovernmental expenditures. The District's expenditures to the SSA for the current year were as follows:

Shared Services Arrangement	Type of Services	Fiscal Agent	Funding Source	Fiscal Agent Special Revenue Fund	District Special Revenue Fund	Program Expenditures Current Year
	Special Education	Jim Ned CISD	Special Education	437	N.A.	\$ 369,350
<b>TOTAL FUNCTION 93 EXPENDITURES</b>						<b>\$ 369,350</b>

The District also participates in shared service arrangements with other school districts for various educational activities. In addition to the District, other member districts participate in the educational cooperatives and the fiscal agent provides SSA services. Jim Ned Consolidated Independent School District is the fiscal agent for the SSA. The funding for each activity is received by the fiscal agent from the grantor agency. The fiscal agent then provides the funds to the member districts. According to guidance provided in TEA's Resource Guide, the Fiscal Agent has accounted for the fiscal agent's activities of the SSA in a Special Revenue Fund. The Shared Services Arrangements has been accounted for using Model 1 in the SSA section of the TEA Resource Guide. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the district have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. Presented below are the shared service arrangements in which the District participates and the extent of funding received and expended under each program.

Shared Services Arrangement	Type of Services	Fiscal Agent	Funding Source	Fiscal Agent Special Revenue Fund	District Special Revenue Fund	Program Expenditures Current Year
Taylor Callahan SSA	Special Education	Jim Ned CISD	IDEA, Part B - Formula	313	224	\$ -
Taylor Callahan SSA	Special Education	Jim Ned CISD	IDEA, Part B - PreSchool	314	225	\$ -
Taylor Callahan SSA	Special Education	Jim Ned CISD	IDEA, Part B - Discretionary	315	226	\$ -



## **R. SUBSEQUENT EVENTS**

In preparing the basic financial statements, District administration has evaluated events and transactions for potential recognition or disclosure through **December 16, 2021**, the date this Annual Financial Report was issued. No material subsequent events have occurred from the current year end to the date this Financial Report was issued.

## **S. RELATED ORGANIZATIONS**

The District at present does not maintain an Educational Foundation (the "Foundation"). These entities are usually established as a not-for-profit entity to provide assistance and support for teachers and students to develop special programs and projects and other school district support activities. This entity would be a "related organization" of the District as defined by *Governmental Accounting Standards Board Statement No. 14 as amended by Statements 39 and 61*.

## **T. RELATED PARTY TRANSACTIONS**

The District incurs related party transactions with businesses owned or employers for various members of the board of trustees. The District did not incur any material reportable related party transactions or balances as of and during the current year end.

## **U. FUND BALANCE / NET POSITION ADJUSTMENTS**

The District did not make a fund balance or a net position adjustment during the current fiscal year.

## **V. RISK FINANCING AND OTHER COVERAGE**

### **Workers' Compensation Program**

Beginning September 1, 2009, the District established a self-insurance plan for workers' compensation benefits as authorized by Section 504.011 of the Labor Code. The District participates in this plan (School Comp. self-funded workers' compensation program) along with other participating entities. The District contributes annual amounts determined by School Comp. As claims arise, they are submitted to and paid by School Comp. on behalf of the District under terms of a contractual agreement. According to state statute, the District is protected against unanticipated catastrophic claims and aggregate loss by coverage carried through a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Coverage was in effect for specific occurrences exceeding \$300,000 and aggregate retention at \$5,000,000.

The costs associated with this self-insurance plan are reported as Inter-fund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund. The liabilities of the plan include incurred but not reported claims. These liabilities reported in the funds at year end, are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported.

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Workers' compensation liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time were computed by an actuary and are reported at their present value using an expected future investment yield assumption.

Estimates of claims payable and of claims incurred, but not reported at August 31 are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended August 31, 2020	Year Ended August 31, 2021
Unpaid claims, beginning of year	\$ 28,513	\$ 27,368
Incurred claims (including IBNR'S)	37,332	15,789
Claim Payments	(38,477)	(18,096)
<b>Unpaid claims, end of year</b>	<b>\$ 27,368</b>	<b>\$ 25,061</b>

## W. DEFINED BENEFIT PENSION PLAN

### a. 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.

### b. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at [http://www.trs.texas.gov/Pages/about\\_publications.aspx](http://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.

### c. Benefits Provided

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

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

#### **d. 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 86<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	Contribution Rates	
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Current fiscal year employer contributions	\$	309,574
Current fiscal year member contributions	\$	787,592
2020 measurement year NECE on-behalf contributions	\$	561,491
<u>Payments made by the State On-Behalf of the District for Medicare, Part D:</u>		
Fiscal year 2019 Medicare, Part D On-Behalf	\$	31,606
Fiscal year 2020 Medicare, Part D On-Behalf	\$	40,723
Fiscal year 2021 Medicare, Part D On-Behalf	\$	45,908

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 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 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**e. Actuarial Assumptions**

The total pension liability in the August 31, 2019, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected investment rate of return	7.25%
	2.33%. 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"
Municipal Bond Rate of of August 2019	
Last year ending August 31 in Projection Period (100 years)	2119
Inflation	2.30%
Salary Increases including inflation	3.05 % to 9.05% including inflation
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions please see the actuarial valuation report dated November 14, 2019.

**f. Discount Rate**

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

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

The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020, are summarized below:

<b>Asset Class</b>	<b>Target Allocation<sup>1</sup> %</b>	<b>Long-Term Expected Geometric Real Rate of Return<sup>2</sup></b>	<b>Expected Contribution to Long- Term Portfolio Returns</b>
<b>Global Equity</b>			
USA	18.0 %	3.9 %	0.99 %
Non-U.S. Developed	13.0	5.1	0.92
Emerging Markets	9.0	5.6	0.83
Private Equity	14.0	6.7	1.41
<b>Stable Value</b>			
Government Bonds	16.0 %	(0.7)%	(0.05)%
Absolute Return (Including Credit Sensitive Investments)	—	1.8	—
Stable Value Hedge Funds	5.0	1.9	0.11
<b>Real Return</b>			
Real Estate	15.0 %	4.6 %	1.02 %
Energy, Natural Resources, and Infrastructure	6.0	6.0	0.42
Commodities	—	0.8	—
<b>Risk Parity</b>			
Risk Parity	8.0 %	3.0 %	0.30 %
<b>Asset Allocation Leverage</b>			
Cash	2.0 %	(1.5)%	(0.03)%
Asset Allocation Leverage	(6.0)	(1.3)	0.08
<b>Inflation Expectation</b>			2.00 %
<b>Volatility Drag<sup>3</sup></b>			(0.67)%
<b>Expected Return</b>	<b>100.0 %</b>		<b>7.33 %</b>
<sup>1</sup> Target allocations are based on the FY2020 policy model.			
<sup>2</sup> Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).			
<sup>3</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.			

**g. Discount Rate Sensitivity Analysis**

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate shar \$	5,691,831	\$ 3,691,243	\$ 2,065,809

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

At the current year ended August 31, the District reported a liability of \$3,691,243 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	\$ 3,691,243
State's proportionate share that is associated with the District	7,288,460
Total	<u>\$ 10,979,703</u>

The net pension liability was measured as of August 31, 2019, and rolled forward to August 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019, thru August 31, 2020.

At the current year-end August 31, the employer's proportion of the collective net pension liability was 6.89% which was a decrease of 0.36% from its proportion measured as of August 31, 2019.

**Changes Since the Prior Actuarial Valuation**

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

For the current year ended August 31, the District recognized the following:

Year Ended August 31, 2021 pension expense	<u>\$ 1,471,845</u>
Revenue for support provided by the State	<u>\$ 876,640</u>

As of the current year ended August 31, 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 experiences	\$ 6,740	\$ 103,013
Changes in actuarial assumptions	856,500	364,178
Differences between projected and actual investment earnings	74,726	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	152,292	190,008
Total as of August 31, 2020 measurement date	\$ 1,090,258	\$ 657,199
Contributions paid to TRS subsequent to the measurement date	309,574	
Total as of fiscal year-end	\$ 1,399,832	\$ 657,199

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

Fiscal year ended August 31	Pension Expense Amount
2022	\$ 163,245
2023	164,617
2024	153,143
2025	23,123
2026	(62,783)
Thereafter	(8,286)

## **X. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

### **a. 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.

### **b. 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 [http://www.trs.texas.gov/Pages/about\\_publications.aspx](http://www.trs.texas.gov/Pages/about_publications.aspx); by writing to the TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)-542-6592.



### **c. 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 Premiums 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	1020	999

### **d. Contributions**

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	<u>2020</u>	<u>2021</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 89,012
Current fiscal year member contributions		\$ 66,485
2020 measurement year NECE on-behalf contributions		\$ 114,269

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 to TRS Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

#### **e. Actuarial Assumptions**

The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020. 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. All the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. 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 member of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

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

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

**Actuarial Methods and Assumptions:**

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

**Additional Actuarial Methods and Assumptions:**

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Thirty-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Salary Increases	3.05% to 9.05%, including inflation
Ad-hoc Post Employment	None
Benefit Changes	

**f. Discount Rate**

A single discount rate of 2.33 percent was used to measure the total OPEB Liability. There was a decrease of .30 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at a 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, 2020, using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

**g. 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 and 1 percentage point higher than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
Proportionate share of the net OPEB liability	\$ 5,103,750	\$ 4,253,133	\$ 3,581,268

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

At the current year-end August 31, the District reported a liability of \$4,253,133 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	\$ 4,253,133
State's proportionate share that is associated with the District	5,715,192
Total	<u>\$ 9,968,325</u>

The Net OPEB Liability was measured as of August 31, 2019, and rolled forward to August 31, 2020, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2019, thru August 31, 2020.

At the current year-end August 31, the employer's proportion of the collective Net OPEB Liability was 11.18%, compared to 11.11% the previous year.

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 3,474,265	\$ 4,253,133	\$ 5,290,476

**Changes Since the Prior Actuarial Valuation**

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

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

Change 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 (\$53,256).

At the current year-end August 31, 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 actuarial experiences	\$ 222,692	\$ 1,946,451
Changes in actuarial assumptions	262,330	1,167,932
Differences between projected and actual investment earnings	1,382	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	433,322	48,710
Contributions paid to TRS subsequent to the measurement date	89,012	
<b>Total as of fiscal year-end</b>	<b>\$ 1,008,738</b>	<b>\$ 3,163,093</b>

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

Fiscal year ended August 31,	OPEB Expense Amount
2022	\$ (390,815)
2023	(391,000)
2024	(391,106)
2025	(391,077)
2026	(277,475)
Thereafter	(401,894)

For the current year ended August 31, the District recognized OPEB expense of (\$53,256) and revenue of \$39,684 for support provided by the State.

**REQUIRED SUPPLEMENTARY INFORMATION**

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 6,280,293	\$ 6,420,293	\$ 6,516,239	\$ 95,946
5800 State Program Revenues	5,571,945	6,126,815	6,933,819	807,004
5900 Federal Program Revenues	14,540	14,540	40,600	26,060
5020 Total Revenues	11,866,778	12,561,648	13,490,658	929,010
EXPENDITURES:				
Current:				
0011 Instruction	7,287,174	7,882,828	7,422,206	460,622
0012 Instructional Resources and Media Services	268,002	281,402	260,342	21,060
0013 Curriculum and Instructional Staff Development	5,885	6,179	3,588	2,591
0021 Instructional Leadership	-	120,195	114,472	5,723
0023 School Leadership	604,727	706,923	673,586	33,337
0031 Guidance, Counseling, and Evaluation Services	303,933	319,130	298,093	21,037
0033 Health Services	189,440	209,681	199,696	9,985
0034 Student (Pupil) Transportation	486,173	561,272	549,184	12,088
0036 Extracurricular Activities	671,074	824,627	794,405	30,222
0041 General Administration	790,843	868,185	635,844	232,341
0051 Facilities Maintenance and Operations	1,244,213	1,306,423	1,200,073	106,350
0052 Security and Monitoring Services	5,046	5,353	5,098	255
0053 Data Processing Services	17,175	18,034	14,705	3,329
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	191,584	182,461	9,123
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	369,350	387,818	369,350	18,468
0095 Payments to Juvenile Justice Alternative Ed. Prg.	9,000	9,450	-	9,450
0099 Other Intergovernmental Charges	75,000	94,499	89,999	4,500
6030 Total Expenditures	12,327,035	13,793,583	12,813,102	980,481
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(460,257)	(1,231,935)	677,556	1,909,491
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	1,232,435	90,668	(1,141,767)
8911 Transfers Out (Use)	(80,000)	(105,000)	(95,581)	9,419
7080 Total Other Financing Sources (Uses)	(80,000)	1,127,435	(4,913)	(1,132,348)
1200 Net Change in Fund Balances	(540,257)	(104,500)	672,643	777,143
0100 Fund Balance - September 1 (Beginning)	11,481,905	11,481,905	11,481,905	-
3000 Fund Balance - August 31 (Ending)	\$ 10,941,648	\$ 11,377,405	\$ 12,154,548	\$ 777,143

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.006892053%	0.007253693%	0.007343502%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 3,691,243	\$ 3,770,696	\$ 4,042,042
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	7,288,460	6,014,457	6,603,700
Total	<u>\$ 10,979,703</u>	<u>\$ 9,785,153</u>	<u>\$ 10,645,742</u>
District's Covered Payroll	\$ 9,615,055	\$ 8,309,987	\$ 8,174,325
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	38.39%	45.38%	49.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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



<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.007517934%	0.007263%	0.0076757%	0.0043865%
\$ 2,403,830	\$ 2,744,581	\$ 2,713,258	\$ 1,171,695
4,002,312	4,668,967	4,487,827	3,803,261
<u>\$ 6,406,142</u>	<u>\$ 7,413,548</u>	<u>\$ 7,201,085</u>	<u>\$ 4,974,956</u>
\$ 8,115,844	\$ 7,603,413	\$ 7,402,835	\$ 6,878,091
29.62%	36.10%	36.65%	17.04%
82.17%	78.00%	78.43%	83.25%

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2021

	2021	2020	2019
Contractually Required Contribution	\$ 309,574	\$ 277,336	\$ 253,888
Contribution in Relation to the Contractually Required Contribution	(309,574)	(277,336)	(253,888)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 10,228,459	\$ 9,615,055	\$ 8,309,987
Contributions as a Percentage of Covered Payroll	3.03%	2.88%	3.06%

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

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

2018		2017		2016		2015	
\$	247,500	\$	252,511	\$	230,764	\$	227,290
	(247,500)		(252,511)		(230,764)		(227,290)
\$	-	\$	-	\$	-	\$	-
\$	8,174,325	\$	8,115,844	\$	7,603,413	\$	7,402,835
	3.03%		3.11%		3.04%		3.07%

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.011188182%	0.01043914%	0.010539575%	0.010503728%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 4,253,133	\$ 4,936,796	\$ 5,262,506	\$ 4,567,677
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	5,715,192	6,559,899	6,568,558	5,922,061
Total	<u>\$ 9,968,325</u>	<u>\$ 11,496,695</u>	<u>\$ 11,831,064</u>	<u>\$ 10,489,738</u>
District's Covered Payroll	\$ 9,615,055	\$ 8,309,987	\$ 8,174,325	\$ 8,115,844
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	44.23%	59.41%	64.38%	56.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	\$ 89,012	\$ 84,085	\$ 74,089	\$ 72,732
Contribution in Relation to the Contractually Required Contribution	(89,012)	(84,085)	(74,089)	(72,732)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 10,228,459	\$ 9,615,055	\$ 8,309,987	\$ 8,174,325
Contributions as a Percentage of Covered Payroll	0.87%	0.87%	0.89%	0.89%

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

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

**JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2021**

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

**Changes of benefit terms**

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

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

**Changes of assumptions**

There were no changes to the actuarial assumptions since the prior measurement period.

**B. Notes to Schedules for the TRS OPEB Plan**

**Changes in Benefit**

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

**Changes in Assumptions**

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The discount rate was changed from 2.64 percent as of August 31, 2019, to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

**JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2021**

**C. Stewardship, Compliance and Accountability**

**Budget**

The Board of Trustees (local school board) is legally required to adopt an annual budget (on a 12-month basis) for the general fund, the food service fund, and if applicable, the debt service fund. The budgets must be prepared by August 20 and adopted by the local school board before expenditures are made and, if applicable, before the tax rate for the year is set.

- The required supplementary information for the general fund budget is located in Exhibit G-1 "Budgetary Comparison Schedule – General Fund.
- The required Texas Education Agency (TEA) schedules for the food service fund is located in Exhibit J-2 "Budgetary Comparison Schedule – Child Nutrition Fund and
- The required Texas Education Agency (TEA) schedules for the debt service fund is located in Exhibit J-3 "Budgetary Comparison Schedule – Debt Service Fund".

Once a budget is approved, it can be amended at the fund and function level only by a majority of the members of the Board of Trustees.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under State of Texas law, appropriations lapse at year end August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget.

It is a violation of Texas State Law for expenditures to exceed the budget in any function of the general fund, the food service fund, or the debt service fund.

**Expenditures Exceeding Appropriation**

- The current year expenditures did not exceed appropriations in the general fund as detailed in Exhibit G-1 "Budgetary Comparison Schedule -General Fund".
- The current year expenditures did not exceed appropriations in any functions in the food service fund as detailed in Exhibit J-2 "Budgetary Comparison Schedule -Child Nutrition Fund".
- The current year expenditures also did not exceed appropriations in any functions in the debt service fund as detailed in Exhibit J-3 "Budgetary Comparison Schedule -Debt Service Fund".

**OTHER SUPPLEMENTARY INFORMATION –  
COMBINING AND INDIVIDUAL SCHEDULES**



JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2021

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II, A Training and Recruiting	266 ESSER -School Emergency Relief I
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	11,411	40,121	-	15,504
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	8,776	36,079	-	2,863
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 20,187</u>	<u>\$ 76,200</u>	<u>\$ -</u>	<u>\$ 18,367</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 3,265	\$ -	\$ -
2160	Accrued Wages Payable	5,627	11,322	-	-
2170	Due to Other Funds	13,951	61,374	-	10,074
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	609	239	-	-
2300	Unearned Revenue	-	-	-	8,293
2000	Total Liabilities	<u>20,187</u>	<u>76,200</u>	<u>-</u>	<u>18,367</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 20,187</u>	<u>\$ 76,200</u>	<u>\$ -</u>	<u>\$ 18,367</u>

282 ESSER -School Emergency Relief III	289 ESEA TITLE IV, Part A	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	397 Advanced Placement Incentives	410 State Instructional Materials	429 State Math Achievement Stipends	437 SSA Special Education
\$ -	\$ -	\$ -	\$ -	\$ 350	\$ 7,846	\$ 350	\$ 245,390
-	-	233,451	4,000	350	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,536	-	122,637	2,564	-	-	-	9,148
-	-	-	-	-	-	-	-
<u>\$ 11,536</u>	<u>\$ -</u>	<u>\$ 356,088</u>	<u>\$ 6,564</u>	<u>\$ 700</u>	<u>\$ 7,846</u>	<u>\$ 350</u>	<u>\$ 254,538</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284
5,378	-	53,828	4,575	-	-	-	42,550
5,569	-	296,434	1,488	-	-	-	-
-	-	-	-	-	-	-	-
589	-	5,826	501	-	-	-	903
-	-	-	-	700	7,846	350	-
<u>11,536</u>	<u>-</u>	<u>356,088</u>	<u>6,564</u>	<u>700</u>	<u>7,846</u>	<u>350</u>	<u>43,737</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	210,801
-	-	-	-	-	-	-	210,801
<u>\$ 11,536</u>	<u>\$ -</u>	<u>\$ 356,088</u>	<u>\$ 6,564</u>	<u>\$ 700</u>	<u>\$ 7,846</u>	<u>\$ 350</u>	<u>\$ 254,538</u>

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2021

EXHIBIT H-1

Data Control Codes		461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 265,208	\$ 519,144	\$ 232,064	\$ 751,208
1120	Investments - Current	-	304,837	(9,116)	295,721
1220	Property Taxes - Delinquent	-	-	27,035	27,035
1230	Allowance for Uncollectible Taxes	-	-	(6,759)	(6,759)
1240	Due from Other Governments	-	193,603	942	194,545
1260	Due from Other Funds	-	-	194,528	194,528
1000	Total Assets	<u>\$ 265,208</u>	<u>\$ 1,017,584</u>	<u>\$ 438,694</u>	<u>\$ 1,456,278</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 3,549	\$ -	\$ 3,549
2160	Accrued Wages Payable	-	123,280	-	123,280
2170	Due to Other Funds	-	388,890	-	388,890
2180	Due to Other Governments	-	-	825	825
2200	Accrued Expenditures	-	8,667	-	8,667
2300	Unearned Revenue	-	17,189	-	17,189
2000	Total Liabilities	<u>-</u>	<u>541,575</u>	<u>825</u>	<u>542,400</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	-	-	20,276	20,276
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>20,276</u>	<u>20,276</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3480	Retirement of Long-Term Debt	-	-	417,593	417,593
3490	Other Restricted Fund Balance	265,208	476,009	-	476,009
3000	Total Fund Balances	<u>265,208</u>	<u>476,009</u>	<u>417,593</u>	<u>893,602</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 265,208</u>	<u>\$ 1,017,584</u>	<u>\$ 438,694</u>	<u>\$ 1,456,278</u>

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	266 ESSER -School Emergency Relief I
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ 163,891	\$ -	\$ -
5800	State Program Revenues	-	15,043	-	-
5900	Federal Program Revenues	105,427	249,029	19,616	30,632
5020	Total Revenues	105,427	427,963	19,616	30,632
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	105,427	-	19,616	-
0021	Instructional Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-	-	-
0035	Food Services	-	523,544	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	30,632
0052	Security and Monitoring Services	-	-	-	-
Debt Service:					
0071	Principal on Long-Term Debt	-	-	-	-
0072	Interest on Long-Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	105,427	523,544	19,616	30,632
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(95,581)	-	-
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	95,581	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	95,581	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

282 ESSER -School Emergency Relief III	289 ESEA TITLE IV, Part A	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	397 Advanced Placement Incentives	410 State Instructional Materials	429 State Math Achievement Stipends	437 SSA Special Education
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	853,338
434	-	-	-	-	30,423	-	34,589
11,536	7,559	1,041,539	31,329	-	-	-	29,400
11,970	7,559	1,041,539	31,329	-	30,423	-	917,327
5,966	5,632	684,683	31,329	-	30,423	-	555,686
-	-	500	-	-	-	-	131,163
6,004	-	356,356	-	-	-	-	141,827
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	59	-	-	-	-	-	-
-	-	-	-	-	-	-	6,532
-	1,868	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,970	7,559	1,041,539	31,329	-	30,423	-	835,208
-	-	-	-	-	-	-	82,119
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(90,668)
-	-	-	-	-	-	-	(90,668)
-	-	-	-	-	-	-	(8,549)
-	-	-	-	-	-	-	219,350
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	210,801

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Funds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 320,148	\$ 1,337,377	\$ 864,137	\$ 2,201,514
5800 State Program Revenues	-	80,489	12,031	92,520
5900 Federal Program Revenues	-	1,526,067	-	1,526,067
5020 Total Revenues	320,148	2,943,933	876,168	3,820,101
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	-	1,438,762	-	1,438,762
0021 Instructional Leadership	-	131,663	-	131,663
0031 Guidance, Counseling, and Evaluation Services	-	504,187	-	504,187
0035 Food Services	-	523,544	-	523,544
0036 Extracurricular Activities	241,137	241,137	-	241,137
0041 General Administration	-	59	-	59
0051 Facilities Maintenance and Operations	-	37,164	-	37,164
0052 Security and Monitoring Services	-	1,868	-	1,868
Debt Service:				
0071 Principal on Long-Term Debt	-	-	450,000	450,000
0072 Interest on Long-Term Debt	-	-	554,650	554,650
0073 Bond Issuance Cost and Fees	-	-	500	500
6030 Total Expenditures	241,137	2,878,384	1,005,150	3,883,534
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	79,011	65,549	(128,982)	(63,433)
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	95,581	-	95,581
7916 Premium or Discount on Issuance of Bonds	-	-	187,125	187,125
8911 Transfers Out (Use)	-	(90,668)	-	(90,668)
7080 Total Other Financing Sources (Uses)	-	4,913	187,125	192,038
1200 Net Change in Fund Balance	79,011	70,462	58,143	128,605
0100 Fund Balance - September 1 (Beginning)	186,197	405,547	359,450	764,997
3000 Fund Balance - August 31 (Ending)	\$ 265,208	\$ 476,009	\$ 417,593	\$ 893,602

**REQUIRED TEA SCHEDULES**

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2021

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.040000	0.070000	363,225,951
2014	1.040000	0.070000	367,357,061
2015	1.040000	0.070000	390,575,304
2016	1.040000	0.150000	379,477,198
2017	1.040000	0.220000	376,772,516
2018	1.040000	0.220000	403,503,897
2019	1.040000	0.162400	433,187,634
2020	0.970000	0.149500	499,845,866
2021 (School year under audit)	0.946800	0.135800	634,462,080
1000 TOTALS			



(10) Beginning Balance 9/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2021
\$ 39,058	\$ -	\$ 61	\$ 4	\$ (1,817)	\$ 37,176
6,737	-	93	6	-	6,638
7,762	-	76	5	-	7,681
11,940	-	32	2	-	11,906
22,855	-	7,416	1,070	(4,787)	9,582
17,541	-	(95)	(20)	(3,769)	13,887
27,808	-	7,550	1,597	(444)	18,217
32,028	-	10,771	1,682	(1,611)	17,964
84,967	-	36,490	5,624	(15,503)	27,350
-	6,870,308	5,936,331	852,862	-	81,115
<u>\$ 250,696</u>	<u>\$ 6,870,308</u>	<u>\$ 5,998,725</u>	<u>\$ 862,832</u>	<u>\$ (27,931)</u>	<u>\$ 231,516</u>

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 196,624	\$ 257,585	\$ 163,891	\$ (93,694)
5800 State Program Revenues	14,137	14,137	15,043	906
5900 Federal Program Revenues	160,000	220,326	249,029	28,703
5020 Total Revenues	370,761	492,048	427,963	(64,085)
EXPENDITURES:				
Current:				
0035 Food Services	450,761	621,650	523,544	98,106
6030 Total Expenditures	450,761	621,650	523,544	98,106
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(80,000)	(129,602)	(95,581)	34,021
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	80,000	129,602	95,581	(34,021)
1200 Net Change in Fund Balances	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 816,211	\$ 816,211	\$ 864,137	\$ 47,926
5800 State Program Revenues	13,757	13,757	12,031	(1,726)
5020 Total Revenues	829,968	829,968	876,168	46,200
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	448,318	450,000	450,000	-
0072 Interest on Long-Term Debt	380,150	554,650	554,650	-
0073 Bond Issuance Cost and Fees	1,500	1,500	500	1,000
6030 Total Expenditures	829,968	1,006,150	1,005,150	1,000
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(176,182)	(128,982)	47,200
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	38,315	-	(38,315)
7916 Premium or Discount on Issuance of Bonds	-	187,125	187,125	-
7080 Total Other Financing Sources (Uses)	-	225,440	187,125	(38,315)
1200 Net Change in Fund Balances	-	49,258	58,143	8,885
0100 Fund Balance - September 1 (Beginning)	359,450	359,450	359,450	-
3000 Fund Balance - August 31 (Ending)	\$ 359,450	\$ 408,708	\$ 417,593	\$ 8,885

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
 STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES  
 FOR THE YEAR ENDED AUGUST 31, 2021

---

**Section A: Compensatory Education Programs**

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$433,125
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$401,034

---

**Section B: Bilingual Education Programs**

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$715
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$1,355

---

**REPORTS ON COMPLIANCE, INTERNAL CONTROLS AND  
FEDERAL AWARDS**

---

# James E. Rodgers and Company, P.C.

## Certified Public Accountants

20 Southwest Third Street • PO Box 669 • Hamlin, Texas 79520 • Tel: 325-576-2356 • Fax: 325-576-3525

E-mail: [rodgerscpa@att.net](mailto:rodgerscpa@att.net)

Member of Texas Society of CPA's and American Institute of CPA's

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

---

December 16, 2021

### 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*

#### Independent Auditor's Report

To the Board of Trustees

Jim Ned Consolidated Independent School District

Tuscola, Texas 79562

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jim Ned Consolidated Independent School District, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Jim Ned Consolidated Independent School District's basic financial statements, and have issued our report thereon dated December 16, 2021.

#### **Internal Control Over Financial Reporting**

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

# James E. Rodgers and Company, P.C.

---

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Respectfully submitted,

*James E. Rodgers and Company*

James E. Rodgers and Company, P.C.

---

# James E. Rodgers and Company, P.C.

## Certified Public Accountants

20 Southwest Third Street • PO Box 669 • Hamlin, Texas 79520 • Tel: 325-576-2356 • Fax: 325-576-3525

E-mail: [rodgerscpa@att.net](mailto:rodgerscpa@att.net)

Member of Texas Society of CPA's and American Institute of CPA's

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

---

December 16, 2021

### Single Audit Report on Compliance for each Major Federal Program and on Internal Control over Compliance required by the Uniform Guidance

#### Independent Auditor's Report

##### To the Board of Trustees

Jim Ned Consolidated Independent School District

Tuscola, Texas 79562

##### Report on Compliance for Each Major Federal Program

We have audited Jim Ned Consolidated Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Jim Ned Consolidated Independent School District's major federal programs for the year ended August 31, 2021. Jim Ned Consolidated Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

##### Management's Responsibility

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

##### Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Jim Ned Consolidated Independent School District's compliance.

##### Opinion on Each Major Federal Program

In our opinion, Jim Ned Consolidated Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.



# James E. Rodgers and Company, P.C.

## Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and therefore, are not described in the accompanying schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to these matters.

Jim Ned Consolidated Independent School District's response is not required since noncompliance findings were not identified in our audit and are not described in the accompanying schedule of findings and questioned costs. Jim Ned Consolidated Independent School District's response if required would not have been subjected to the auditing procedures applied in the audit of compliance and, accordingly, we would not have expressed an opinion on the response.

## Report on Internal Control Over Compliance

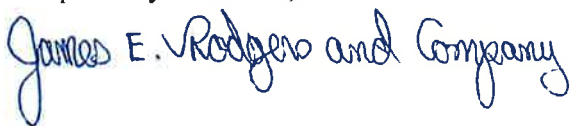
Management of Jim Ned Consolidated Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jim Ned Consolidated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

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

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

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

Respectfully submitted,



James E. Rodgers and Company, P.C.

# James E. Rodgers and Company, P.C.

## Certified Public Accountants

20 Southwest Third Street • PO Box 669 • Hamlin, Texas 79520 • Tel: 325-576-2356 • Fax: 325-576-3525

E-mail: [rodgerscpa@att.net](mailto:rodgerscpa@att.net)

Member of Texas Society of CPA's and American Institute of CPA's

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

### JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED AUGUST 31, 2021

#### I. Summary of the Auditor's Results:

1.	The type of auditor's report opinion on whether the financial statements of the District were prepared in accordance with GAAP (generally accepted accounting standards):	Unmodified	
2.	Internal control over financial reporting during the audit of the financial statements:		
(a)	Significant deficiencies in internal control identified that are not considered to be material weaknesses.		No
(b)	Material weaknesses identified.		No
3.	Noncompliance, which is material to the financial statements.		No
4.	Internal Control over major federal programs:		
(a)	Significant deficiencies in internal control identified that are not considered to be material weaknesses.		No
(b)	Material weaknesses identified.		No
5.	Type of auditor's report opinion on compliance with major programs.	Unmodified	
6.	Audit findings that are required to report under Uniform Guidance 2 CFR Section 200.516(a).		No
7.	Identification of programs tested as major programs: • <b>Special Education Cluster</b> IDEA Part B, Formula – CFDA 84.027 IDEA Part B, Preschool – CFDA 84.173		
8.	Dollar threshold used to distinguish between Type A and Type B programs.	\$750,000	
9.	District qualified as a low-risk auditee.	Yes	

#### II. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with *Generally Accepted Government Auditing Standards (GAGAS)*

##### Finding 2021-001:

a.	Condition:	None Identified
b.	Criteria:	N/A
c.	Cause:	N/A
d.	Effect:	N/A
e.	Recommendation:	N/A
f.	District Response:	N/A

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

**III. Findings and Questioned Costs Related to the Federal Awards**

**Finding 2021-002:**

a.	Condition:	<b>None Identified</b>
b.	Criteria:	N/A
c.	Cause:	N/A
d.	Effect:	N/A
e.	Recommendation:	N/A
f.	District Response:	N/A



# **JIM NED** CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

---

GLEN TEAL, Ed.D.  
441 Graham, Tuscola, TX 79562  
SUPERINTENDENT  
phone: 325-554-7500  
fax: 325-554-7740  
email: [gteal@jimned.escl4.net](mailto:gteal@jimned.escl4.net)

HUNTER COOLEY  
441 Graham, Tuscola, TX 79562  
CHIEF FINANCIAL OFFICER  
phone: 325-554-7577  
fax: 325-554-7740  
email: [hcooley@jimned.escl4.net](mailto:hcooley@jimned.escl4.net)

CRISTI DOTY  
441 Graham, Tuscola, TX 79562  
CHIEF ACADEMIC OFFICER  
phone: 325-554-7577  
fax: 325-554-7740  
email: [cdoty@jimned.escl4.net](mailto:cdoty@jimned.escl4.net)

**Finding 2020-001: There were no prior year audit findings.**



# **JIM NED** CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

GLEN TEAL, Ed.D.  
441 Graham, Tuscola, TX 79562  
SUPERINTENDENT  
phone: 325-554-7500  
fax: 325-554-7740  
email: [gteal@jimned.escl4.net](mailto:gteal@jimned.escl4.net)

HUNTER COOLEY  
441 Graham, Tuscola, TX 79562  
CHIEF FINANCIAL OFFICER  
phone: 325-554-7577  
fax: 325-554-7740  
email: [hcooley@jimned.escl4.net](mailto:hcooley@jimned.escl4.net)

CRISTI DOTY  
441 Graham, Tuscola, TX 79562  
CHIEF ACADEMIC OFFICER  
phone: 325-554-7577  
fax: 325-554-7740  
email: [cdoty@jimned.escl4.net](mailto:cdoty@jimned.escl4.net)

## **CORRECTIVE ACTION PLAN FOR THE YEAR ENDED AUGUST 31, 2021**

The name of the contact person responsible for corrective action:

**Hunter Cooley, Chief Financial Officer and Assistant Superintendent  
District Phone Number: 325-554-7577.**

### **The corrective action for Finding 2021-001:**

The District did not incur an audit finding for the current year and therefore a corrective action plan is not required.

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101221911	\$ 105,427
*SSA - IDEA - Part B, Formula	84.027	216600012219116000	1,070,939
*SSA - IDEA - Part B, Preschool	84.173	216610012219116000	31,329
Total Special Education Cluster (IDEA)			1,102,268
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21694501221950	19,616
Elementary & Secondary School Emergency Relief Fd	84.425D	20521001221911	30,632
Elementary Secondary School Emergency Relief III	84.425U	20521001221911	11,536
Total Assistance Listing Number 84.425			42,168
ESEA, Title IV, Part A	84.424A	21680101221911	7,559
Total Passed Through State Department of Education			1,277,038
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			1,277,038
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71402001	41,040
*National School Lunch Program - Cash Assistance	10.555	71302001	178,312
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302001	29,677
Total Assistance Listing Number 10.555			207,989
Total Child Nutrition Cluster			249,029
Total Passed Through the State Department of Agriculture			249,029
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			249,029
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,526,067</b>

\*Clustered Programs

Non-Grant federal program revenue for the current yer included SHARS' receipts of \$36,254 and Vendor Receipts of \$4,346 from the McKinney Vento Grant. The District did not make payments to sub-recipients during the current year.

**JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2021**

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund that is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.
3. The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.
4. Federal grant funds are recorded as earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.
5. The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, Compliance Statement.

**6. Indirect Costs**

The District did not elect to use a di minimis cost rate of 10% as described at 2CFR §200.414(f) – Indirect (F&A) Costs.

**7. Reconciliation of Federal Awards**

The following is a reconciliation of expenditures of federal awards in the SEFA and federal program Revenues in the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental funds.

Federal program revenues per Exhibit C-3	\$ <u>1,566,667</u>
McKinney Vento Grant and School Health & Related Services (SHARS) Reimbursement not reported to the SEFA	\$ <u>40,600</u>
Total federal expenditures on Exhibit K-1	\$ <u>1,526,067</u>

8. The District did not pass through any payments to subrecipients during the current year.

## SCHOOLS FIRST QUESTIONNAIRE

EXHIBIT L-1

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2021

---

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?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	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 in effect at the 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.	\$0